

SEMI-ANNUAL REPORT

For the six-month period ended
30 June 2012

Prepared in accordance with CNVM Regulation
no 1/2006

(This is a translation from the official Romanian
version)

FONDUL
PROPRIETATEA



S.C. Fondul Proprietatea S.A.



FRANKLIN TEMPLETON
INVESTMENTS

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Company Information

The Company

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

Stock Data (as at 30 June 2012)

| | |
|---|-------------------------|
| BVB ¹ Symbol | FP |
| Market Price ² | RON 0.4565 |
| Price Range ³ | RON 0.4251 - RON 0.6140 |
| NAV/ Share ⁴ | RON 0.9317 |
| Discount | 51.0% |
| Par Value /Share | RON 1.0000 |
| Shares in issue | 13,778,392,208 |
| Shares corresponding to paid in capital | 13,412,780,166 |

Shareholder Structure⁵ (as at 30 June 2012)

| Shareholder Categories | % of subscribed share capital | % of voting rights |
|-------------------------------------|-------------------------------|--------------------|
| Foreign institutional shareholders | 48.754% | 50.996% |
| Romanian private individuals | 29.790% | 31.161% |
| Romanian institutional shareholders | 9.656% | 10.100% |
| Foreign private individuals | 7.397% | 7.737% |
| Ministry of Public Finance | 0.006% | 0.006% |
| Treasury shares ⁶ | 1.744% | - |
| Unpaid shares ⁷ | 2.653% | - |

There were 9,627 shareholders on 30 June 2012.

Contact Details

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¹ Bucharest Stock Exchange (“BVB”)

² Source: BVB, closing price as at 30 June 2012

³ Source: BVB, for the period 1 January-30 June 2012

⁴ As at 30 June 2012

⁵ Source: Central Depository

⁶ 240,304,801 shares acquired by the Fund through buy backs

⁷ Shares unpaid by Romanian State represented by the 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 2012, with an unaudited net profit of RON 573.9 million (half-year ended 30 June 2011: net profit RON 543.2 million) and total shareholders' equity of RON 12,176.4 million (31 December 2011: RON 11,120.7 million).

The Fund reported a net asset value ("NAV") as at 30 June 2012 of RON 12,497.4 million (a decrease of 13.6% since 31 December 2011) or RON 0.9317 per share (a decrease of 13.6% since 31 December 2011).

The main reason for the significant decrease in the NAV (by 20.3% as compared to the 31 May 2012 NAV) was Hidroelectrica's insolvency. On 20 June 2012, the Bucharest Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure. According to CNVM Regulation applicable to Fondul Proprietatea, the shares of companies under insolvency, reorganisation or bankruptcy procedure must be valued at zero, when calculating the NAV, until the end of the respective procedure. Consequently, the Fund's holding in Hidroelectrica has been valued at zero, until the insolvency procedure is concluded. As at 31 May 2012, the holding in Hidroelectrica was valued at RON 3,288.7 million. The decrease of the NAV due to Hidroelectrica's insolvency was partially offset by the positive evolution of OMV Petrom's share price during the period.

In the first six months of 2012, the BVB underperformed (in EUR terms) most of the largest markets in Central Europe, as shown in the table below:

| % change in half year ended 30 June 2012 | In local currency | In EUR |
|---|----------------------|-----------|
| BET-XT (Romania) | 2.59% | -0.29% |
| ATX (Austria) | 4.42% | 4.42% |
| BUX (Hungary) | 2.16% | 12.21% |
| PX (Czech Republic) | -1.12% | -1.30% |
| WIG20 (Poland) | 6.10% | 12.05% |

The discount of the share price to NAV was 51.0% as at 30 June 2012. During the six-month period ended 30 June 2012, the discount ranged between 47.7% and 62.4%.

The following table gives a summary of the financial position of the Fund for the six-month period ended 30 June 2012 ("H1 2012"), for the six-month period ended 30 June 2011 ("H1 2011") and for the year ended 31 December 2011 ("YE 2011"):

| | Note | H1 2012 | H1 2011 | YE 2011 | Change% | |
|--|------|----------|----------|----------|---------------------------|---------------------------|
| | | | | | H1 2012 vs. H1 2011 | H1 2012 vs. YE 2011 |
| Total Shareholders' Equity (RON million) | a | 12,176.4 | 12,789.5 | 11,120.7 | -4.8% | +9.5% |
| Net Asset Value (RON million) | b, e | 12,497.4 | 16,171.2 | 14,465.4 | -22.7% | -13.6% |
| Net Asset Value per Share (RON) | b, e | 0.9317 | 1.1754 | 1.0788 | -20.7% | -13.6% |
| Net Asset Value Total Return | c | -10.8% | +8.4% | -0.5% | | |
| Share Price (RON) | | 0.4565 | 0.5350 | 0.4270 | -14.7% | +6.9% |
| Share Price Total Return | c | +14.9% | -12.70% | -30.2% | | |
| Share Price – High | d | 0.6050 | 0.6495 | 0.6495 | | |
| Share Price – Low | d | 0.4270 | 0.4850 | 0.4151 | | |
| Gross Dividends Declared (RON per share) | | 0.03854 | 0.03141 | 0.03141 | | |
| Share Price Discount to Net Asset Value | | 51.0% | 54.5% | 60.4% | | |

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

Notes:

- (a) Prepared on the basis of Romanian Accounting Regulations
- (b) Prepared on the basis of CNVM Regulations
- (c) Calculated with dividend reinvested, where applicable
- (d) Closing prices quoted by the BVB
- (e) The difference in change (%) between total NAV and NAV per share is accounted for by the change in paid capital during 2012

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:

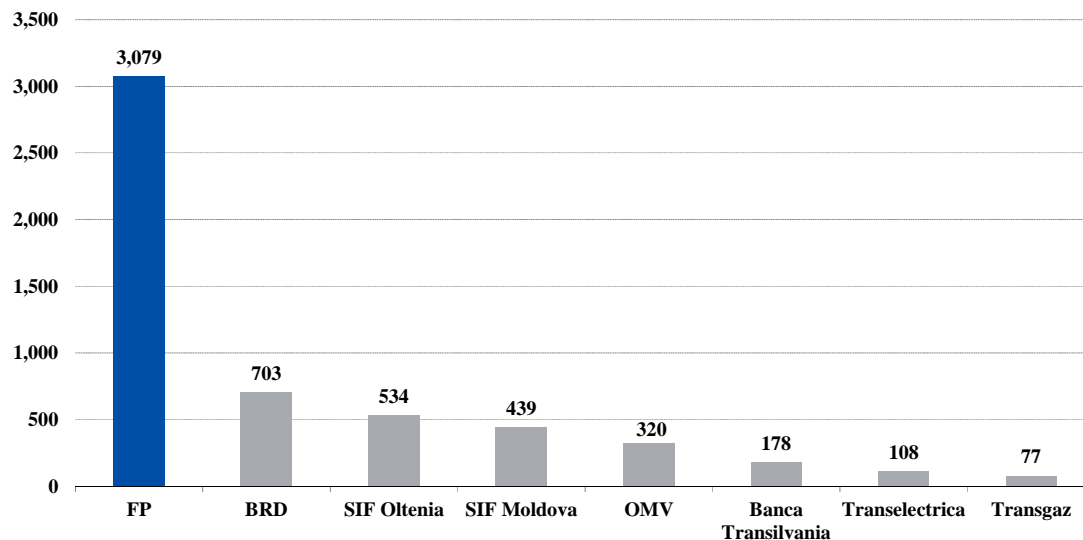
| | CNVM Regulations* | Romanian Accounting Regulations |
|--|--|--|
| Listed securities | Valued at closing quoted market prices | Valued at cost less adjustments for impairment |
| Unlisted or illiquid listed securities | Valued as per latest issued financial statements of the security (proportionally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

* the shares of companies under insolvency, reorganisation or bankruptcy procedure must be valued at zero, when calculating the NAV, until the end of the respective procedure

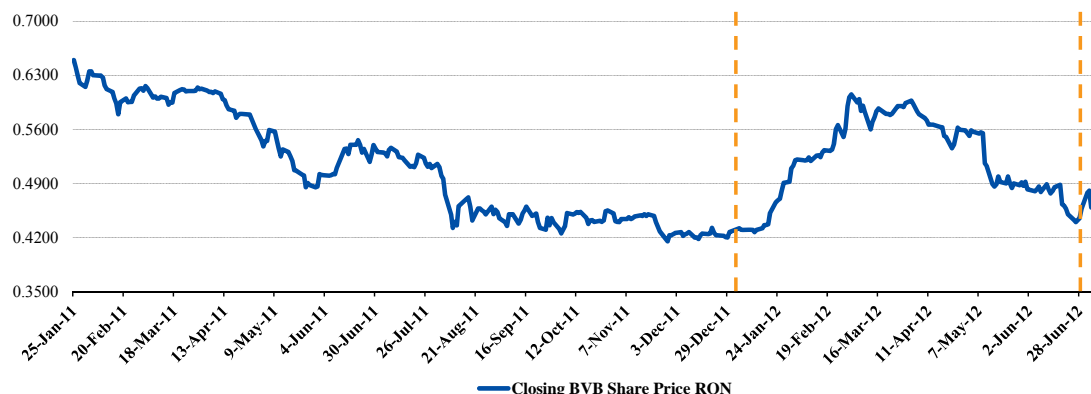
Significant Events

BVB Trading

Average Daily Turnover for the six-month period ended 30 June 2012 (EUR thousands)



Fund's Share Price History (RON/share)



Source: BVB

Investor Relations Update

The Fund Manager continued efforts to raise the Fund's profile and visibility among a broader institutional investor base and organised several events to present the Fund's equity story during the first half of 2012. The series of events included road-shows in Luxembourg and the USA in February, Qatar and the UAE in March and UK and USA in May.

Fondul Proprietatea was presented at several regional emerging market conferences in individual meetings with investment analysts and portfolio managers: the Emerging Equities Conference organised by Erste Group in London held in January; the 13th Annual Emerging Europe Conference held in March in New York, the Institutional Investors Conference organised by Raiffeisen Centrobank in April in Zuerich and the Spring Emerging Europe Conference held at the end of May, in Prague. Furthermore, over 50 meetings and conference calls with investors were organised in the first six months at the Fund's headquarters in Bucharest.

In April, we organized the Spring 2012 Analyst and Investor Days event. Over 50 Romanian and foreign institutional investors and analysts participated in the event and met our team and the management teams of the top portfolio companies. The event also included on-site visits to Complexul Energetic Craiova (now part of CE Oltenia), Hidroelectrica's Iron Gates power-plant and Nuclearelectrica's reactors in Cernavoda.

Additionally, conference calls with investors and analysts were held in February to discuss the preliminary 2011 annual report, in May to discuss the first quarter results, and in June in connection with the insolvency proceedings of Hidroelectrica.

In order to increase the transparency and disclosure about the Fund's underlying holdings, the Fund Manager launched a redesigned website of the Fund on 4 April 2012, which allows for quick access to all the relevant information about the Fund and its portfolio. Detailed financial statements, annual reports, and auditors' reports for the largest portfolio companies will continue to be published on the new website to facilitate a deeper understanding of the intrinsic value of the underlying holdings (www.fondulproprietatea.ro).

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

Secondary Listing Update

On 4 April 2012 the shareholders of the Fund approved in principle the secondary listing on the Warsaw Stock Exchange ("WSE") and the delivery of an instruction to the Fund Manager to present a specific plan to shareholders setting forth all the actions necessary for the secondary listing. As a result, the Fund Manager published on 24 May the proposed plan for the secondary listing and finalised the selection process for the consortium of investment banks that will advise the Fund on the listing. The Consortium with the best offer, based on both technical and financial considerations, selected to advise the Fund includes J.P. Morgan and UniCredit Group as co-managers and KBC Securities as co-advisor.

After consultation with the Consortium, the Fund Manager decided that the appropriate way to achieve the secondary listing within current regulatory restrictions is through a technical listing, i.e. admission and introduction to trading on the WSE based on a Listing Memorandum followed by the facilitation of liquidity on the WSE. The Fund Manager presented its proposal at the 27 June 2012 General Shareholders Meeting, where it was approved by the Fund's shareholders.

It is important to note that, in order to achieve a successful secondary listing the shares have to be fully fungible across the two markets, which requires the establishment of a direct or indirect link between the depositary systems of the two markets so that trades in the shares can be settled between trading platforms.

The Polish regulator and depositary confirmed that they are in the position to establish the link, but CNVM indicated that regulatory changes are required in order for this to be achieved in Romania, and the time required for regulatory changes and their implementation could affect our initially envisaged timeframe of the secondary listing.

Share Cancellation and Buy-Back Programme

At the 25 April 2012 General Shareholders Meeting, the Fund shareholders approved the decrease of the share capital of the Fund through the cancellation of the 240.3 million shares repurchased by the Fund during the buy-back programme completed during 2011. The cancellation of the repurchased shares was still in progress as at 30 June 2012 and the positive effect on the Fund's NAV per share will be reflected upon the registration of the share cancellation.

A second buy-back programme was approved by the Fund's shareholders on 25 April 2012. Through the new buy-back programme, the Fund Manager is authorised to repurchase up to 1.1 billion shares or 7.9% of the Fund's share capital within the next 18 months, within the price range of RON 0.2 per share to RON 1.5 per share, subject to availability of cash. The 18 month period will start on the day of the publication of the shareholders' decision in the Official Gazette.

The registration of these two decisions with the Trade Register has been blocked by litigations started by Ioana Sfiraiala, a shareholder of the Fund. The effects of these shareholder decisions are suspended until the Court rules in favour of the Fund.

The next hearing fixed by the Bucharest Court in Ioana Sfiraiala's litigations are on 10 September 2012 in the file regarding the blocking of the registration with the Trade Register of EGM Resolution no. 3 of 25 April 2012 for the approval of the share capital decrease of the Fund following the cancellation of 240,304,801 own shares and on 14 August 2012 in the file regarding the blocking of the registration with the Trade Register of the EGM Resolution no. 4 of 25 April 2012 for the approval of the buyback programme.

2011 Dividend Distribution

On 25 April 2012 shareholders approved the distribution of a gross dividend of RON 0.03854 per share. The Fund started the payment of dividends on 29 June 2012.

By 30 June 2012, shareholders had collected almost 24% of the total dividend distribution of RON 507.7 million.

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Value

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

All NAV reports are submitted to the BVB and CNVM and published on the Fund's website at www.fondulproprietatea.ro.

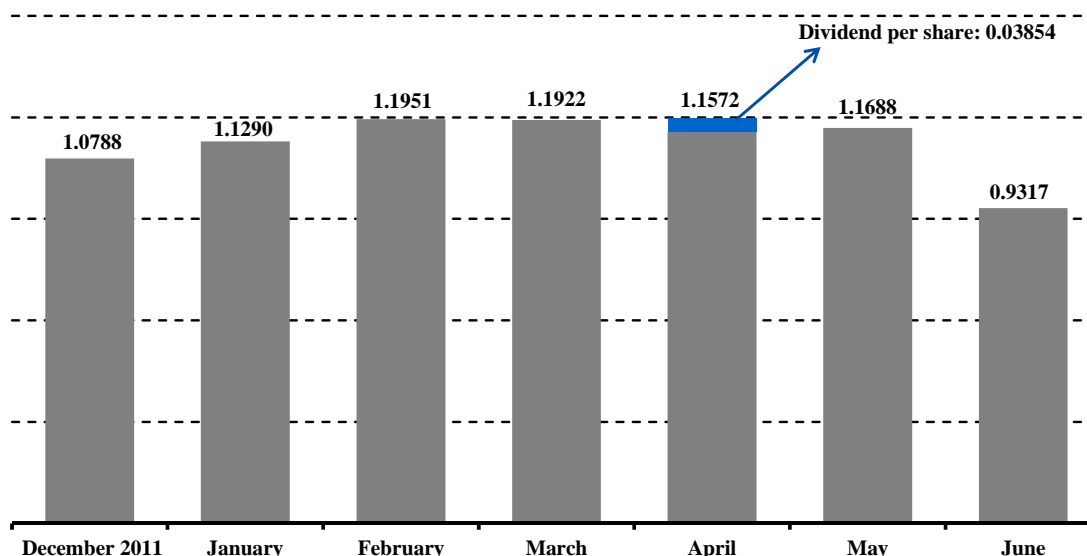
NAV Methodology

In November 2010, CNVM Regulation 4/2010 was amended by the CNVM Disposal of Measures no. 17 based on best international practice suitable for a closed-end listed fund.

Listed securities are valued at closing market prices, while illiquid or unlisted securities are valued using either shareholders' equity value per latest financial statements, proportionally with the stake held, or according to international valuation standards which permit fair valuation. The shares of companies under insolvency, reorganisation or bankruptcy procedure must be valued at zero, when calculating the NAV, until the end of the respective procedure.

The following chart shows information on the monthly published NAVs per share for the period 31 December 2011 to 30 June 2012:

NAV/share (RON/share)



Source: FTIML

The blue section within April 2012 NAV represents the value per share of dividends distribution approved in April 2012, which was recorded in that month, with a corresponding reduction in NAV.

After an overall increase in the first five months of 2012, in June 2012 the Fund's NAV decreased with 13.6% compared with 31 December 2011.

The increase of NAV in the first quarter of 2012 was mainly due to the positive share price trend of the Fund's listed holdings, principally of OMV Petrom (its impact on total NAV was RON 1,422.8 million and on NAV per share was RON 0.1061).

The significant decrease of NAV in June 2012, was principally caused by Hidroelectrica's insolvency. According to CNVM Regulation no. 4/2010 (art.19, paragraph (4)) applicable to Fondul Proprietatea, the shares of companies under insolvency, reorganisation or bankruptcy procedure must be valued at zero, when calculating the NAV, until the end of the respective procedure.

On 20 June, the Bucharest Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure. Consequently, Fund's holding in Hidroelectrica has been temporary valued at zero, until the insolvency procedure is concluded. The negative impact on Fund's NAV of this change of valuation method for the holding in Hidroelectrica was of RON 3,288.7 million or RON 0.2452 per share (as compared to 31 May 2012 NAV).

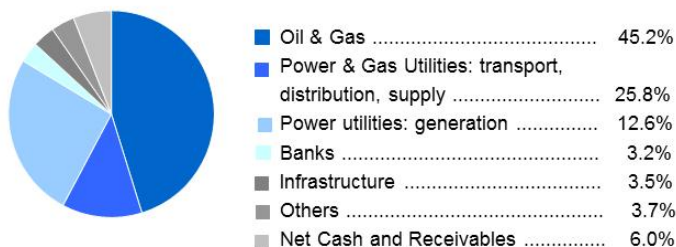
Another specific reason for the decrease of June NAV was the change in valuation method used for unlisted portfolio companies valued at book value. FTIML decided to value the investments in the unlisted companies (Romgaz SA, CN Administratia Porturilor Maritime SA, Electrica Distributie Muntenia Nord SA, Aeroportul International Timisoara – Traian Vuia SA, CN Administratia Porturilor Dunarii Fluviale SA, CN Administratia Canalelor Navigabile SA, CN Administratia Porturilor Dunarii Maritime SA, Ciocarlia SA) based on the shareholders' equity adjusted with the value of dividends declared by these companies, as the dividends due to Fondul Proprietatea by these companies were already recorded as dividend receivables in Fund's accounting at the date when the General Shareholders Meetings of these companies approved dividends distributions. The total negative impact on Fund's NAV of this change of valuation method was of RON 152.1 million or RON 0.0113 per share (as compared to 31 May 2012 NAV).

However, the Fund's NAV as at 30 June 2012 was positively influenced by the evolution of OMV Petrom's share price (its impact on total NAV was RON 306.4 million and on NAV per share was RON 0.0228 (as compared to 31 May 2012 NAV).

Investment Strategy and Portfolio Analysis

The Fund's investment objective is long-term capital appreciation, primarily through investments in Romanian equities and equity-linked securities. The equity exposure amounted to 94.0% of the Fund's NAV as at 30 June 2012. As at that date, the portfolio included holdings in 70 companies (26 listed and 44 unlisted), a combination of privately-held and state-owned enterprises.

Portfolio Structure - by Sector



- The portfolio remained heavily weighted in the power, oil and gas sectors (approx. 83.6% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables included 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 2012, based on NAV report submitted to CNVM.

Portfolio Structure - by Country



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

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2012, based on NAV report submitted to CNVM.

Portfolio Structure – Equity Investments - Listed Versus Unlisted



- The largest unlisted company was Romgaz (20.6% of the total value of unlisted companies in the portfolio).
- The largest listed company was OMV Petrom (78.5% of the total value of listed companies in the portfolio).

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2012, based on NAV report submitted to CNVM.

Top 20 Equity Investments

| No | Name | Fund's Stake (%) | Value as at 30 June 2012 (RON million) | % of NAV |
|--|--|------------------|--|---------------|
| 1 | OMV Petrom SA | 20.10% | 4,271.7 | 34.2% |
| 2 | Romgaz SA | 14.99% | 1,296.3 | 10.4% |
| 3 | Complexul Energetic Oltenia SA | 21.53% | 1,075.1 | 8.6% |
| 4 | Nuclearelectrica SA | 9.72% | 497.6 | 4.0% |
| 5 | ENEL Distributie Banat SA | 24.12% | 445.5 | 3.6% |
| 6 | E.ON Moldova Distributie SA | 22.00% | 399.8 | 3.2% |
| 7 | ENEL Distributie Muntenia SA | 12.00% | 344.0 | 2.8% |
| 8 | GDF Suez Energy Romania | 12.00% | 339.6 | 2.7% |
| 9 | Transgaz SA | 14.98% | 338.8 | 2.7% |
| 10 | CN Aeroporturi Bucuresti SA | 20.00% | 322.4 | 2.6% |
| 11 | ENEL Distributie Dobrogea SA | 24.09% | 301.4 | 2.4% |
| 12 | Electrica Distributie Muntenia Nord SA | 21.99% | 274.9 | 2.2% |
| 13 | BRD-Groupe Societe Generale | 3.64% | 225.2 | 1.8% |
| 14 | Electrica Distributie Transilvania Sud SA | 21.99% | 202.6 | 1.6% |
| 15 | Electrica Distributie Transilvania Nord SA | 22.00% | 189.0 | 1.5% |
| 16 | Alro SA | 10.21% | 160.3 | 1.3% |
| 17 | E.ON Gaz Distributie SA | 11.99% | 143.3 | 1.1% |
| 18 | Transelectrica SA | 13.49% | 120.5 | 1.0% |
| 19 | Posta Romana SA | 25.00% | 96.4 | 0.8% |
| 20 | Societatea Nationala a Sariei SA | 48.99% | 86.8 | 0.7% |
| Top 20 portfolio holdings | | | 11,131.2 | 89.2% |
| Total financial assets (portfolio holdings) | | | 11,745.5 | 94.0% |
| Net cash and receivables | | | 751.9 | 6.0% |
| Total NAV | | | 12,497.4 | 100.0% |

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2012, based on NAV report submitted to CNVM.

Key Portfolio Developments in the Period

Acquisitions and Disposals

In June 2012, the Fund sold its entire holding in Azomures SA within a take over bid initiated by the main shareholder of this company at RON 2.22 per share, and part of the holdings in Erste Group Bank AG and Raiffeisen Bank International AG.

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

In May 2012, the Fund received 3,794,662 bonus shares in Banca Transilvania, as a result of share capital increase of this company from incorporation of reserves (from current year profits and retained earnings) and share premium. The value of these shares is reflected in other current assets category in NAV report until their registration with the Central Depository in Fund's account.

Mergers

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

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

Hidroelectrica's Insolvency

On 20 June 2012, the Bucharest Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure. Consequently, according to the below-mentioned regulation the holding in Hidroelectrica is valued at zero, until the finalisation of the insolvency procedure. As of 31 May 2012, the holding in Hidroelectrica was valued at RON 3,288.7 million.

According to CNVM Regulation no. 4/2010 (art.19, paragraph (4)) applicable to Fondul Proprietatea, the valuation of the shares of the companies under insolvency, reorganisation or bankruptcy procedure should be reflected at zero value in NAV until the end of the respective procedure.

Plafar

In June 2012, the Bucharest Court admitted the finalisation of the insolvency procedure started in 2009 at the request of the majority shareholder, the Ministry of Economy and Business Environment. The resolution has not been recorded at the Trade Register as at the date of this report.

Legislation Changes

On 20 June 2012 the Romanian Parliament approved the Electricity and Gas Law (Law no. 123/2012), which was subsequently promulgated by the President. The main provisions of the law are covering the functioning of the Romanian Energy Regulatory Authority, the ownership unbundling, the electricity price liberalisation (deadline for liberalisation for the non-household consumers is end December 2013 and deadline for liberalisation of household consumers is end December 2017) and the gas price liberalisation (deadline for liberalisation for the non-household consumers is end December 2014 and deadline for liberalisation of household consumers is end December 2018).

Update on the Top 20 Portfolio Companies

Alro

| RON million | 2010 | 2011 | 2012* |
|------------------|---------|---------|---------|
| Turnover | 1,812.2 | 2,241.4 | 2,136.8 |
| Operating profit | 289.4 | 368.4 | n.a. |
| Net profit | 159.8 | 228.3 | 238.4 |
| Dividends | 159.8 | 225.9 | n.a. |

*budgeted figures 1 USD = 3.3411 RON

BRD – Groupe Societe Generale

| RON million | 2010 | 2011* | 2012** |
|------------------------|---------|---------|---------------|
| Operating income | 3,585.0 | 3,268.0 | Around +5% |
| Gross Operating Income | 2,110.0 | 1,808.0 | Approx. +5-6% |
| Net Risk Cost | 883.0 | 1,253.0 | In decrease |
| Net profit | 1,009.0 | 498.0 | |
| Dividends*** | 125.0 | 116.3 | |

*based on consolidated IFRS financial statements,

**budgeted figures

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

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

April 2012: At the end of the month, the bank reported its unconsolidated first quarter financial results. For the first three months of the year BRD posted a net profit of RON 83 million, down 39% yoy as the bank's net cost of risk reached RON 337 million, up 58% yoy, while net banking income advanced 6% yoy to RON 767 million and operating expenses eased 2% yoy to RON 336 million.

July 2012: The Bank announced Mr. Philippe Lhotte, as its new CEO starting 1 September 2012. The appointment is subject to National Bank of Romania's approval. Currently, Mr. Lhotte is CEO and Chairman of SG Expressbank AD, the subsidiary of Societe Generale in Bulgaria. The announcement came after the bank initially designated Mr. Alexandre Maymat for the top position.

CN Aeroporturi Bucuresti

| RON million | 2010 | 2011 | 2012* |
|------------------|-------|-------|-------|
| Turnover | 396.8 | 474.3 | 603.2 |
| Operating profit | 54.2 | 88.5 | 37.5 |
| Net profit | 42.5 | 52.6 | 27.2 |
| Dividends | 38.3 | 47.1 | n.a. |

* Budgeted figures

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

May 2012: Passenger traffic for the first 5 months of 2012 reached 2,763,795 passengers, compared to 2,738,331 in the first 5 months of 2011.

June 2012: Mr. Cornel Constantin Poterasu became the new interim General Manager, replacing Mr. Tudor Jidav, who was appointed General Manager of Henri Coanda International Airport, the largest of the two airports managed by the company. Mr. Poterasu has previous experience in the construction sector and several roles with the Auto Registration Authority and also the Chamber of Deputies in the Romanian Parliament.

Complexul Energetic Oltenia

| RON million | 2010* | 2011* | 2012 |
|--------------------|---------|---------|------|
| Operating revenues | 3,165.8 | 4,026.5 | n.a. |
| Operating profit | (25.0) | 348.0 | n.a. |
| Net profit | (126.6) | 179.9 | n.a. |

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

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

E.ON Gaz Distributie SA

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

* Budgeted figures (turnover includes only distribution services)

E.ON Moldova Distributie

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

* Budgeted figures (turnover includes only distribution services)

ANRE approved a 4.4% increase in the low-voltage distribution tariff for E.ON Moldova Distributie, effective on 1 July 2012.

| RON/Mwh | 2011 ⁸ | 1 July 2012 ⁹ |
|-----------------------------|-------------------|--------------------------|
| Distribution tariffs | | |
| High Voltage | 21.0 | 21.0 |
| Medium Voltage | 42.0 | 42.0 |
| Low Voltage | 133.2 | 139.0 |

Electrica Distributie Muntenia Nord ("EDMN")

| RON million | 2010 | 2011 | 2012* |
|------------------|-------|-------|-------|
| Total revenues | 659.1 | 712.8 | 735.5 |
| Operating profit | 27.1 | 72.4 | 32.4 |
| Net profit | 26.7 | 67.4 | 27.2 |

* Budgeted figures

⁸ ANRE order 44/23.12.2010

⁹ ANRE order 24/25.06.2012

March 2012: The Government approved the listing of a 15% stake in the company on the BVB.

June 2012: The National Authority for Energy Regulation (“ANRE”) has published Order no. 24/2012 for the approval of electricity distribution tariffs for 2012.

Electrica Distributie Transilvania Nord (“EDTN”)

| RON million | 2010 | 2011 | 2012* |
|------------------|-------|-------|-------|
| Total revenues | 545.3 | 570.1 | 574.7 |
| Operating profit | 13.9 | 40.2 | 12.1 |
| Net profit | 8.5 | 29.1 | 9.2 |

* Budgeted figures

March 2012: The Government approved the listing of a 15% stake in the company on the BVB.

June 2012: The National Authority for Energy Regulation (“ANRE”) has published Order no. 24/2012 for the approval of electricity distribution tariffs for 2012.

Electrica Distributie Transilvania Sud (“EDTS”)

| RON million | 2010 | 2011 | 2012* |
|------------------|-------|-------|-------|
| Total revenues | 593.0 | 638.8 | 651.4 |
| Operating profit | 21.5 | 27.8 | 18.7 |
| Net profit | 11.9 | 19.6 | 15.8 |

* Budgeted figures

March 2012: the Government approved the listing of a 15% stake in the company on the BVB.

June 2012: The National Authority for Energy Regulation (“ANRE”) has published Order no. 24/2012 for the approval of electricity distribution tariffs for 2012.

June 2012: Mr. Rosca Ioan, the General Manager of the company was appointed as General Manager of the parent company, Electrica SA. He was replaced at the helm of the company by Mr. Ion Dobre, the Technical Director of the company.

| RON/Mwh | 2011 ¹⁰ | | | 1 July 2012 ¹¹ | | |
|----------------------|--------------------|--------|-------|---------------------------|------|--------|
| Distribution tariffs | EDTS | EDMN | EDTN | EDTS | EDMN | EDTN |
| High Voltage | 21 | 15.3 | 20.96 | 21 | 18 | 21 |
| Medium Voltage | 38.53 | 38.49 | 42 | 41.98 | 42 | 42 |
| Low Voltage | 114.77 | 136.28 | 88.64 | 123.27 | 139 | 101.42 |

ENEL Distributie Banat (“EDB”)

| RON million | 2010 | 2011 | 2012* |
|------------------|-------|-------|-------|
| Turnover | 556.0 | 585.8 | 589.2 |
| Operating profit | 159.7 | 238.3 | 175.9 |
| Net profit | 148.4 | 220.5 | 138.1 |
| Dividends | 83.6 | - | n.a |

* Budgeted figures

ENEL Distributie Dobrogea (“EDD”)

| RON million | 2010 | 2011 | 2012* |
|------------------|-------|-------|-------|
| Turnover | 408.0 | 459.0 | 449.1 |
| Operating profit | 107.2 | 126.4 | 107.8 |
| Net profit | 99.6 | 108.9 | 93.7 |
| Dividends | 56.2 | - | n.a |

* Budgeted figures

¹⁰ ANRE order 44/23.12.2010

¹¹ ANRE order 24/28.06.2012

ENEL Distributie Muntenia (“EDM”)

| RON million | 2010 | 2011 | 2012* |
|------------------|-------|-------|-------|
| Turnover | 733.8 | 705.9 | 872.1 |
| Operating profit | 76.0 | 51.6 | 204.2 |
| Net profit | 105.1 | 50.5 | 150.6 |

* Budgeted figures

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

| RON/Mwh | 2011 ¹² | | | 1 July 2012 ¹³ | | |
|----------------------|--------------------|--------|--------|---------------------------|--------|--------|
| Distribution tariffs | EDM | EDB | EDD | EDM | EDB | EDD |
| High Voltage | 8.92 | 21.00 | 21.00 | 10.49 | 21.00 | 21.00 |
| Medium Voltage | 26.44 | 42.00 | 42.00 | 31.11 | 42.00 | 42.00 |
| Low Voltage | 115.85 | 129.66 | 123.72 | 136.32 | 139.00 | 139.00 |

GDF Suez Energy Romania

| RON million | 2010 | 2011* | 2012** |
|------------------|---------|---------|---------|
| Turnover | 3,593.0 | 3,862.4 | 3,937.0 |
| Operating profit | 322.0 | 298.6 | 428.0 |
| Net profit | 271.0 | 261.9 | 346.0 |

* Consolidated financial statements

** Budgeted figures, consolidated financial statements

May 2012: the shareholders of GDF Suez Energy Romania approved the increase of share capital by issuing additional 2,116,536 shares with an issue price equal to the face value of 10 RON/share. The share capital increase procedures have not been yet finalised.

Nuclearelectrica

| RON million | 2010 | 2011 | 2012* |
|------------------|---------|---------|---------|
| Sales | 1,540.3 | 1,588.4 | 1,793.1 |
| Operating profit | 155.9 | 162.6 | 221.2 |
| Net profit | 13.1 | 95.0 | 51.1 |

* Budgeted figures

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

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

OMV Petrom

| RON million (IFRS) | 2010 | 2011 |
|--------------------|----------|----------|
| Sales | 18,615.7 | 22,613.7 |
| Operating profit | 2,985.5 | 4,935.8 |
| Net profit | 2,189.7 | 3,758.6 |
| Dividends | 1,002.6 | 1,756.0 |

¹² ANRE order 44/23.12.2010¹³ ANRE order 24/25.06.2012

January 2012: the company received confirmation from the Competition Council about the result of the antitrust investigation, which resulted in a fine of 366.5 million RON for OMV Petrom and 137.3 million RON for OMV Petrom Marketing SRL, a wholly owned subsidiary of OMV Petrom.

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

February 2012: the company confirmed a potentially significant gas discovery offshore Romania in the Black Sea. The Domino-1 well, operated in a 50/50 joint venture with Exxon Mobil is the first deep water well offshore Romania, it is located 170 km offshore Romania in water approximately 930 meters deep and has a total depth of 3,000 metres below sea level. The preliminary estimate for the accumulation was between 42 and 84 billion cubic meters.

March 2012: OMV Bulgaria OOD, a 99.9% subsidiary of OMV Petrom, has been notified regarding an alleged breach of antitrust regulations by the Bulgarian Commission for Protection of Competition. The investigation, which has not been finalized yet, concerns a number of companies on the Bulgarian fuels market.

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

June 2012: the company published an update regarding its 2022 Strategy. Some of the highlights were the increased focus on exploration and production, with 80% of capital investments being focused on this area, compared to 64% during 2009-2011, the continued efforts to enhance the value of equity gas through the start of production of the Brazi gas fired power plant, potential development of a regional gas hub and continued focus on developing the Nabucco pipeline. For the refining and marketing division, the main areas of focus will be to modernise and improve efficiency of Petrobrazi refinery, fuel storage network and optimize filling stations network.

June 2012: Petrom announced it finalised the upgrade of the crude vacuum distillation unit at Petrobrazi refinery, an investment of approximately EUR 100 million. The main benefits will be the refinery's ability to process the entire domestic crude production of Petrom, increased yields on middle distillates and reduced energy consumption.

June 2012: Petrom announced the sale of its subsidiary Petrom LPG to Crimbo Gas International. This represents the company's exit from gas bottling and distribution activity, while continuing with the gas cylinder and auto gas marketing activities. The move was presented as being in accordance with the company's strategy to optimize the Refining & Marketing portfolio. The price of the transaction was not disclosed.

Posta Romana SA

| RON million | 2010 | 2011 | 2012* |
|----------------|----------|---------|---------|
| Turnover | 1,376.9 | 1,264.8 | 1,286.9 |
| Operating loss | (128.3) | (189.7) | (8.84) |
| Net loss | (121.03) | (182.9) | 2.0 |
| Dividends | - | - | n.a |

* Budgeted figures

May 2012: Mr. Ion Smeeianu was appointed as the company's interim President of the Board of Directors and interim General Manager, following the removal of Mr. Dan Neagoe from these positions. The change in leadership came shortly after the new Government lead by Mr. Victor Ponta took office - 8 of the 9 members of the Board of Directors were also replaced by interim members. These appointments were done on an interim basis, pending implementation of Government Ordinance 109/2011.

May 2012: Shortly after his appointment as the company's General Manager, Mr. Ion Smeeianu announced a restructuring plan which in the first phase will lead to a reduction in headcount of 1,029 employees, mostly middle management and office positions and a further 5,500 reduction in phase two. Phase one is expected to reduce costs by an estimated RON 3.5-4 million per month.

Romgaz

| RON million | 2010 | 2011 | 2012* |
|------------------|---------|---------|---------|
| Sales | 3,574.2 | 4,211.1 | 4,247.2 |
| Operating profit | 905.6 | 1,264.5 | 1,065.9 |
| Net profit | 651.2 | 1,031.7 | 876.0 |
| Dividends | 720.1 | 938.0 | n.a |

* Budgeted figures

January 2012: a consortium formed by Goldman Sachs, Erste-BCR and Raiffeisen Capital & Investment was selected to manage the listing of a 15% stake in Romgaz on the Bucharest Stock Exchange.

June 2012: Mr. Corin Emil Cindrea was appointed as the company's interim General Manager, pending implementation of Government Ordinance 109/2011. The change in leadership came shortly after the new Government lead by Mr. Victor Ponta took office. Mr. Cindrea was previously the Human Resources Manager of Romgaz.

June 2012: Mr. Gelu Stefan Diaconu and Mr. Stefan Cosmeanu were appointed as interim Board Members, pending implementation of Government Ordinance 109/2011. They replaced Mr. Paul Gheorghiu and Mr. Marius Catalin Oprea, previously Councillors of the Minister of Economy in the Government lead by Mr. Mihai Răzvan Ungureanu. Mr. Diaconu had recently been appointed as Counsellor of the Minister of Economy while Mr. Cosmeanu had been appointed Secretary of State in the Ministry of Economy after the new Government lead by Mr. Victor Ponta took office.

Societatea Nationala a Sarii SA

| RON million | 2010 | 2011 |
|------------------|-------|-------|
| Turnover | 245.3 | 250.2 |
| Operating profit | 12.2 | 5.2 |
| Net profit | 5.9 | 1.4 |
| Dividends | 0.8 | 0.2 |

Transelectrica

| RON million | 2010 | 2011 | 2012* |
|------------------|---------|---------|---------|
| Turnover | 2,545.7 | 3,113.1 | 2,623.0 |
| Operating profit | 79.6 | 159.5 | 84.5 |
| Net profit | 9.6 | 90.9 | 40.0 |
| Dividends | 8.5 | 80.6 | n.a |

* budgeted figures

May 2012: Board of Directors acknowledged the resignation of Mr. Horia Hahaian and appointed as interim directors Mr. Dumitru Pirvulescu and Mr. Remus Dumitru Vulpescu until the implementation of the provisions of Emergency Ordinance no. 109/2011 regarding corporate governance in state owned companies.

May 2012: Board of Directors decided that Mr. Octavian Lohan is no longer general manager of the company and the responsibilities of the position are assumed by Mr. Marius Mateescu until the provisions of Emergency Ordinance 109/2011 regarding corporate governance in state owned companies are implemented.

June 2012: Mr. Stefan Gheorghe was appointed as interim Board director.

June 2012: Mr. Stefan Gheorghe resigned as Board director and Mr. Mircea Ciopraga was appointed as Board director and also President of the Board of directors until the implementation of the provisions of Emergency Ordinance no. 109/2011 concerning corporate governance in state owned companies.

Transgaz

| RON million | 2010 | 2011 |
|------------------|---------|---------|
| Turnover | 1,313.0 | 1,343.3 |
| Operating profit | 443.7 | 442.5 |
| Net profit | 376.4 | 379.5 |
| Dividends | 338.7 | 350.4 |

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

June 2012: The rating agency Standard and Poor's has placed the company's rating BB+ on watch with negative implications.

June 2012: Mr. Ioan Rusu was appointed by the Board of Directors as General Manager of the company instead of Mr. Cosma Florin.

July 2012: Mr. Ioan Rusu becomes Board member of the company until the implementation of the provisions of Emergency Ordinance no. 109 on corporate governance in state owned companies.

Key Financial Activity of the Fund**Fund Liquidity****Summary % net cash & cash equivalents in NAV**

| RON million | 31 Dec 2011 | 31 Mar 2012 | 30 Jun 2012 |
|---|-----------------|-----------------|-----------------|
| Current accounts | 1.9 | 1.5 | 31.0 |
| Bank deposits | 296.4 | 268.6 | 895.7 |
| Treasury bills | 195.9 | 199.0 | 139.8 |
| Total liabilities | (42.2) | (20.4) | (425.8) |
| Net cash & cash equivalents | 452.0 | 448.7 | 640.6 |
| Net Assets Value | 14,465.4 | 15,991.7 | 12,497.4 |
| % net cash & cash equivalents in NAV | 3.1% | 2.8% | 5.1% |

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

The increase of the bank deposits during 2012 as compared to December 2011 was mainly due to the cash inflows from dividend receivables (RON 509.1 million) and from selling the entire holding in Azomures and part of the holdings in Raiffeisen Bank and Erste Group Bank AG (RON 187.6 million in total), net of the cash outflows related to the payment of dividends (RON 101.9 million).

The significant increase of the liabilities outstanding as at the end of June was mainly accounted for by the approval in April of the distribution of a gross dividend of RON 507.7 million or RON 0.03854 per share, related to Fund's 2011 profits, payable to shareholders with effect from 29 June 2012.

The decrease of the treasury bills balance in the first half of the year was due to the treasury bills reaching maturity during the period.

Total Expense Ratio

The annualised total expense ratio of the Fund as at 30 June 2012 was 0.49% (2011: 0.38%). This figure represents the expenses of the Fund (annualised), divided by the period end NAV. For the purpose of this calculation, expenses do not include foreign exchange losses, carrying value of equity investments disposed of, impairment adjustments, interest expense or corporate income tax.

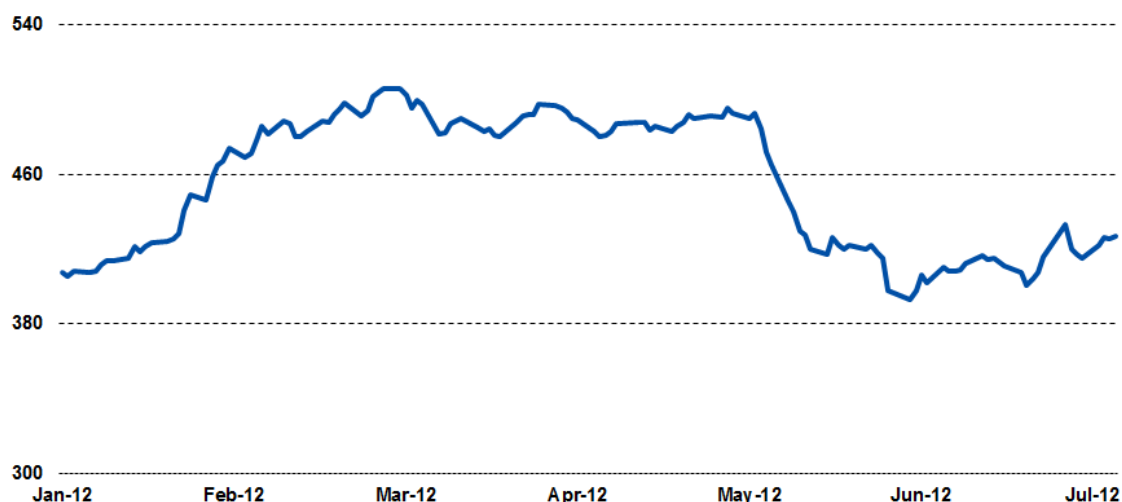
The main reason for the increase in the total expense ratio was the drop of NAV in June caused by Hidroelectrica's insolvency. For details on Hidroelectrica's insolvency, please see Net Asset Value section.

Income from Investments

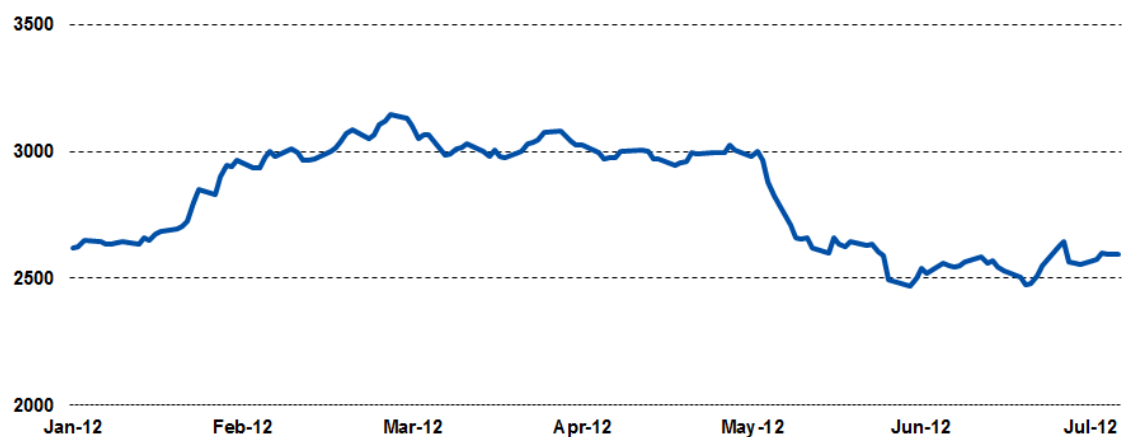
The main objective of the Fund is long-term capital appreciation primarily via investments in Romanian equities, with strict adherence to the principles of value investing. As at 30 June 2012, the Fund's exposure to Romanian listed equities accounted for 42.5% of the NAV, while 1.0% of the NAV was invested in the Austrian banks, Erste Group Bank AG and Raiffeisen Bank. Therefore, the performance of the Fund was affected by the fluctuations of these markets.

The BET-XT index, which reflects the performance of the top 25 most liquid stocks listed on the Tier 1 of the BVB, decreased by 2.8% over the course of the first half of 2012, although compared with the same period of the last year, 30 June 2011, it recorded a decrease of 23.1%. The broader BET-C Index increased by 2.2% in the same period.

BET-XT



BET-C



Source: BVB

The income arising from the main activities of the Fund was 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 Financial Statements Analysis section.

Capital Expenditure

The Fund did not incur any capital expenditure in the first half of 2012.

Corporate Governance of the Fund

Changes affecting the capital of the Fund

Voting rights restriction cancellation

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

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

The increase of paid-up share capital of the Fund

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

There is an ongoing litigation to recover the remaining unpaid capital.

Changes in Board of Nominees

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

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

On 4 April 2012, the Ordinary General Shareholders Meeting ("OGM") approved to recall the mandate for two members of the Board of Nominees: Mr. Doru Petru Dudas and Mr. Simion Dorin Rusu and approved a 3 years mandate for the following members of the Board of Nominees: Mr. Julian Rupert Francis Healy, Mr. Steven van Groningen and Mr. Piotr Rymaszewski. The appointment of the members of the Board of Nominees mentioned above became effective from the date of their registration with the Trade Register.

The current structure of the Board of Nominees is the following:

| Name | Position |
|-----------------------------------|----------|
| Mr. Sorin Mihai Mîndruțescu | Chairman |
| Mr. Cristian Bușu | Member |
| Mr. Julian Rupert Francis Healy | Member |
| Mr. Steven Cornelis van Groningen | Member |
| Mr. Piotr Rymaszewski | Member |

Currently the Fund's Consultative Committees members are:

- For Audit Committee: Mr. Cristian Bușu, Mr. Julian Rupert Francis Healy, Mr. Steven Cornelis van Groningen;
- For Remuneration and Nomination Committee: Mr. Cristian Bușu, Mr. Sorin-Mihai Mîndruțescu, Mr. Piotr Rymaszewski.

Also during the same OGM a new template of the mandate agreement was approved, which has been signed by the members of the Board of Nominees.

Addendums to the Investment Management Agreement

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

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

On 4 April 2012, OGM approved the proposed addendum 2 to the IMA. The Addendum can only become effective after the endorsement of CNVM, according to Romanian legislation in force. Such endorsement has not been granted by CNVM yet.

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

Financial Statement Analysis

The unaudited financial statements for the six-month period ended 30 June 2012 prepared in compliance with Romanian Accounting Regulations are included in full in Annex 1 to this Report.

This section provides a commentary on the principal elements of the Fund's financial position and results for the six-month period ended 30 June 2012.

Balance Sheet

| | 31 December 2011 | 30 June 2012 |
|--|------------------|-----------------|
| | Audited | Unaudited |
| | RON million | RON million |
| Financial assets | 10,627.9 | 11,428.1 |
| Non-current assets - total | 10,627.9 | 11,428.1 |
| Current assets - total | 549.2 | 1,188.9 |
| Prepaid expenses | - | 0.1 |
| Payables within one year | 42.2 | 425.9 |
| Total assets less current liabilities | 11,134.9 | 12,191.2 |
| Provisions | 14.2 | 14.8 |
| Shareholders' equity | 11,120.7 | 12,176.4 |

Financial assets include the Fund's listed and unlisted equity investments. According to Romanian Accounting Regulations, both listed and unlisted equity investments are valued at cost (or their initial value) less any adjustments for impairment. For listed investments, the impairment adjustment is any adverse difference between cost and closing price (an impairment adjustment is booked if closing price is lower than cost). For unlisted or illiquid listed equity investments, the impairment test compares the cost to the Fund's share of shareholders' equity as per the portfolio companies' latest available financial statements, and any adverse result is booked as an impairment. In performing the impairment test the financial information from the most recent financial statements of the companies are corroborated with the most recent public available qualitative and quantitative information regarding the above-mentioned assets.

On 20 June 2012, the Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure. The insolvency procedure is in its early stages and, as at the date of these financial statements, the Fund was not in a position to perform a reasonable assessment of the fair value of the Fund's holding in Hidroelectrica SA necessary for a proper performance of the impairment test in order to assess a potential impairment adjustment.

Consequently, the carrying value of the equity investment in Hidroelectrica in these financial statements is RON 3,106.5 million, and it does not reflect any impairment adjustment that might have been necessary if performance of the impairment test had been possible.

The value of the financial assets increased by RON 800.2 million in the first six months of 2012, due to the reversal of impairment adjustments recorded in previous years for listed equity investments, principally for OMV Petrom (decreased by RON 968.3 million), partially offset by the increase of impairment adjustments for holdings in Transelectrica (RON 51.7 million) and in BRD Groupe Societe Generale (RON 46.7 million).

The increase of financial assets was also partially offset by the sale of the entire holding in Azomures (RON 22.8 million) and part of the holdings in Erste Bank AG (RON 130.3 million) and Raiffeisen Bank AG (RON 41.7 million), which also led to the reversal of the related impairment adjustments, of RON 84.6 million for Erste Bank AG, respectively of RON 45.4 million for Raiffeisen Bank AG.

The significant increase in the value of **current assets** since 2011 was mainly accounted for by the increase of the cash and bank accounts from RON 297.4 million as at 31 December 2011 to RON 926.4 million as at 30 June 2012. This increase was mainly due to the cash inflows from dividend receivables (RON 509.1 million) and from the disposal of the entire holding in Azomures and part of the holdings in Raiffeisen Bank and Erste Group Bank AG (RON 187.6 million), net of the cash outflows related to the payment of dividends (RON 101.9 million).

The significant increase of the **payables** by RON 383.6 million in the first half of year 2012 was mainly accounted for by the approval in April of the distribution of a gross dividend of RON 507.7 million or RON 0.03854 per share, related to 2011 profits, payable to shareholders with effect from 29 June 2012.

Income Statement

| | For the six-month period ended | |
|--|--------------------------------|--------------|
| | 30 June 2011 | 30 June 2012 |
| | Unaudited | Unaudited |
| | RON million | RON million |
| Revenues from current activity, out of which: | 593.7 | 847.8 |
| Revenues from financial assets | 513.2 | 618.1 |
| Interest income | 29.1 | 14.0 |
| Reversal of impairment adjustments & provisions | 28.8 | 5.5 |
| Revenues from disposal of financial assets | 9.7 | 207.8 |
| Revenues from foreign exchange differences | 1.4 | 0.1 |
| Other income from current activity | 11.5 | 2.3 |
| Expenses from current activity, out of which: | 48.5 | 273.5 |
| Expenses from disposal of financial assets | 3.9 | 194.8 |
| Expenses from foreign exchange differences | 0.6 | 0.3 |
| Depreciation, provisions, losses from receivables and sundry debtors | 11.7 | 47.7 |
| Commissions and fees | 9.0 | 9.1 |
| Other expenses from current activity* | 23.3 | 21.6 |
| Gross profit | 545.2 | 574.3 |
| Corporate income tax expense | 2.1 | 0.4 |
| Net profit | 543.1 | 573.9 |

* 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 2012 compared to the same period in 2011, due to a higher level of dividend distributions from portfolio companies (mainly OMV Petrom RON 353.1 million, Romgaz RON 140.6 million, Transgaz RON 52.5 million).

Interest income arose from deposits held with banks and from treasury bills. The lower level of income in the half year ended 30 June 2012 as compared to the same period in 2011 is a reflection of the lower level of deposits and treasury bills during the first half of 2012 as compared to the same period in 2011, due mainly to the payment of 2010 dividend to shareholders starting 30 June 2011 and to acquisition of equity investments in 2011.

The **reversal of impairment adjustments & provisions** in the first half of 2012 was mainly accounted for by the reversal of an impairment adjustment for receivables of RON 5.2 million, related to share capital unpaid by the Romanian State. During the first six months of 2012, the Fund received 521,107 shares in Hidroelectrica (following a share capital increases by that company relating to the value of land for which Hidroelectrica obtained title deeds) whose nominal value (RON 10 per share) was set off against the receivable related to the unpaid share capital.

In the first half of 2011 the reversal of impairment adjustments & provisions was mostly accounted for by the reversal of impairment adjustments for the 2005 dividend receivables from Transgaz, of RON 9.6 million and Romgaz, of RON 18.7 million. The litigations against Transgaz, 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 207.8 million in 2012 and 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 194.8 million in 2012 and RON 3.9 million 2011) 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 2012 was approximately RON 13.0 million, while in the first half of 2011 was of RON 5.8 million.

During the first half of 2012 the **other income from current activity** included penalties levied by the Fund for late payment of dividends related to the 2010 Hidroelectrica dividend, still partially outstanding.

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

Commissions and fees mainly include CNVM's 0.1% per annum fee, calculated on the basis of Fund's NAV, amounting to RON 7.8 million in the first half 2012 (half year ended 30 June 2011: RON 8.1 million) and the Depositary banks' fees of RON 0.9 million in the period (half year ended 30 June 2011: RON 0.8 million). In the first half of 2012, commissions and fees included also the brokerage fees related to the disposal of equity investments, in the amount of RON 0.4 million.

Other expenses from current activity can be analysed as follows:

| | For the six-month period ended | |
|---|--------------------------------|--------------|
| | 30 June 2011 | 30 June 2012 |
| | Unaudited | Unaudited |
| | RON million | RON million |
| FTIML investment management and administration fees | 20.2 | 17.1 |
| Salaries | 0.5 | 0.4 |
| Stamp duties for litigations | 0.1 | - |
| Other expenses | 2.5 | 4.1 |
| Other expenses from current activity | 23.3 | 21.6 |

During the first half of 2012, other expenses from current activity decreased by RON 1.7 million compared to the same period of 2011 mainly due to the change in the calculation base for FTIML's investment management and administration fees.

The Fund Manager's investment management and administration agreement 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 capitalization of the Fund.

Other expenses included mainly advisory (legal and tax), audit fees and investor relations expenses.

Analysis of 2012 Income Statement by Quarters

Although this report covers the six-month period to 30 June 2012, given that the Fund reports on a quarterly basis, the following table has been prepared to show also the actual results for the second quarter of 2012, to aid with comparison with the first quarter reporting.

| | Quarter ended | | Half-year ended |
|--|--------------------------|--------------------------|--------------------------|
| | 31 March 2012 | 30 June 2012 | 30 June 2012 |
| | Unaudited RON million | Unaudited RON million | Unaudited RON million |
| Revenues from current activity, out of which: | 13.4 | 834.4 | 847.8 |
| Revenues from financial assets | - | 618.1 | 618.1 |
| Interest income | 7.0 | 7.0 | 14.0 |
| Reversal of impairment adjustments & provisions | 5.0 | 0.5 | 5.5 |
| Revenues from disposal of financial assets | 0.1 | 207.7 | 207.8 |
| Revenues from foreign exchange differences | - | 0.1 | 0.1 |
| Other income from current activity | 1.3 | 1.0 | 2.3 |
| Expenses from current activity, out of which: | 14.9 | 258.6 | 273.5 |
| Expenses from disposal of financial assets | 0.1 | 194.7 | 194.8 |
| Expenses from foreign exchange differences | - | 0.3 | 0.3 |
| Depreciation, provisions, losses from receivables and sundry debtors | - | 47.7 | 47.7 |
| Commissions and fees | 4.4 | 4.7 | 9.1 |
| Other expenses from current activity * | 10.4 | 11.2 | 21.6 |
| Gross profit / (Loss) | (1.5) | 575.8 | 574.3 |
| Corporate income tax expense | - | 0.4 | 0.4 |
| Net profit / (Loss) | (1.5) | 575.4 | 573.9 |

*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 six-month period ended | |
|---|--------------------------------|----------------|
| | 30 June 2011 | 30 June 2012 |
| | Unaudited | Unaudited |
| | RON million | RON million |
| Cash flows from operating activities | | |
| Payments to suppliers and similar payments | (26.0) | (40.4) |
| Payments to employees and similar payments | (0.4) | (0.3) |
| Payments of other taxes and commissions | (8.1) | (7.9) |
| Other receipts, net of other payments | 0.1 | - |
| Income tax paid | - | - |
| Net cash used in operating activities | (34.4) | (48.6) |
| Cash flow from investments | | |
| Dividends received | 228.6 | 523.5 |
| Interests received | 36.7 | 10.6 |
| Payments for acquisitions of financial assets | (558.7) | (0.1) |
| Proceeds from the sales of financial assets | 10.0 | 187.7 |
| Other receipts related to financial assets | 1.9 | 1.9 |
| Net proceeds from treasury bonds | 230.8 | 60.0 |
| Net collection deposits with maturity of more than 3 months | 378.5 | - |
| Net cash from investment activities | 327.8 | 783.6 |
| Cash flow from financing activities | | - |
| Dividends paid, including related withholding tax | (250.4) | (106.0) |
| Payments for buybacks | (33.7) | - |
| Net cash flow from used in financing activities | (284.1) | (106.0) |
| Net increase in cash and cash equivalents | 9.3 | 629.0 |
| Cash and cash equivalents at the beginning of the year | 693.5 | 297.4 |
| Foreign exchange differences on cash and cash equivalents | (0.3) | (0.2) |
| Cash and cash equivalents at the end of the period | 702.5 | 926.2 |

The **payments to suppliers and similar payments** were significantly higher in 2012 as compared to the previous year, mainly due to the payment in January 2012 of the FTIML fees for 2011, of RON 27.2 million.

Dividends received were significantly higher in 2012 as compared to the previous comparable period, mainly because the portfolio companies distributed higher dividends in 2012 and the Fund collected the main part of these dividends during the period (more than 80% of the total dividend receivables).

The **proceeds from the sales of financial assets** in 2012 were related to the disposal of the entire holding in Azomures SA (RON 129.9 million) and to the partial disposal of the holdings in Erste Group Bank AG and Raiffeisen Bank International AG (RON 57.8 million).

Dividends paid in 2012 principally included the 2011 dividend. The Fund declared in April 2012 a gross dividend of RON 507.7 million or RON 0.03854 per share related to 2011 profits and began distribution starting 29 June 2012. 23.6% of the total distribution of RON 507.7 million was paid on 29 June 2012.

Signatures:

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

Grzegorz Maciej Konieczny

Legal Representative

13 August 2012

Prepared by

Mihaela Moleavin

Financial Reporting Manager

Annex 1

S.C. FONDUL PROPRIETATEA S.A.
FINANCIAL STATEMENTS
FOR THE HALF ENDED 30 JUNE 2012

Prepared in accordance with the National Securities Commission (“CNVM”) Regulation no. 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the CNVM, approved by CNVM Order no. 13/2011, and with CNVM Instruction no. 5/2006, as subsequently amended, regarding semi-annual accounting reporting system (“Romanian Accounting Regulations”)

(This is a translation from the official Romanian version)

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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 2012
FORM CODE 10

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

The format of the Financial Statements as at 30 June 2012 for the entities authorised, regulated and monitored by the National Securities Commission (CNVM), for the closed-end funds (AOPC) set up under articles of association

Type of financial statement: SI

County: Bucharest

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

Address: Bucharest, District 1,

78-80, Buzești 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

| | Row | Note | Balance | |
|---|-----|------|---------------------------|---------------------------|
| | | | 1 January 2012 Audited | 30 June 2012 Unaudited |
| A | B | | 1 | 2 |
| A. NON-CURRENT ASSETS | | | | |
| III. FINANCIAL ASSETS | | | | |
| 1. Shares held in subsidiaries (acc. 261 - 2961) | 12 | | 59,670,661 | 62,922,744 |
| 3 Investments in associates (acc. 263 - 2963) | 14 | | 3,303,427,753 | 4,271,673,819 |
| 5. Investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964) | 16 | | 7,264,779,666 | 7,089,723,937 |
| 6. Other receivables (acc. 2673 + 2674 + 2678 + 2679 – 2966 – 2969) | 17 | | - | 3,794,662 |
| TOTAL: (rows 12 to 17) | 18 | 1 | 10,627,878,080 | 11,428,115,162 |
| NON-CURRENT ASSETS - TOTAL (rows 06 + 11 + 18) | 19 | | 10,627,878,080 | 11,428,115,162 |
| B. CURRENT ASSETS | | | | |
| II. RECEIVABLES | | | | |
| 1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 – 491) | 24 | | 1,476 | 659 |
| 4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187) | 27 | | 55,884,511 | 122,613,443 |
| TOTAL: (rows 24 to 28) | 29 | 2 | 55,885,987 | 122,614,102 |
| III. SHORT TERM INVESTMENTS | | | | |
| 2. Other short term investments (acc. 5031 +5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 +5113 +5114) | 31 | | 195,919,673 | 139,843,896 |
| TOTAL: (rows 30 to 31) | 32 | | 195,919,673 | 139,843,896 |
| IV. CASH AND BANK ACCOUNTS (acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542) | 33 | | 297,393,152 | 926,384,998 |
| CURRENT ASSETS - TOTAL (rows 23 + 29 + 32 + 33) | 34 | | 549,198,812 | 1,188,842,996 |
| C. PREPAID EXPENSES (acc. 471) | 35 | | 28,412 | 112,722 |

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

| | Row | Note | Balance | |
|---|-----|------|------------------------|------------------------|
| | | | 1 January 2012 | 30 June 2012 |
| | | | Audited | Unaudited |
| A | B | | 1 | 2 |
| D. PAYABLES WITHIN ONE YEAR | | | | |
| 3. Advance from customers (acc. 419) | 38 | | 50,000 | 110,000 |
| 4. Trade payables (acc. 401 + 404 + 408) | 39 | | 27,540,485 | 9,124,700 |
| 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 | | 14,616,288 | 416,652,671 |
| TOTAL: (rows 36 to 43) | 44 | 2 | 42,206,773 | 425,887,371 |
| E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES (rows 34 + 35 - 44 - 60.2) | 45 | | 507,020,451 | 763,068,347 |
| F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45) | 46 | | 11,134,898,531 | 12,191,183,509 |
| H. PROVISIONS | | | | |
| 2. Provisions for taxes (acc. 1516) | 57 | | 14,138,306 | 14,745,452 |
| 3. Other provisions (acc. 1511+1512+1513+1514+1518) | 58 | | 59,523 | 59,523 |
| TOTAL PROVISIONS (rows 56 + 57 + 58) | 59 | | 14,197,829 | 14,804,975 |
| J. SHARE CAPITAL AND RESERVES | | | | |
| I. SHARE CAPITAL (rows 62 to 63) out of which: | 61 | 4 | 13,778,392,208 | 13,778,392,208 |
| - subscribed unpaid share capital (acc. 1011) | 62 | | 370,823,112 | 365,612,042 |
| - subscribed paid in capital (acc. 1012) | 63 | | 13,407,569,096 | 13,412,780,166 |
| IV. RESERVES (rows 68-69+70+71+72+73+74) | 67 | | (3,128,333,293) | (2,138,853,079) |
| 1. Legal reserves (acc. 1061) | 68 | | 129,803,202 | 129,803,202 |
| 2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i>) | 69 | | 3,378,542,766 | 2,392,857,214 |
| 4. Reserves for financial assets received free of charge (acc.1065) | 71 | | 106,715 | 3,901,377 |
| 7. Other reserves (acc.1068) | 74 | | 120,299,556 | 120,299,556 |
| TREASURY SHARES (acc.109 – <i>debit balance</i>) | 75 | 4 | 120,268,583 | 120,268,583 |
| V. RETAINED EARNINGS (acc. 117) | | | | |
| Credit balance | 78 | | 74,364,048 | 83,251,853 |
| VI. RESULT FOR THE YEAR (acc. 121) | | | | |
| Credit balance | 80 | | 543,825,216 | 573,856,135 |
| Profit allocation (acc. 129 – <i>debit balance</i>) | 82 | | 27,278,894 | - |
| TOTAL SHAREHOLDERS' EQUITY (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82) | 83 | | 11,120,700,702 | 12,176,378,534 |

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 2012
FORM CODE 20

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

| | Row | Note | Half year ended | |
|---|-----------|----------|---------------------------|---------------------------|
| | | | 30 June 2011 Unaudited | 30 June 2012 Unaudited |
| A | B | | 1 | 2 |
| A. REVENUES FROM CURRENT ACTIVITY – TOTAL (rows 02 to 11) | 01 | | 593,708,256 | 847,772,146 |
| 1. Revenues from financial assets (acc. 761) | 02 | 6 | 513,207,854 | 618,083,688 |
| 4. Revenues from disposal of financial assets (acc.758(part)+764) | 05 | | 9,706,333 | 207,777,128 |
| 6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786) | 07 | | 28,780,922 | 5,579,540 |
| 7. Revenues from foreign exchange differences (acc.765) | 08 | | 1,466,344 | 50,961 |
| 8. Interest income (acc.766) | 09 | | 29,195,557 | 13,962,145 |
| 10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768+7815) | 11 | | 11,351,246 | 2,318,684 |
| B. EXPENSES FROM CURRENT ACTIVITY – TOTAL (rows 13 to 20) | 12 | | 48,521,622 | 273,502,305 |
| 12. Expenses from disposal of financial assets (acc. 658(part) +664) | 14 | | 3,980,309 | 194,884,889 |
| 13. Expenses from foreign exchange differences (acc. 665) | 15 | | 630,762 | 297,808 |
| 14. Interest expense (acc. 666) | 16 | | 13 | - |
| 15. Commissions and fees (acc.622) | 17 | | 8,998,887 | 9,130,231 |
| 16. Expenses for bank services and similar expenses (acc.627) | 18 | | 18,771 | 8,884 |
| 17. Depreciation and amortization, provisions, losses from receivables and sundry debtors (acc. 654 + 681 + 686) | 19 | | 11,705,864 | 47,695,097 |
| 18. Other expenses from current activity (rows 21+22+23+26+27) | 20 | | 23,187,016 | 21,485,396 |
| a. Materials expenses (acc.602+603+604) | 21 | | 332 | - |
| c. Salary expenses (rows 24+25), of which: | 23 | | 508,121 | 317,645 |
| c1. Salaries (acc.621+641+642 +644) | 24 | | 417,346 | 253,507 |
| c2. Social security contributions (acc. 645) | 25 | | 90,775 | 64,138 |
| d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+ 667 +668) | 26 | | 22,559,002 | 21,106,473 |
| e. Other taxes, duties and similar expenses (acc. 635) | 27 | | 119,561 | 61,278 |
| C. CURRENT RESULT | | | | |
| - Profit (row 01 - 12) | 28 | | 545,186,634 | 574,269,841 |
| 19. TOTAL REVENUE (rows 01+30) | 34 | | 593,708,256 | 847,772,146 |
| 20. TOTAL EXPENSES (rows 12+31) | 35 | | 48,521,622 | 273,502,305 |
| G. GROSS PROFIT: | | | | |
| - Profit (row 34 - 35) | 36 | | 545,186,634 | 574,269,841 |
| 21. INCOME TAX EXPENSE | | | | |
| - Income tax expense (acc.691) | 38 | 5 | 2,044,577 | 413,706 |
| H. RESULT FOR THE YEAR | | | | |
| - Profit (row 36-38-39) | 40 | | 543,142,057 | 573,856,135 |

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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S.C. FONDUL PROPRIETATEA S.A.
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2012

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

| | Half year ended | |
|---|----------------------|----------------------|
| | 30 June 2011 | 30 June 2012 |
| Cash flows from operating activities | | |
| Payments to suppliers and similar payments | (25,998,522) | (40,350,110) |
| Payments to employees and similar payments, including related taxes and contributions | (436,052) | (285,895) |
| Payments related to other taxes and fees | (8,119,391) | (7,856,920) |
| Other receipts, net of other payments | 97,339 | - |
| Interest paid | (13) | - |
| Net cash flows used in operating activities | (34,456,639) | (48,492,925) |
| Cash flows from investment activities | | |
| Dividends received | 228,639,164 | 523,518,330 |
| Interest received | 36,710,525 | 10,627,085 |
| Payments for acquisition of financial assets | (558,743,016) | (62,217) |
| Proceeds from disposal of financial assets | 9,984,271 | 187,727,409 |
| Other receipts related to financial assets | 1,885,901 | 1,914,147 |
| Net proceeds from treasury bonds & bills | 230,783,642 | 60,022,509 |
| Net collection of deposits with original maturity greater than 3 months | 378,486,499 | - |
| Net cash flows generated from investment activities | 327,746,986 | 783,747,263 |
| Cash flows from financing activities | | |
| Dividends paid, including related withholding tax | (250,411,127) | (106,027,816) |
| Payments for buybacks | (33,725,643) | - |
| Net cash flows used in financing activities | (284,136,770) | (106,027,816) |
| Net increase in cash and cash equivalents | 9,153,577 | 629,226,522 |
| Cash and cash equivalents as at the beginning of the period | 693,486,892 | 297,393,152 |
| Foreign exchange differences related to transactions in foreign currency | (304,487) | (234,676) |
| Cash and cash equivalents as at the end of the period | 702,335,982 | 926,384,998 |

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.

FONDUL PROPRIETATEA S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT 30 JUNE 2012

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

| Element of equity | Balance as at 1 January 2012 | Increases | | Decreases | | Balance as at 30 June 2012 |
|---|------------------------------|--------------------|-----------------------|----------------------|-----------------------|----------------------------|
| | | Total | Of which, by transfer | Total | Of which, by transfer | |
| Subscribed paid in share capital | 13,407,569,096 | 5,211,070 | 5,211,070 | - | - | 13,412,780,166 |
| Subscribed unpaid share capital | 370,823,112 | - | - | 5,211,070 | 5,211,070 | 365,612,042 |
| Legal reserves – <i>Credit balance</i> | 129,803,202 | - | - | - | - | 129,803,202 |
| Reserves related to impairment adjustments of financial assets – <i>Debit Balance</i> | (3,378,542,766) | (598,253,014) | - | (1,583,938,566) | - | (2,392,857,214) |
| 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 | 3,794,662 | - | - | - | 3,901,377 |
| Treasury shares – <i>Debit Balance</i> | (120,268,583) | - | - | - | - | (120,268,583) |
| 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> | 227,580 | 516,546,322 | 516,546,322 | 507,658,517 | - | 9,115,385 |
| Result for the period (profit) – <i>Credit Balance</i> | 543,825,216 | 573,856,135 | - | 543,825,216 | 543,825,216 | 573,856,135 |
| Allocation of profit – <i>Debit Balance</i> | (27,278,894) | - | - | (27,278,894) | (27,278,894) | - |
| Total equity | 11,120,700,702 | 501,155,175 | 521,757,392 | (554,522,657) | 521,757,392 | 12,176,378,534 |

The decrease in *retained earnings representing profit not allocated - Credit Balance* of RON 507,658,517, represents the 2012 dividend distribution relating to 2011 earnings. The gross dividend was RON 0.03854 per share.

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.
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2012

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

1. NON-CURRENT ASSETS

Financial assets

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

| | Financial Assets | Other non-current assets | Total |
|---|------------------------|--------------------------|------------------------|
| Gross value (acquisition cost/initial valuation) | | | |
| Balance as at 1 January 2012 | 14,014,664,175 | - | 14,014,664,175 |
| Acquisitions | 62,217 | - | 62,217 |
| Bonus shares received as contributions to share capital | 5,211,070 | - | 5,211,070 |
| Bonus shares received from portfolio companies – incorporation of reserves | - | 3,794,662 | 3,794,662 |
| Disposals | (194,884,889) | - | (194,884,889) |
| Balance as at 30 June 2012 | 13,825,052,573 | 3,794,662 | 13,828,847,235 |
| Adjustments for impairment of financial assets | | | |
| Balance as at 1 January 2012 | (3,386,786,095) | - | (3,386,786,095) |
| Adjustments for impairment during the period through reserves (acc.1062) | (598,253,014) | - | (598,253,014) |
| Reversal of adjustments for impairment during the period through reserves (acc.1062) | 1,583,938,566 | - | 1,583,938,566 |
| Reversal of adjustments for impairment during the period through income statement (acc. 7863) | 368,470 | - | 368,470 |
| Balance as at 30 June 2012 | (2,400,732,073) | - | (2,400,732,073) |
| Net book value as at 1 January 2012 | 10,627,878,080 | - | 10,627,878,080 |
| Net book value as at 30 June 2012 | 11,424,320,500 | 3,794,662 | 11,428,115,162 |

Acquisitions and Disposals

In June 2012, the Fund sold its entire holding in Azomures SA within a take over bid initiated by the main shareholder of this company, at RON 2.22 per share, and part of the holdings in Erste Group Bank AG and Raiffeisen Bank International AG. The gross accounting value of these investments was RON 194,836,459 (reflected in the “Expenses from disposal of financial assets” in the Income Statement), while the proceeds on disposals of these holdings was RON 207,711,957 (reflected in the “Revenue from disposal of financial assets” in the Income Statement).

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

In May 2012, the Fund received 3,794,662 bonus shares (with a nominal value of RON 1/ share) in Banca Transilvania, as a result of share capital increase of this company from incorporation of reserves (from current year profits and retained earnings) and share premium. The value of these shares is reflected in other non-current assets category until their registration with the Central Depository, in Fund’s account.

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

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

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

Hidroelectrica's Insolvency

On 20 June 2012, the Bucharest Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure. The insolvency procedure is in its early stages and, as at the date of these financial statements, the Fund was not in a position to perform a reasonable assessment of the fair value of the Fund's holding in Hidroelectrica SA necessary for a proper performance of the impairment test in order to assess a potential impairment adjustment.

Consequently, the carrying value of the equity investment in Hidroelectrica in these financial statements is RON 3,106,503,426, and it does not reflect any impairment adjustment that might have been necessary if performance of the impairment test had been possible.

2. STATEMENT OF RECEIVABLES AND PAYABLES

| Receivables | 30 June 2012 | Due date | | |
|----------------------------|--------------------|--------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Dividend receivables - net | 101,765,282 | 101,765,282 | - | - |
| Interest receivable | 264,785 | 264,785 | - | - |
| Trade receivables | 659 | 659 | - | - |
| Other receivables | 20,583,376 | 20,583,376 | - | - |
| TOTAL | 122,614,102 | 122,614,102 | - | - |

| Receivables | 1 January 2012 | Due date | | |
|----------------------------|-------------------|-------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Dividend receivables - net | 52,479,298 | 52,479,298 | - | - |
| Interest receivable | 876,457 | 876,457 | - | - |
| Profit tax receivable | 291,912 | 291,912 | - | - |
| Trade receivables | 1,476 | 1,476 | - | - |
| Other receivables | 2,236,844 | 2,236,844 | - | - |
| TOTAL | 55,885,987 | 55,885,987 | - | - |

As at 30 June 2012 *dividend receivables – net*, in amount of RON 101,765,282, included dividends from portfolio companies related to financial year 2011.

2. STATEMENT OF RECEIVABLES AND PAYABLES (continued)

Interest receivable included interest receivables on bank deposits.

As at 30 June 2012, *other receivables* included mainly the receivables related to the sell trades under settlement at period end, amounting to RON 19,736,647 and tax recoverable from the Austrian tax authorities relating to dividends distributed by Austrian portfolio companies, amounting to RON 807,646 (equivalent of EUR 181,518).

During June 2012, when the Bucharest Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure, the Fund recorded an impairment adjustment for the 2010 dividend receivable from Hidroelectrica still outstanding at that date, in amount of RON 46,209,651, and for the related penalties levied by the Fund for late payment of dividends, in amount of RON 878,300.

| Payables | 30 June 2012 | Due date | | |
|-------------------------------|--------------------|--------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Trade payables | 8,965,501 | 8,965,501 | - | - |
| Accrued expenses | 159,199 | 159,199 | - | - |
| Dividends payable | 397,077,166 | 397,077,166 | - | - |
| Other taxes and fees payables | 19,239,141 | 19,239,141 | - | - |
| Personnel related payables | 31,750 | 31,750 | - | - |
| Taxes on salaries | 25,018 | 25,018 | - | - |
| Sundry creditors | 157,802 | 157,802 | - | - |
| Payments received in advance | 110,000 | 110,000 | - | - |
| Tax on profit | 121,794 | 121,794 | - | - |
| TOTAL | 425,887,371 | 425,887,371 | - | - |

| Payables | 1 January 2012 | Due date | | |
|-------------------------------|-------------------|-------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Trade payables | 88,734 | 88,734 | - | - |
| Accrued expenses | 27,451,751 | 27,451,751 | - | - |
| Dividends payable | 12,238,494 | 12,238,494 | - | - |
| Other taxes and fees payables | 2,352,776 | 2,352,776 | - | - |
| Taxes on salaries | 25,018 | 25,018 | - | - |
| Payments received in advance | 50,000 | 50,000 | - | - |
| TOTAL | 42,206,773 | 42,206,773 | - | - |

As at 30 June 2012, *dividends payable* included dividends payable to shareholders related to the financial year 2011 of RON 388,055,681 and dividends related to years 2006 to 2010 of RON 9,021,485.

In April 2012, the Fund's General Shareholders Meeting approved the distribution of a gross dividend of RON 0.03854 per share, payable to shareholders with effect from 29 June 2012, which represented the distributable profits of the 2011 financial year. Out of this amount, by 30 June 2012, the shareholders had collected RON 119,602,836 (gross amount), almost 24% of the RON 507,658,517 distribution.

As at 30 June 2012, *trade payable* mainly included investment management and administration fees payable to the Fund Manager of RON 8,313,998. As at 1 January 2012, the investment management and administration fees payable to the Fund Manager as at that date, in amount of RON 27,179,316, was recorded in the *accrued expenses* caption.

As at 30 June 2012, *other taxes and fees payables* included mainly tax on dividends payable to shareholders related to the financial year 2011, in amount of RON 17,926,253.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

a. Preparation and presentation of the financial statements

These interim financial statements for the half year ended 30 June 2012 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, approved by CNVM Order no. 13/2011 ("CNVM Order 13/2011") and with CNVM Instructions no. 5/2006, as subsequently amended, regarding semi-annual accounting reporting system.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011 prepared in accordance with CNVM Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the CNVM, approved by CNVM Order no. 13/2011.

The Fund did not change any accounting policies during the half year ended 30 June 2012.

b. Basis of preparation of the financial statements

These financial statements are prepared and expressed in RON and are rounded to the nearest unit. The financial statements have been prepared on the basis of the accounting records held by the Fund, in accordance with the above-mentioned Romanian accounting regulations applicable to the institutions regulated and monitored by CNVM.

The financial statements have been prepared on a historical cost basis. The CNVM Regulation 4/2011 approved by CNVM Order 13/2011, provides for the preparation of the financial statements at historical cost.

These financial statements have not been prepared to reflect the financial position and the results of operations in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were prepared in compliance with the accrual basis of accounting. Thus, the effects of the transactions and of other events are recognised when they occur and are recorded in the accounts and reported in the financial statements of the related periods.

The general accounting principals applied are as follows:

- **Going concern principle** – assumes that the Fund will continue to operate normally in a predictable future without facing the impossibility of continuing as a going concern or without a significant reduction in its activity;
- **Consistency principle** - involves the application of the same rules regarding the evaluation and recording in the account of the transactions, ensuring the comparability in time of the financial information;
- **Prudence principle** – assumes all the impairment adjustments for assets, as well as all the liabilities and potential losses incurred current or previous financial years are recorded;

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of preparation of the financial statements (continued)

- **Accrual principle** – assumes that all the income and expenses pertaining to the financial year are recorded, irrespective of the date of receipt or payment of these income and expenses;
- **Separate valuation of assets and liabilities** – assumes that assets and liabilities are valued separately;
- **Opening balances principle** – the opening balances of each financial year are identical with the closing balances of the previous financial year.
- **Non off-setting principle** – assumes that assets can not be offset with liabilities, and income can not be offset with expenses, except for the offsetting allowed by CNVM Order 13/2011.
- **Substance over form** – assumes that the information presented in the financial statements reflects the economic reality of the events and transactions and not only their legal form.
- **Materiality principle** – assumes that any element that has a significant value is presented distinctly in the financial statements.

c. Use of estimates

The preparation of financial statements in accordance with CNVM Order 13/2011, with subsequent amendments, requires management to make estimates and assumptions that affect the reported value of assets and liabilities, disclosure of contingent assets and contingent liabilities at balance sheet date, and income and expenses reported to the respective financial year. Although the estimates and assumptions are made by management using the most reliable information available at balance sheet date, the actual results may differ from these estimates.

d. Going concern

These separate financial statements were prepared based on the going concern principle, which assumes that the Fund will continue its activity in the foreseeable future. In order to evaluate the applicability of this assumption, the Fund's administrator analyzes the forecasted future cash flows.

Based on this analysis, the administrator believes that the Fund will continue its activity in the foreseeable future, and, therefore, the applicability of the going concern principle is justified.

e. Foreign currency transactions

(i) Functional and presentation currency

The functional and presentation currency of the financial statements is the local currency, RON.

(ii) Translation of the transactions in foreign currency

The Fund's foreign currency transactions are translated to RON at the official exchange rate published by the National Bank of Romania ("NBR") for the transaction date. The foreign currency balances are translated to RON at the exchange rates published by NBR for balance sheet date. Any gains or losses resulting from settlement of foreign currency transactions and from conversion of foreign currency monetary assets and liabilities are recognised in the Income Statement.

The exchange rates of the main foreign currencies as at the closing date of the period were the following:

| | 1 January 2012 | 30 June 2012 |
|----------------|----------------|--------------|
| 1 Dollar (USD) | RON 3.3393 | RON 3.5360 |
| 1 Euro (EUR) | RON 4.3197 | RON 4.4494 |

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets

(i) Classification

As at 30 June 2012 and 1 January 2012, the Fund classified as non-current financial assets all shares held in subsidiaries, investment in associates and other investments held as financial assets.

Subsidiaries are entities controlled by the Fund. Control exists when the Fund has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account, when applicable.

Associates are those entities in which the Fund has significant influence, but not control or joint control, over the financial and operating policies. The existence of significant influence is determined by analysing the ownership structure of the companies in which the Fund holds 20 percent or more of the voting power of the investee, their articles of incorporation and the Fund's power to participate in the financial and operating policy decisions of the investee. The Fund does not exercise significant influence in a number of companies in which it holds between 20 and 50 percent of the voting power, where the Fund's rights as minority shareholder are protective in nature, and not participative and the major shareholder, or a group of shareholders holding majority ownership of the investee, operates without regard to the views of the Fund.

(ii) Recognition

The Fund recognises the financial assets as at the date when they have been transferred to the Fund and are recorded at acquisition cost, including brokerage fees (where applicable) or at the value determined based on the transfer documents.

In the case of listed companies, all securities purchases which involve a settlement in a certain period, determined according to the regulations in place or upon market agreement, are recognised at the date the transaction is recorded at the exchange where shares are traded (trade date).

In case of unlisted companies, the securities purchases are recognised at the date of registration at the Trade Register and securities disposals are accounted for at the date of the transfer of ownership.

Mergers of portfolio companies are recognised at the date when the merger is registered at the Trade Register.

The initial book value represents the value of the participating securities received by the Fund as contribution to the share capital and was calculated according to the specific laws for Fondul Proprietatea.

The cost (initial value) of financial assets which are contributed in kind by the Romanian State to the Fund's share capital is determined in accordance with the provisions of Law 247/2005 with subsequent amendments, as follows:

- for the shares received at the Fund's establishment in December 2005, the cost is equal to:
 - the weighted average price of the last 90 trading days, provided that the last of the 90 trading days is not more than 60 days prior to 24 November 2005, for companies listed on a stock exchange and whose trading volume over the last 90 trading days represented at least 0.3% of their share capital;
 - the book value of the shareholders' equity at 31 December 2004, determined in accordance with statutory financial statements, multiplied by the Fund's holding, for unlisted companies and for listed companies whose trading volume over the last 90 trading days represented less than 0.3% of their share capital;
- for the shares received in June 2007, in accordance with Law 247/2005, the cost is equal to:
 - the weighted average price of the last 90 trading days prior to 29 June 2007, for companies listed on a stock exchange and whose trading volume over the last 90 trading days represented at least 0.3% of their share capital;

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial assets (continued)

- the book value of the shareholders' equity at 31 December 2006, determined in accordance with statutory financial statements, multiplied by the Fund's shareholding, for unlisted companies and for listed companies whose trading volume over the last 90 trading days represented less than 0.3% of their share capital;
- for the additional shares received in companies owned by the Romanian State (through the Fund and State authorities) and to which the State has made contributions in kind, which are received by the Fund so as not to dilute its shareholding in such companies, the cost for the Fund is determined at the nominal value of the shares received.

(iii) Measurement

Financial assets are initially recognised at acquisition cost.

Subsequent to the initial recognition, according to the provisions of CNVM Order 13/2011, with subsequent amendments, financial assets are carried in the balance sheet at historical cost, less accumulated adjustments for impairment.

As at balance sheet date, an impairment test is performed, the carrying value (acquisition cost / initial valuation plus additions) being compared with the recoverable value. The negative differences shall be recorded as impairment adjustments in a shareholders' equity account (account 1062 – Reserves related to impairment adjustments of financial assets), while the positive differences shall not be recorded.

For financial assets, the recoverable value is determined as follows:

- For listed securities, with an adequate liquidity (traded in the last 30 days before period end), it is calculated based on the last available closing price in the year.
- For unlisted securities or for illiquid listed securities, it is estimated using shareholders' equity as per the most recently available financial statements of the issuers (e.g.: semi-annual or annual financial statements), proportionally with the stake held by the Fund.

In performing the above-mentioned impairment test, the financial information from the most recent financial statements of the companies are corroborated with the most recent public available qualitative and quantitative information regarding the above-mentioned assets.

The management decides on the classification of the financial assets at the time of acquisition.

All equity investments of the Fund as at 30 June 2012 and 1 January 2012 were classified as non-current financial assets, as the Fund's investment objective is long-term capital appreciation via investments in equities or equities-linked securities.

(iv) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The derecognition of any financial asset disposed of is recognised on the date when ownership is transferred.

Gains or losses arising from derecognition are calculated based on proceeds on disposal of financial assets and assets historical cost / initial valuation and are recorded in the Income Statement.

The Fund uses the weighted average cost method (WAC) to determine the cost / initial valuation of financial assets disposed of.

This is a translation from the official Romanian version.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Adjustment for the impairment of financial assets

The carrying value of the Fund's assets is reviewed at each balance sheet date to determine whether there are indications of impairment. If such indicators exist, the recoverable value of the Fund's assets is estimated. An adjustment for impairment is recorded if the carrying value of the asset exceeds its recoverable value. The adjustments for impairment of financial assets were recognised in year 2007 in the income statement, and subsequently, after the issuance of CNVM Order 11/2009, the Fund opted for the accounting policy to recognise these adjustments in the reserve account 1062 – "Reserves related to impairment adjustments of financial assets". This accounting policy is included in CNVM Order 13/2011 as well.

The impairment adjustment can be reversed if a change in the conditions existing at the time of determining the recoverable value occurred. The reversal of an impairment adjustment can only be made such that the net value of the asset does not exceed its historical book value. The adjustments for impairment are reversed as follows:

- to income, if the adjustments were initially recognised through income statement;
- by changing the reserve account – 1062, if the adjustments were initially recognised directly in this account.

h. Cash and cash equivalents and Other financial instruments

Cash and cash equivalents are recorded in the balance sheet at cost.

For the purposes of the Statement of Cash Flows, cash and cash equivalents include the petty cash, current accounts with banks and short term financial investments comprising bonds, placements in bank deposits with original maturity less than 3 months and securities purchased by REPO operations.

The inventory relief method used for the disposal of treasury bills and bonds is "first in first out" (FIFO).

i. Provisions

The provisions are recognised when the Fund has a legal or implicit obligation resulted from past events, when in order to settle the obligation an outflow of resources embodying economic benefits is necessary and when a reliable estimate can be made with regard to the value of the obligation.

j. Employees' benefits

During the normal course of business, the Fund makes payments due to the state health, pensions and unemployment funds related to its employees in accordance with the regulations in force. The employee of the Fund is member of the pension plan of the Romanian State. Such costs are recognised in the Income Statement together with the recognition of the salaries.

The Fund does not operate any other pensions plan or post retirement benefits plan and therefore has no obligations regarding pensions

k. Taxation

The Fund records the current income tax liabilities based on the taxable income in the tax reporting, according to the relevant Romanian laws. The income tax rate for the half year 2012 is 16% (2011: 16%).

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Income recognition

(i) Income from investments

Dividend income paid by listed companies is recognised at the ex-dividend date. Dividend income distributed by unlisted companies is recorded on the date when such companies' General Shareholders Meetings approve dividends.

(ii) Interest income

Interest income is recognised according to the accrual principle, taking into consideration the interest due according to contractual clauses during the financial year, to the extent that it is certain that upon the due date the interest can be actually collected.

(iii) Income from sale of securities

Gains or losses from the disposal of the financial assets are recognised in the Income Statement at the date of derecognition of the financial assets.

m. Bonus shares and Romanian state in kind contributions

Bonus shares and the shares received from Romanian state as in kind contributions are recognised at nominal value.

According to the provisions of Law 247/2005 (title VII, article 9 paragraph (6)), with subsequent amendments, the nominal value of the shares received from Romanian state as in kind contributions was partially used to cover the share capital subscribed and still unpaid by the Romanian State.

The bonus shares from the incorporation of reserves of portfolio companies are recorded at nominal value as at the date of entering the portfolio of the respective shares. These shares are recorded in account 1065 - Reserves for securities received free of charge.

Bonus shares are recorded in accounting as financial asset at the date when they are recorded with the Central Depository (for listed shares) or Trade Register (for unlisted shares).

n. Treasury shares

The Fund recognises treasury shares (repurchases of own shares) at the date when the transaction is recorded at the exchange where shares are traded (trade date) and are recorded at acquisition cost, including brokerage fees.

o. Dividend payable

Dividends declared by the Fund are recorded as dividend payable when the Fund's General Shareholders Meeting approves them, as the Fund is then legally obliged to pay them.

According to the provisions of the legislation in force, the Fund is allowed to cancel the rights of shareholders to collect any dividends which have remained unclaimed 3 years after the date when the respective dividend distribution commenced. Upon cancellation, the Fund records the value of these dividends as income in the Income Statement. The Fund did not record any such income in the half year 2012 or in year 2011.

p. Value added tax

The Fund is not a taxable legal entity for the purposes of the provisions of the Fiscal Code. As a result, value added tax is recognised as part of the expenses for the acquisition of services or as part of the acquisition value for the purchases of goods (inventories or fixed assets).

4. FINANCING SOURCES

Shares

As at 31 December 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 365,612,042 shares were unpaid.

The shareholding structure as at 30 June 2012 is the following:

| No. | Category of shareholder | Number of shares held | % of the share capital |
|-----|--|-----------------------|------------------------|
| 1 | Ministry of Public Finance | 795,803 | 0.006% |
| 2 | Romanian institutional shareholders | 1,330,384,577 | 9.656% |
| 3 | Foreign institutional investors | 6,717,509,520 | 48.754% |
| 4 | Treasury shares | 240,304,801 | 1.744% |
| 5 | Unpaid shares | 365,612,042 | 2.653% |
| | Subtotal – Institutional shareholders | 8,654,606,743 | 62.813% |
| 6 | Romanian private individuals | 4,104,657,592 | 29.790% |
| 7 | Foreign private individuals | 1,019,127,873 | 7.397% |
| | Subtotal – Individual shareholders | 5,123,785,465 | 37.187% |
| | TOTAL | 13,778,392,208 | 100.000% |

The total number of shareholders as at 30 June 2012 was 9,627.

The shares granted shareholders different voting rights, depending on the holder and the percentage held, as provided Law 247/2005, Article 12. At the Fund's General Shareholders Meeting that took place on 23 November 2011, shareholders approved the elimination of any restrictions on voting rights (1 paid share = 1 vote). This change was effective after the approval of the new Constitutive Act of the Fund by CNVM on 12 January 2012.

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

During the first six months of 2012, the paid-up capital of the Fund increased by RON 5,211,070 to RON 13,412,780,166, while its subscribed capital remained unchanged at RON 13,778,392,208. The increase in the paid-up capital reflects a reduction in the unpaid share capital held by the Romanian state due to the receipt by the Fund of 521,107 shares in Hidroelectrica following a share increase by that company relating to the value of land for which Hidroelectrica obtained title deeds.

Treasury Shares

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

The buy-back programme initiated in May 2011 was completed by 30 September 2011. During the programme, 240,304,801 shares equivalent to 1.74% of the Fund subscribed share capital were bought back for a total amount of RON 120,268,583.

On 25 April 2012, the General Shareholders Meeting approved the cancellation of the 240,304,801 shares repurchased by the Fund during this buy-back programme, but the registration of the shareholders' decision with Trade Register was blocked at the request of one shareholder.

The same General Shareholders Meeting approved a second buy-back programme: subject to availability of cash, the Fund Manager was authorized to repurchase a maximum number of 1.1 billion shares within the next 18 months within the price range of RON 0.2 per share to RON 1.5 per share to be cancelled upon completion of the buy-back programme.

5. OTHER INFORMATION

a) Information regarding the presentation of the Fund

The Fund is an undertaking for collective investments, in the form of a closed end investment company, established in accordance with Law no. 247/2005, and registered in Bucharest on 28 December 2005. During the reporting period, the address of the Fund's registered office was 78 – 80, Buzesti Street, 7th Floor, District 1, Bucharest.

The Romanian State represented by the Ministry of Public Finance controlled the Fund during 2010, but during 2011 its holding fell below the control threshold, as the compensation process in accordance with Law 247/2005 continued.

The Fund undertakes its activities in accordance with Law 247/2005, Law 297/2004 regarding the securities market, as amended ("Law 297/2004"), and Law no. 31/1990 regarding companies, republished, with subsequent amendments ("Law 31/1990").

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).

Fund's investment objective is long-term capital appreciation via investments mainly in Romanian equities or equities-linked securities.

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 SA, 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 Bucharest Branch 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".

b) Information regarding the current income tax

| | 30 June 2011 | 30 June 2012 |
|---|--------------------|------------------|
| Gross profit | 545,186,634 | 574,269,841 |
| Tax deduction related to the allocation of profit to the legal reserve | (1,598,939) | - |
| Expenses with provisions and impairment adjustments - Non deductible | 11,705,864 | 47,695,097 |
| Income from provisions and impairment adjustments - Non taxable | (28,780,922) | (5,579,540) |
| Income from dividends - Non taxable | (513,207,853) | (614,233,747) |
| Other non deductible expenses | 17,389 | 579,099 |
| Taxable profit for the current period | 13,322,173 | 2,730,750 |
| Tax losses carried forward | (543,566) | - |
| Taxable profit taking into account tax losses carried forward from previous year | 12,778,607 | 2,730,750 |
| Current income tax (16%) | (2,044,577) | (436,920) |
| Prior year income tax adjustment | - | 23,214 |
| Income tax expense | (2,044,577) | (413,706) |

This is a translation from the official Romanian version.

6. DIVIDEND INCOME

| Company | 30 June 2011 | 30 June 2012 |
|---|---------------------|---------------------|
| OMV Petrom | 201,623,004 | 353,125,036 |
| Romgaz SA | 106,010,598 | 140,639,003 |
| Transgaz SA | 50,768,117 | 52,515,091 |
| Alro SA | 13,460,806 | 19,375,860 |
| Transelectrica SA | 1,147,845 | 10,884,733 |
| CN Aeroporturi Bucuresti SA | 9,932,510 | 9,415,274 |
| Conpet SA | 6,984,786 | 6,612,533 |
| CN Administratia Porturilor Maritime SA | 3,742,594 | 6,570,224 |
| Complexul Energetic Rovinari SA | 20,711 | 6,457,434 |
| BRD - Groupe Societe Generale SA | 2,038,853 | 3,559,220 |
| Raiffeisen Bank International AG | 4,498,767 | 3,849,941 |
| Electrica Distributie Muntenia Nord SA | - | 1,801,112 |
| Aeroportul International Timisoara - Traian Vuia SA | 1,536,108 | 1,687,638 |
| CN Administratia Porturilor Dunarii Fluviale SA | 564,468 | 693,950 |
| CN Administratia Canalelor Navigabile SA | 174,677 | 525,946 |
| CN Administratia Porturilor Dunarii Maritime SA | 193,493 | 200,775 |
| Oil Terminal SA | 172,289 | 138,868 |
| Complexul Energetic Craiova SA | 7,828 | 27,834 |
| Ciocarlia SA | 15,753 | 2,525 |
| IOR SA | 88 | 691 |
| Hidroelectrica SA | 52,478,624 | - |
| ENEL Distributie Banat SA | 20,161,712 | - |
| Primcom SA | 14,276,720 | - |
| ENEL Distributie Dobrogea SA | 13,529,334 | - |
| Erste Group Bank AG | 3,338,347 | - |
| Delfincom SA | 5,633,501 | - |
| Societatea Nationala a Sarii SA | 754,995 | - |
| Electrica Furnizare Transilvania Sud SA | 88,801 | - |
| Romaero SA | 52,525 | - |
| TOTAL | 513,207,854 | 618,083,688 |

This is a translation from the official Romanian version.

7. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2012 the Fund was involved in certain litigations, either as defendant or as claimant. According to the requirements of the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Fund discloses in the financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

1. 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 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 and these amounts should be due and paid to the Fund. These amounts were only recognised as revenues when their recoverability becomes highly probable (the Court rules irrevocably in Fund's favour).

2. There is currently a court litigation involving the Fund and Nuclearelectrica.

In this 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 in the Nuclearelectrica's shareholders register of a total of 20,077,953 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 and the Bucharest Court of Appeal ruled against the Fund. The Fund filed the second appeal asking High Court of Cassation and Justice to issue the final and irrevocable decision. The first hearing was set for 29 November 2012. The court went further and changed the term to 20 September 2012.

For safety reasons, given that the decision issued by the first court in this case is enforceable, the Fund has blocked a total of 340,796,918 shares, in amount of RON 340,796,918 computed based on 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 Nuclearelectrica. The Fund considered that in fact the Ministry of Public Finance has not contributed to the share capital of the Fund with this amount. After the courts will issue an irrevocable decision regarding this case the Fund will propose the shareholders measures in order to solve the issue of unpaid share capital, if it is the case.

As at 30 June 2012 the Fund owned 9.72% of the share capital of the Nuclearelectrica, as recorded at the Trade Register Office.

3. Some 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 or blocking the registration of some decisions with Trade Register.

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 SA shares;
 - b 20% of the amounts resulting from the privatization of Romtelecom SA;
 - c 9.9% of the amounts resulting from the privatisation of C.E.C. SA.

7. CONTINGENT ASSETS AND LIABILITIES (continued)

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

2 The receivables from World Trade Center Bucharest SA:

Title II, Article 4 of Government Emergency Ordinance nr.81/2007 for the acceleration of the procedure for granting compensations for the buildings abusively nationalised (“GEO 81/2007”) stipulates the transfer from the Authority for State Assets Recovery (“AVAS”) to the Fund of receivables from World Trade Center Bucharest SA amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

On 1 October 2007 a reception minute was concluded between AVAS and the Fund based on which all documents related to the receivables due from World Trade Center Bucharest SA were transferred to the Fund.

On 4 October 2007, the Fund notified World Trade Center Bucharest SA regarding the cession of the receivables. Meanwhile, the transfer was registered with the Electronic Archive for Pledges.

Currently, World Trade Center Bucharest SA is the object of insolvency procedure, the next hearing being set for 26 November 2012.

In 2008, World Trade Center Bucharest SA 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 2011 and during the first half of 2012. In accordance with GEO 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 SA receivables were recognised on receipt basis in the Fund’s financial statements.

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

| I. Data regarding the financial result | No Row | No of units 1 | Amounts (RON) 2 |
|---|-------------------|--------------------------|----------------------------|
| Units that incurred profit | 01 | 1 | 573,856,135 |
| 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 |
| Overdue Liabilities – total (row 04+08+14 to 18+22), of which: | 03 | 11,760 | 11,760 | - |
| Overdue Suppliers – total (row 05 to 07), of which: | 04 | 11,760 | 11,760 | - |
| - over 1 year | 07 | 11,760 | 11,760 | - |

| III. Average number of employees | No row | 30 June 2011 | 30 June 2012 |
|--|-------------------|---------------------|---------------------|
| A | B | 1 | 2 |
| Average number of employees | 23 | 1 | - |
| Effective number of employees at the end of period | 24 | - | - |

| IV. Payments of interest, dividends and royalties | No row | Amounts |
|---|-------------------|----------------|
| A | B | 1 |
| Gross dividends income paid by Romanian juridical persons to non-residents, of which: | 33 | 15,599,956 |
| - taxes owed to the state budget | 34 | 2,173,065 |

| V. Lunch vouchers | No row | Amounts |
|--|-------------------|----------------|
| A | B | 1 |
| Total value of the lunch vouchers given to the employees | 48 | - |

| VIII. Other information | No row | 30 June 2011 | 30 June 2012 |
|--|------------|-----------------------|-----------------------|
| A | | 1 | 2 |
| Financial assets, gross values (row 59 + 68), of which: | 58 | 13,805,401,383 | 13,825,052,573 |
| Shares held in subsidiaries, investments in associates, other non-current investments and bonds, gross values (row 60 to 67), of which: | 59 | 13,805,401,383 | 13,825,052,573 |
| - listed shares issued by residents | 60 | 6,738,734,041 | 6,923,850,194 |
| - unlisted shares issued by residents | 61 | 6,679,028,144 | 6,685,559,490 |
| - shares issued by non-residents | 66 | 387,639,198 | 215,642,889 |
| Trade receivables, advances to suppliers and other similar accounts, gross values (account 4092 + 411 + 413 + 418), of which: | 71 | 2,377 | 2,147 |
| - trade receivables not collected in due time (from account 4092 + from account 411 + from account 413) | 73 | 2,377 | 2,147 |
| Receivables from social security and state budget (account 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 76 to 80), of which: | 75 | 38,305 | 38,305 |
| - receivables from social securities (account 431 + 437 + 4382) | 76 | 38,305 | 38,305 |
| Other receivables (account 453 + 456 + 4582 + 461 + 471 + 473), (row 84 to 85) of which: | 83 | 339,764,939 | 174,947,424 |
| - settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 453 + 456 + 4582) | 84 | 11,705,864 | 4,790,234 |
| - other receivables from individuals and legal entities, other than receivables from public institutions, (from account 461 + from account 471 + from account 473) | 85 | 328,059,075 | 170,157,190 |
| Interest receivable (account 5187), of which | 86 | 354,527 | 264,785 |
| - from non-residents | 87 | - | - |
| Short term investments, in gross amounts (account 501 + 503+ 505 + 506 + 507+ from the account 508) (row 89 to 97), of which: | 88 | 15,866,537 | 139,843,896 |
| - treasury bonds issued by residents | 92 | 15,866,537 | 139,843,896 |
| Petty cash in RON and currency (row 100 + 101), of which: | 99 | 920 | 3,298 |
| - in RON (account 5311) | 100 | 920 | 3,298 |
| Bank accounts, in RON and currency (row 103 + 105), of which: | 102 | 702,335,062 | 926,381,700 |
| - in RON (account 5121), of which: | 103 | 702,300,655 | 926,375,386 |
| Bank accounts in RON opened with nonresidents banks | 104 | - | - |
| - in currency (account 5124), of which: | 105 | 34,407 | 6,314 |
| Bank accounts in currency opened with nonresidents banks | 106 | - | - |

This is a translation from the official Romanian version.

| VIII. Other information | No row | 30 June 2011 | 30 June 2012 |
|---|------------|-----------------------|-----------------------|
| A | | 1 | 2 |
| Liabilities (row 111 + 114 + 117 + 120 + 123 + 126 + 129 + 132 + 135 + 138 + 141+ 142 + 145 + 146 + 148 + 149 + 154 + 155 + 156 + 161), of which: | 110 | 245,396,120 | 425,887,371 |
| Trade payables, advances from clients and other similar accounts, gross values (account 401 + 403 + 404 + 405 + 408 + 419), of which: | 146 | 23,266,320 | 9,234,700 |
| - external trade payables, advances from foreign clients and other similar accounts, gross values (from account 401 + from account 403 + from account 404 + from account 405 + from account 408 + from account 419) | 147 | 7,314,414 | 15,573 |
| Liabilities to employees and similar accounts (account 421 + 423 + 424 + 426 + 427 + 4281) | 148 | 74,159 | 31,750 |
| Liabilities to social security and state budget (account 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (row 150 to 153), of which: | 149 | 15,897,968 | 19,385,953 |
| - liabilities to social securities (account 431 + 437 + 4381) | 150 | 48,930 | 18,968 |
| - fiscal liabilities to state budget (account 441 + 4423+ 4428 + 444 + 446) | 151 | 15,849,038 | 19,366,985 |
| Other liabilities (account 452 + 456 +457 + 4581+ 462 + 472 + 473 + 269 + 509), (row 157 to 160), of which: | 156 | 206,157,673 | 397,234,968 |
| - settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 457 + 4581) | 157 | 201,646,831 | 397,077,166 |
| - other liabilities from individuals and juridical persons, other than liabilities to public institutions, (from account 462 + from account 472 + from account 473) | 158 | 1,565,285 | 157,802 |
| - liabilities related to financial assets and short investments under settlement (account 269+509) | 160 | 2,945,557 | - |
| Subscribed paid in share capital (account 1012) (row 163 to 166), of which: | 162 | 13,756,955,963 | 13,412,780,166 |
| - listed shares | 163 | 13,756,955,963 | 13,412,780,166 |
| Brevets and licences (from account 205) | 167 | 5,139 | 5,139 |

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 2

STATEMENT OF ASSETS AND OBLIGATIONS AS AT 30 JUNE 2012 PREPARED IN ACCORDANCE WITH CNVM REGULATION No. 4/2010 (ANNEX NO. 4)

| Item | 31 December 2011 | | | | 30 June 2012 | | | | Differences | |
|--|--------------------|----------------------|-------------------|-------------------|--------------------|----------------------|-------------------|-------------------|--------------------|--|
| | % of the net asset | % of the total asset | Currency | Lei | % of the net asset | % of the total asset | Currency | Lei | Lei | |
| I. Total assets | 100.3899% | 100.0000% | | 14,521,783,892.18 | 103.5263% | 100.0000% | | 12,938,061,651.54 | (1,583,722,240.64) | |
| 1 Securities and money market instruments, out of which: | 33.3346% | 33.2051% | | 4,821,970,639.06 | 43.5429% | 42.0598% | | 5,441,723,216.40 | 619,752,577.34 | |
| 1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which: | 32.1860% | 32.0609% | - | 4,655,820,846.69 | 42.5492% | 41.0999% | - | 5,317,528,360.47 | 661,707,513.78 | |
| 1.1.1 listed shares traded in the last 30 days | 32.0562% | 31.9317% | - | 4,637,045,277.22 | 42.3613% | 40.9184% | - | 5,294,045,411.17 | 657,000,133.95 | |
| 1.1.2 listed shares not traded in the last 30 days | 0.1298% | 0.1293% | - | 18,775,569.47 | 0.1879% | 0.1815% | - | 23,482,949.30 | 4,707,379.83 | |
| 1.2. securities and money market instruments admitted or traded on a regulated market from a member state, out of which: | 1.1486% | 1.1441% | EUR 38,463,298.34 | 166,149,792.37 | 0.9938% | 0.9599% | EUR 27,912,736.90 | 124,194,855.93 | (41,954,936.44) | |
| 1.2.1 listed shares traded in the last 30 days | 1.1486% | 1.1441% | EUR 38,463,298.34 | 166,149,792.37 | 0.9938% | 0.9599% | EUR 27,912,736.90 | 124,194,855.93 | (41,954,936.44) | |
| 1.2.2 listed shares not traded in the last 30 days | - | - | - | - | - | - | - | - | - | |
| 1.3. securities and money market instruments admitted on a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the 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: | 63.2585% | 63.0128% | - | 9,150,586,029.52 | 50.4409% | 48.7228% | - | 6,303,785,377.40 | (2,846,800,652.12) | |
| - shares not admitted at trading | 63.2585% | 63.0128% | - | 9,150,586,029.52 | 50.4409% | 48.7228% | - | 6,303,785,377.40 | (2,846,800,652.12) | |
| 4 Bank deposits, out of which: | 2.0487% | 2.0408% | - | 296,356,800.71 | 7.1670% | 6.9229% | - | 895,682,709.54 | 599,325,908.83 | |
| 4.1. bank deposits made with credit institutions from Romania | 2.0487% | 2.0408% | - | 296,356,800.71 | 7.1670% | 6.9229% | - | 895,682,709.54 | 599,325,908.83 | |
| 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 | - | - | - | - | - | - | - | - | - | |
| 6 Current accounts and petty cash out of which: | 0.0132% | 0.0132% | | 1,912,807.55 | 0.2478% | 0.2393% | | 30,967,072.68 | 29,054,265.13 | |
| - in lei | 0.0130% | 0.0129% | - | 1,879,010.52 | 0.2477% | 0.2393% | - | 30,960,758.23 | 29,081,747.71 | |
| - in euro | 0.0002% | 0.0002% | EUR 7,823.93 | 33,797.03 | 0.0001% | 0.0000% | EUR 1,419.17 | 6,314.45 | (27,482.58) | |
| - in USD | 0.0000% | 0.0000% | USD - | - | 0.0000% | 0.0000% | USD - | - | - | |
| - in GBP | 0.0000% | 0.0000% | GBP - | - | 0.0000% | 0.0000% | GBP - | - | - | |
| 7 Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which: | 1.3544% | 1.3491% | - | 195,919,672.51 | 1.1190% | 1.0809% | - | 139,843,896.04 | (56,075,776.48) | |
| - Treasury bills with original maturities of less than 1 year | 1.3544% | 1.3491% | - | 195,919,672.51 | 1.1190% | 1.0809% | - | 139,843,896.04 | (56,075,776.48) | |
| 8 Participation titles of UCITS and/or of OCIU (A.O.P.C./ O.P.C.V.M.) | - | - | - | - | - | - | - | - | - | |
| 9 Other assets out of which: | 0.3805% | 0.3790% | - | 55,037,942.83 | 1.0087% | 0.9743% | - | 126,059,379.49 | 71,021,436.66 | |
| - net dividend receivable from Romanian companies | 0.3628% | 0.3614% | - | 52,479,297.52 | 0.8143% | 0.7866% | - | 101,765,282.71 | 49,285,985.19 | |
| -receivables in respect of selling of the part of holdings in portfolio companies | 0.0000% | 0.0000% | - | - | 0.1579% | 0.1525% | EUR 4,435,799.62 | 19,736,646.83 | 19,736,646.83 | |
| - dividend withholding tax to be recovered from Austrian Tax Authorities | 0.0119% | 0.0119% | EUR 399,879.07 | 1,727,357.62 | 0.0065% | 0.0062% | EUR 181,517.91 | 807,645.79 | (919,711.83) | |
| - tax on profit to be recovered from the State Budget | 0.0020% | 0.0020% | - | 291,912.00 | 0.0000% | 0.0000% | - | - | (291,912.00) | |
| - receivables from penalties levied for late payment of dividends | 0.0033% | 0.0032% | - | 470,403.53 | 0.0000% | 0.0000% | - | - | (470,403.53) | |
| - other debts | 0.0003% | 0.0003% | - | 40,559.85 | 0.0003% | 0.0003% | - | 39,742.13 | (817.72) | |
| - prepaid expenses | 0.0002% | 0.0002% | - | 28,412.31 | 0.0009% | 0.0009% | - | 112,722.45 | 84,310.14 | |
| - the value of bonus shares from Banca Transilvania following the share capital increase from the incorporation of current year profits and retained earnings | 0.0000% | 0.0000% | - | - | 0.0288% | 0.0278% | - | 3,597,339.58 | 3,597,339.58 | |
| II. Total liabilities | 0.3899% | 0.3884% | | 56,404,599.90 | 3.5263% | 3.4062% | | 440,692,344.58 | 384,287,744.68 | |
| 1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.) | 0.1879% | 0.1872% | - | 27,179,316.02 | 0.0692% | 0.0668% | - | 8,643,095.75 | (18,536,220.27) | |
| 2 Liabilities related to the fees payable to the depositary bank | 0.0009% | 0.0009% | - | 126,531.42 | 0.0013% | 0.0012% | - | 159,198.89 | 32,667.47 | |
| 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% | 0.0083% | - | 1,200,075.00 | 0.0105% | 0.0101% | - | 1,306,460.00 | 106,385.00 | |
| 8 Audit fees | - | - | - | - | 0.0009% | 0.0009% | - | 117,433.33 | 117,433.33 | |
| 9 Other Liabilities, out of which: | 0.1929% | 0.1921% | - | 27,898,677.46 | 3.4445% | 3.3271% | - | 430,466,156.61 | 402,567,479.15 | |
| - payable dividends | 0.0846% | 0.0843% | - | 12,238,494.26 | 3.1773% | 3.0691% | - | 397,077,164.63 | 384,838,670.37 | |
| - tax on dividends | 0.0078% | 0.0078% | - | 1,134,221.99 | 0.1434% | 0.1386% | - | 17,926,253.00 | 16,792,031.01 | |
| - provisions for risks and expenses | 0.0982% | 0.0978% | - | 14,197,829.40 | 0.1185% | 0.1144% | - | 14,804,975.40 | 607,146.00 | |
| - tax on profit | - | - | - | - | 0.0010% | 0.0009% | - | 121,794.00 | 121,794.00 | |
| - salaries and related contributions | 0.0002% | 0.0002% | - | 25,018.00 | 0.0005% | 0.0004% | - | 56,768.00 | 31,750.00 | |
| -VAT payable to the State Budget | - | - | - | - | 0.0001% | 0.0000% | - | 6,428.33 | 6,428.33 | |
| - other liabilities out of which: | 0.0021% | 0.0021% | - | 303,113.81 | 0.0038% | 0.0037% | - | 472,773.25 | 169,659.44 | |
| - in lei | 0.0021% | 0.0021% | - | 303,113.81 | 0.0024% | 0.0023% | - | 299,398.60 | (3,715.21) | |
| - in euro | 0.0000% | 0.0000% | - | 0.00 | 0.0014% | 0.0013% | EUR 38,965.85 | 173,374.65 | 173,374.65 | |
| III. Net Asset Value (I - II) | 100.0000% | 99.6116% | | 14,465,379,292.28 | 100.0000% | 96.5938% | | 12,497,369,306.96 | (1,968,009,985.32) | |

Unitary Net Asset Value

| Item | 30 June 2012 | 31 December 2011 | Differences |
|------------------------------|-------------------|-------------------|--------------------|
| Net Asset Value | 12,497,369,306.97 | 14,465,379,292.28 | (1,968,009,985.31) |
| Number of outstanding shares | 13,412,780,166 | 13,407,569,096 | 5,211,070 |
| Unitary net asset value | 0.9317 | 1.0788 | (0.1471) |

DETAILED STATEMENT OF INVESTMENTS AS AT 30 JUNE 2012

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 |
|--------------------------------|--------|----------------------------------|--------------------|---------------|-------------|------------------|-------------------------------|--|--|-------------------|
| Alro Slatina SA | ALR | 29/Jun/2012 | 72,884,714 | 0.5 | 2.2000 | 160,346,370.80 | 10.2100% | 1.2393% | 1.2830% | Closing price |
| Conpet SA | COTE | 29/Jun/2012 | 2,571,461 | 3.3 | 30.0000 | 77,143,830.00 | 29.7000% | 0.5963% | 0.6173% | Closing price |
| Mecanoenergetica SA | MEGU | 20/Jun/2012 | 1,620,975 | 0.3 | 0.0500 | 81,048.75 | 10.0700% | 0.0006% | 0.0006% | Closing price |
| Oil Terminal SA | OIL | 29/Jun/2012 | 49,216,526 | 0.1 | 0.1290 | 6,348,931.85 | 8.4500% | 0.0491% | 0.0508% | Closing price |
| Romaero SA | RORX | 29/Jun/2012 | 1,311,691 | 2.5 | 13.5000 | 17,707,828.50 | 20.9900% | 0.1369% | 0.1417% | Closing price |
| OMV Petrom SA | SNP | 29/Jun/2012 | 11,391,130,186 | 0.1 | 0.3750 | 4,271,673,819.75 | 20.1000% | 33.0163% | 34.1806% | Closing price |
| Primcom SA | PRIB | 11/Jun/2012 | 1,561,981 | 2.5 | 16.0000 | 24,991,696.00 | 75.4800% | 0.1932% | 0.2000% | Closing price |
| Telerom Proiect INPPT SA | TEBV | 12/Jun/2012 | 673,862 | 0.11 | 2.8500 | 1,920,506.70 | 68.6300% | 0.0148% | 0.0154% | Closing price |
| Transelectrica SA | TEL | 29/Jun/2012 | 9,895,212 | 10 | 12.1800 | 120,523,682.16 | 13.4900% | 0.9315% | 0.9644% | Closing price |
| Transgaz SA | TGN | 29/Jun/2012 | 1,764,620 | 10 | 192.0000 | 338,807,040.00 | 14.9800% | 2.6187% | 2.7110% | Closing price |
| BRD-Groupe Societe Generale SA | BRD | 29/Jun/2012 | 25,387,456 | 1 | 8.8700 | 225,186,734.72 | 3.6400% | 1.7405% | 1.8019% | Closing price |
| Banca Transilvania SA | TLV | 29/Jun/2012 | 52,018,905 | 1 | 0.9480 | 49,313,921.94 | 2.9300% | 0.3812% | 0.3946% | Closing price |
| Total | | | | | | 5,294,045,411.17 | | 40.9184% | 42.3613% | |

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 |
|-----------------------|--------|----------------------------------|--------------------|---------------|-------------|---------------|-------------------------------|--|--|--|
| Alcom SA | ALCQ | 9/Feb/2012 | 89,249 | 2.5 | 76.3394 | 6,813,215.11 | 71.8900% | 0.0527% | 0.0545% | Shareholders equity/share |
| Comcereal Cluj SA | COCL | 6/Aug/2010 | 256,116 | 2.5 | 4.2853 | 1,097,533.89 | 11.3600% | 0.0085% | 0.0088% | Shareholders equity/share |
| Comcereal Fundulea SA | CCFD | 19/Apr/2012 | 59,604 | 2.5 | 2.9018 | 172,958.89 | 5.3500% | 0.0013% | 0.0014% | Shareholders equity/share |
| Forsev SA | FORS | 26/Nov/2009 | 954,376 | 2.5 | 6.6116 | 6,309,952.36 | 28.1400% | 0.0488% | 0.0505% | Shareholders equity/share |
| IOR SA | IORB | 30/May/2012 | 2,622,273 | 0.1 | 0.6100 | 1,599,586.53 | 2.8100% | 0.0124% | 0.0128% | Fair value/share: Last trading price |
| Mecon SA | MECP | 10/Oct/2011 | 60,054 | 11.6 | 10.0000 | 600,540.00 | 12.5100% | 0.0046% | 0.0048% | Fair value/share: Last trading price |
| Palace SA | PACY | 6/Mar/2012 | 5,832,482 | 0.1 | 0.3468 | 2,022,704.76 | 15.4200% | 0.0156% | 0.0162% | Shareholders equity/share |
| Resib SA | RESI | 3/Jun/2004 | 894,600 | 0.10 | 0.0000 | 0.00 | 2.8700% | 0.0000% | 0.0000% | Priced at zero (negative equity) |
| Romplumb SA | ROMR | 5/Oct/2001 | 1,595,520 | 2.5 | 0.0000 | 0.00 | 33.2600% | 0.0000% | 0.0000% | Priced at zero (company in insolvency) |
| Severnav SA | SEVE | 29/Mar/2012 | 1,971,566 | 2.5 | 1.6120 | 3,178,164.39 | 39.1000% | 0.0246% | 0.0254% | Fair value/share: Last trading price |
| Transilvania-Com SA | TRVC | 15/Aug/2007 | 77,234 | 2.5 | 20.4933 | 1,582,779.53 | 39.9900% | 0.0122% | 0.0127% | Shareholders equity/share |
| Turdapan SA | TUSB | 29/Dec/2010 | 155,855 | 2.5 | 0.6770 | 105,513.84 | 44.0600% | 0.0008% | 0.0008% | Shareholders equity/share |
| Total | | | | | | 23,482,949.30 | | 0.1815% | 0.1879% | |

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 | 29/Jun/2012 | 397,020 | EUR 33.9900 | EUR 14.9450 | 5,933,463.90 | 26,400,321.32 | 0.1000% | 0.2041% | 0.2112% | Closing price |
| RAIFFEISEN BANK INTERNATIONAL AG | RBI | 29/Jun/2012 | 853,564 | EUR 53.2520 | EUR 25.7500 | 21,979,273.00 | 97,794,534.61 | 0.4300% | 0.7559% | 0.7825% | Closing price |
| Total | | | | | | 27,912,736.90 | 124,194,855.93 | | 0.9599% | 0.9938% | |

* = shareholders equity / share as at 30 June 2012

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

| Issuer | No. of shares held | Date of acquisition * | Acquisition price (total price of acquisition of shares) | Share value | Total value | Stake in the issuer's capital | Stake in Fondul Proprietatea total asset | Stake in Fondul Proprietatea net asset | Company status | Evaluation method |
|---|--------------------|-----------------------|--|-------------|-------------------------|-------------------------------|--|--|---------------------------------|---|
| Aeroportul International Mihail Kogalniceanu - Constanta SA | 23,159 | 19/Jul/2005 | 1,490,898 | 214.1274 | 4,958,976.46 | 20.0000% | 0.0383% | 0.0397% | Unlisted companies, in function | Shareholders equity/share |
| Aeroportul International Timisoara - Traian Vuia SA | 32,016 | 19/Jul/2005 | 2,652,588 | 198.5121 | 6,355,563.39 | 20.0000% | 0.0491% | 0.0509% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| Carom - Broker Asigurare SA | 17,500 | 19/Jul/2005 | 1,161,986 | 60.6045 | 1,060,578.75 | 70.0000% | 0.0082% | 0.0085% | Unlisted companies, in function | Shareholders equity/share |
| Celuloza si Otel SA (former Remat Timis) | 3,814 | 19/Jul/2005 | 230,675 | 270.4939 | 1,031,663.73 | 8.6200% | 0.0080% | 0.0083% | Unlisted companies, in function | Shareholders equity/share |
| Cetatea SA | 354,468 | 19/Jul/2005 | 118,840 | 1.1474 | 406,716.58 | 20.4300% | 0.0031% | 0.0033% | Unlisted companies, in function | Shareholders equity/share |
| Ciocarlaia SA | 5,298 | 19/Jul/2005 | 37,125 | 72.8696 | 386,063.14 | 1.6800% | 0.0030% | 0.0031% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Administratia Porturilor Dunarii Fluviale SA | 27,554 | 19/Jul/2005 | 675,810 | 127.4849 | 3,512,718.93 | 20.0000% | 0.0272% | 0.0281% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Administratia Canalelor Navigabile SA | 203,160 | 19/Jul/2005 | 15,194,209 | 76.5186 | 15,545,518.78 | 20.0000% | 0.1202% | 0.1244% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Administratia Porturilor Dunarii Maritime SA | 21,237 | 19/Jul/2005 | 1,351,671 | 88.5204 | 1,879,907.73 | 20.0000% | 0.0145% | 0.0150% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Administratia Porturilor Maritime SA | 1,369,125 | 19/Jul/2005 | 52,621,414 | 49.2519 | 67,432,007.59 | 19.9900% | 0.5212% | 0.5396% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Aeroporturi Bucuresti SA ** | 2,875,443 | 5/Feb/2010 | 131,168,263 | 112.1258 | 322,411,346.73 | 20.0000% | 2.4920% | 2.5798% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Commotex SA | 67,533 | 19/Jul/2005 | 193,500 | 3.2000 | 216,105.60 | 15.9900% | 0.0017% | 0.0017% | Unlisted companies, in function | Fair value / share (Selling price) |
| Complexul Energetic Oltenia SA**** | 27,361,036 | 31/May/2012 | 670,084,812 | 39.2920 | 1,075,069,826.51 | 21.5300% | 8.3094% | 8.6024% | Unlisted companies, in function | Fair value/ share (Shareholders equity as per IFRS financial statements/share) |
| Comsig SA | 75,655 | 19/Jul/2005 | 132,633 | 23.0794 | 1,746,072.01 | 69.9400% | 0.0135% | 0.0140% | Unlisted companies, in function | Shareholders equity/share |
| E.ON Gaz Distributie SA | 13,158,040 | 19/Jul/2005 | 37,470,244 | 10.8906 | 143,298,950.42 | 11.9900% | 1.1076% | 1.1466% | Unlisted companies, in function | Shareholders equity/share |
| E.ON Energie Romania SA (former E.ON Gaz Romania SA) | 9,903,524 | 19/Jul/2005 | 45,765,358 | 6.9106 | 68,439,292.95 | 13.3900% | 0.5290% | 0.5476% | Unlisted companies, in function | Shareholders equity/share |
| E.ON Moldova Distributie SA | 10,994,457 | 19/Jul/2005 | 131,073,011 | 36.3614 | 399,773,848.76 | 22.0000% | 3.0899% | 3.1989% | Unlisted companies, in function | Shareholders equity/share |
| Electrica Distributie Muntenia Nord SA | 7,796,022 | 19/Jul/2005 | 165,221,141 | 35.2638 | 274,917,360.60 | 21.9900% | 2.1249% | 2.1998% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| Electrica Distributie Transilvania Nord SA | 8,167,813 | 19/Jul/2005 | 113,299,904 | 23.1392 | 188,996,658.57 | 22.0000% | 1.4608% | 1.5123% | Unlisted companies, in function | Shareholders equity/share |
| Electrica Distributie Transilvania Sud SA | 9,327,282 | 19/Jul/2005 | 125,918,629 | 21.7228 | 202,614,681.43 | 21.9900% | 1.5660% | 1.6213% | Unlisted companies, in function | Shareholders equity/share |
| Electroconstructia Elco Cluj SA | 322,530 | 19/Jul/2005 | 319,656 | 1.6750 | 540,237.75 | 7.6100% | 0.0042% | 0.0043% | Unlisted companies, in function | Shareholders equity/share |
| ENEL Distributie Banat SA | 9,220,644 | 19/Jul/2005 | 141,578,929 | 48.3105 | 445,453,921.96 | 24.1200% | 3.4430% | 3.5644% | Unlisted companies, in function | Shareholders equity/share |
| ENEL Distributie Dobrogea SA | 6,753,127 | 19/Jul/2005 | 114,760,053 | 44.6374 | 301,442,031.15 | 24.0900% | 2.3299% | 2.4120% | Unlisted companies, in function | Shareholders equity/share |
| Enel Distributie Muntenia SA | 3,256,396 | 19/Jul/2005 | 107,277,263 | 105.6497 | 344,037,260.48 | 12.0000% | 2.6591% | 2.7529% | Unlisted companies, in function | Shareholders equity/share |
| Enel Energie Muntenia SA | 444,054 | 19/Jul/2005 | 2,833,769 | 83.7404 | 37,185,259.58 | 12.0000% | 0.2874% | 0.2975% | Unlisted companies, in function | Shareholders equity/share |
| ENEL Energie SA | 1,680,000 | 19/Jul/2005 | 26,124,808 | 8.6566 | 14,543,088.00 | 12.0000% | 0.1124% | 0.1164% | Unlisted companies, in function | Shareholders equity/share |
| GDF Suez Energy Romania (former Distrigaz Sud) | 2,127,879 | 19/Jul/2005 | 59,982,622 | 159.6123 | 339,635,661.31 | 12.0000% | 2.6251% | 2.7177% | Unlisted companies, in function | Shareholders equity/share |
| Nuclearelectrica SA | 24,676,222 | 19/Jul/2005 | 967,926,936 | 20.1662 | 497,625,628.10 | 9.7200% | 3.8462% | 3.9818% | Unlisted companies, in function | Adjusted shareholders equity/share |
| Posta Romana SA | 14,871,947 | 19/Jul/2005 | 84,664,380 | 6.4831 | 96,416,319.60 | 25.0000% | 0.7452% | 0.7715% | Unlisted companies, in function | Shareholders equity/share |
| Romgaz SA | 5,742,854 | 19/Jul/2005 | 416,301,444 | 225.7258 | 1,296,310,313.43 | 14.9900% | 10.0194% | 10.3727% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| Salubriserv SA | 43,263 | 19/Jul/2005 | 207,601 | 252.3518 | 10,917,495.92 | 17.4800% | 0.0844% | 0.0874% | Unlisted companies, in function | Shareholders equity/share |
| Societatea Nationala a Sarii SA | 2,005,884 | 28/Jun/2007 | 76,347,715 | 43.2684 | 86,791,391.27 | 48.9900% | 0.6708% | 0.6945% | Unlisted companies, in function | Shareholders equity/share |
| World Trade Hotel SA | 17,912 | 19/Jul/2005 | 17,912 | 0.8753 | 15,678.37 | 19.9000% | 0.0001% | 0.0001% | Unlisted companies, in function | Shareholders equity/share |
| Zirom SA | 3,624,346 | 28/Jun/2007 | 36,030,702 | 14.5729 | 52,817,231.82 | 100.0000% | 0.4082% | 0.4226% | Unlisted companies, in function | Shareholders equity/share |
| Electrica Furnizare SA *** | 1,366,412 | 22/Jul/2011 | 17,819,672 | 0.0000 | 0.00 | 22.0000% | 0.0000% | 0.0000% | Unlisted companies, in function | Fair value/share: NIL |
| BAT Service SA | 194,022 | 19/Jul/2005 | 656,686 | 0.0000 | 0.00 | 33.0000% | 0.0000% | 0.0000% | Dissolution | Priced at zero |
| Carbid Fox SA | 10,191,630 | 19/Jul/2005 | 927,357 | 0.0000 | 0.00 | 7.9600% | 0.0000% | 0.0000% | Bankruptcy | Priced at zero |
| FECNE SA | 778,442 | 19/Jul/2005 | 0 | 0.0000 | 0.00 | 12.1200% | 0.0000% | 0.0000% | Bankruptcy | Priced at zero |
| Gerovital Cosmetics SA | 1,350,988 | 19/Jul/2005 | 340,996 | 0.0000 | 0.00 | 9.7600% | 0.0000% | 0.0000% | Dissolution | Priced at zero |
| Hidroelectrica SA | 89,261,778 | 19/Jul/2005 | 3,106,503,426 | 0.0000 | 0.00 | 19.9400% | 0.0000% | 0.0000% | Insolvency | Priced at zero |
| Plafar SA | 132,784 | 28/Jun/2007 | 3,160,329 | 0.0000 | 0.00 | 48.9900% | 0.0000% | 0.0000% | Insolvency | Priced at zero |
| Petrotel - Lukoil SA | 2,152,291 | 19/Jul/2005 | 2,787,316 | 0.0000 | 0.00 | 1.7800% | 0.0000% | 0.0000% | Unlisted companies, in function | Priced at zero (negative equity) |
| Simtex SA | 132,859 | 28/Jun/2007 | 3,059,858 | 0.0000 | 0.00 | 30.0000% | 0.0000% | 0.0000% | Bankruptcy | Priced at zero |
| World Trade Center Bucuresti SA | 198,860 | 19/Jul/2005 | 42,459 | 0.0000 | 0.00 | 19.9000% | 0.0000% | 0.0000% | Insolvency | Priced at zero |
| Total | | | 6,665,534,600 | | 6,303,785,377.40 | | 48.7228% | 50.4409% | | |

Legend:

* = where the date of acquisition is shown as earlier than Fondul Proprietatea's date of incorporation (28 December 2005), the date of acquisition refers to the date of publishing in the Official Gazette of Law no. 247 / 19 July 2005, which determined that these investments would be transferred to Fondul Proprietatea on its future incorporation.

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

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

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

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

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 |
|-------------------------------|-------------|---------------------|---------------|---------------|----------------|---------------------|----------------|--|--|-------------------|--|
| RO1112CTN0P7 | 2,500 | 7/Sep/2011 | 5/Sep/2012 | 23,435,300.00 | 4,298.63 | 1,280,990.66 | 24,716,290.66 | 0.1910% | 0.1978% | ING Bank | Acquisition price cumulated with the related interest since the acquisition date |
| RO1112CTN0P7 | 2,670 | 7/Sep/2011 | 5/Sep/2012 | 24,998,328.90 | 4,674.92 | 1,393,126.34 | 26,391,455.24 | 0.2040% | 0.2112% | ING Bank | |
| RO1112CTN0U7 | 2,126 | 12/Oct/2011 | 10/Sep/2012 | 19,993,690.62 | 3,791.35 | 997,123.85 | 20,990,814.47 | 0.1622% | 0.1680% | ING Bank | |
| RO1112CTN0V5 | 2,658 | 26/Oct/2011 | 24/Sep/2012 | 24,998,330.52 | 4,735.54 | 1,179,148.80 | 26,177,479.32 | 0.2023% | 0.2095% | ING Bank | |
| RO1112CTN0Y9 | 2,101 | 23/Nov/2011 | 22/Aug/2012 | 19,992,380.65 | 3,727.54 | 823,787.09 | 20,816,167.74 | 0.1609% | 0.1666% | ING Bank | |
| RO1112CTN100 | 2,077 | 7/Dec/2011 | 6/Jul/2012 | 19,993,596.63 | 3,662.28 | 758,091.97 | 20,751,688.60 | 0.1604% | 0.1660% | ING Bank | |
| Total | | | | | | | 139,843,896.04 | 1.0809% | 1.1190% | | |

Term deposits

| Name of the bank | Starting date | Maturity date | Initial value | | Daily Interest | | Cumulative interest | | Current value | | Stake in Fondul Proprietatea total asset | Stake in Fondul Proprietatea net asset | Evaluation method |
|-----------------------------|---------------|---------------|---------------|----------------|----------------|-----------|---------------------|----------------|---------------|----------------|--|--|--|
| Banca Comerciala Romana | 27/Jun/2012 | 11/Jul/2012 | RON | 50,000,000.00 | RON | 6,388.89 | RON | 25,555.56 | RON | 50,025,555.56 | 0.3867% | 0.4003% | Term deposit value cumulated with the related interest |
| Banca Comerciala Romana | 28/Jun/2012 | 13/Jul/2012 | RON | 50,000,000.00 | RON | 6,527.78 | RON | 19,583.33 | RON | 50,019,583.33 | 0.3866% | 0.4002% | |
| Citi Bank | 28/Jun/2012 | 16/Jul/2012 | RON | 47,500,000.00 | RON | 8,620.37 | RON | 16,625.00 | RON | 47,516,625.00 | 0.3673% | 0.3802% | |
| BRD Groupe Societe Generale | 27/Jun/2012 | 13/Jul/2012 | RON | 20,000,000.00 | RON | 2,527.78 | RON | 10,111.11 | RON | 20,010,111.11 | 0.1547% | 0.1601% | |
| ING Bank | 29/Jun/2012 | 6/Jul/2012 | RON | 6,000,000.00 | RON | 666.67 | RON | 1,333.33 | RON | 6,001,333.33 | 0.0464% | 0.0480% | |
| Raiffeisen Bank | 25/Jun/2012 | 2/Jul/2012 | RON | 21,000,000.00 | RON | 2,916.67 | RON | 17,500.00 | RON | 21,017,500.00 | 0.1624% | 0.1682% | |
| Raiffeisen Bank | 27/Jun/2012 | 18/Jul/2012 | RON | 25,000,000.00 | RON | 3,229.17 | RON | 12,916.67 | RON | 25,012,916.67 | 0.1933% | 0.2001% | |
| Unicredit Tiriac Bank | 25/Jun/2012 | 5/Jul/2012 | RON | 21,000,000.00 | RON | 2,712.50 | RON | 16,275.00 | RON | 21,016,275.00 | 0.1624% | 0.1682% | |
| Unicredit Tiriac Bank | 22/Jun/2012 | 9/Jul/2012 | RON | 25,800,000.00 | RON | 3,225.00 | RON | 29,025.00 | RON | 25,829,025.00 | 0.1996% | 0.2067% | |
| Unicredit Tiriac Bank | 28/Jun/2012 | 19/Jul/2012 | RON | 50,000,000.00 | RON | 7,013.89 | RON | 21,041.67 | RON | 50,021,041.67 | 0.3866% | 0.4003% | |
| ING Bank | 29/Jun/2012 | 2/Jul/2012 | RON | 275,178,064.63 | RON | 7,643.84 | RON | 15,287.67 | RON | 275,193,352.30 | 2.1270% | 2.2020% | |
| ING Bank | 29/Jun/2012 | 2/Jul/2012 | EUR | 635.68 | EUR | - | EUR | 0.04 | RON | 2,828.44 | 0.0000% | 0.0000% | |
| BRD Groupe Societe Generale | 29/Jun/2012 | 2/Jul/2012 | RON | 303,937,031.94 | RON | 39,765.10 | RON | 79,530.19 | RON | 304,016,562.13 | 2.3498% | 2.4326% | |
| Total | | | | | | | | 895,682,709.54 | | 6.9229% | 7.1670% | | |

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

| | Year T-2 / 31 December 2010 | Year T-1 / 31 December 2011 | Year T/ 30 June 2012 |
|-----------|--------------------------------|--------------------------------|-------------------------|
| Net Asset | 15,328,167,848.58 | 14,465,379,292.28 | 12,497,369,306.97 |
| NAV/share | 1.1124 | 1.0788 | 0.9317 |

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

Grzegorz Maciej Konieczny
Legal Representative

Marius Nechifor
Compliance Officer

ING Bank N.V. Amsterdam –Bucharest Branch

Cristina Bulata
Head of Settlements and Trade Department

Mihaela Savu
Economist

Annex 3

S.C. FONDUL PROPRIETATEA S.A.

**CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2012**

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH
PERIOD ENDED 30 June 2012**
(all amounts are in RON unless otherwise stated)

| | <i>Note</i> | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|---|-------------|--|--|
| Gross dividend income | 5 | 622,681,966 | 516,575,667 |
| Interest income | | 13,962,145 | 29,195,557 |
| Reversal of impairment losses on dividends receivable | | - | 28,305,370 |
| Reversal of impairment losses on disposed equity investments | | 4,785,736 | 21,436,245 |
| Reversal of impairment losses / (impairment losses) on receivables in respect of equity contributions | | 5,211,070 | (11,705,864) |
| Impairment losses on dividends receivable | | (46,209,651) | - |
| Impairment losses on other assets | | (878,300) | - |
| Impairment losses on equity investments | | - | (6,996,196) |
| Gains on disposal of equity investments | | 12,892,239 | 5,726,024 |
| Net foreign exchange gain /(loss) | | (246,847) | 835,582 |
| Other operating income | | 2,318,684 | 11,351,246 |
| Net operating income | | 614,517,042 | 594,723,631 |
| Personnel expenses | | (317,645) | (281,852) |
| Other operating expenses | 6 | (30,306,865) | (31,696,566) |
| Operating expenses | | (30,624,510) | (31,978,418) |
| Profit before income tax | | 583,892,532 | 562,745,213 |
| Income tax expense | 7 | (5,777,703) | (7,845,970) |
| Profit for the period | | 578,114,829 | 554,899,243 |
| Other comprehensive income | | | |
| Net change in fair value of available-for-sale equity investments | 9 | 795,110,055 | 526,656,870 |
| Income tax expense on other comprehensive income | 7 | (127,217,609) | (84,265,099) |
| Total other comprehensive income | | 667,892,446 | 442,391,771 |
| Total comprehensive income for the period | | 1,246,007,275 | 997,291,014 |
| Basic and diluted earnings per share | | 0.0420 | 0.0403 |

The financial statements were authorised for issue on 13 August 2012 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 64 to 80 are an integral part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012
(all amounts are in RON unless otherwise stated)

| | <i>Note</i> | 30 June 2012 | 31 December 2011 |
|---|-------------|-----------------------|-------------------------|
| Assets | | | |
| Cash and current accounts | | 30,967,073 | 1,912,808 |
| Deposits with banks | | 895,682,710 | 296,356,801 |
| Treasury bills | | 139,843,896 | 195,919,673 |
| Dividends receivable | 8 | 101,765,283 | 52,479,298 |
| Equity investments | 9 | 11,341,926,657 | 10,731,642,468 |
| Deferred tax assets | 10 | 351,046,639 | 479,029,966 |
| Other assets | 11 | 20,696,757 | 2,558,644 |
| Total assets | | 12,881,929,015 | 11,759,899,658 |
| Liabilities | | | |
| Other liabilities | 12 | 425,946,893 | 42,266,294 |
| Total liabilities | | 425,946,893 | 42,266,294 |
| Equity | | | |
| Share capital | 13 | 13,778,392,208 | 13,778,392,208 |
| Fair value reserve on available-for-sale financial assets | 13 | 1,908,167,635 | 1,240,275,189 |
| Other reserves | | 250,102,759 | 250,102,759 |
| Treasury shares | 13 | (120,268,583) | (120,268,583) |
| Accumulated losses | | (3,360,411,897) | (3,430,868,209) |
| Total equity | | 12,455,982,122 | 11,717,633,364 |
| Total liabilities and equity | | 12,881,929,015 | 11,759,899,658 |

The notes on pages 64 to 80 are an integral part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012**
(all amounts are in RON unless otherwise stated)

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

The notes on pages 64 to 80 are an integral part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012**
(all amounts are in RON unless otherwise stated)

| | Share capital | Fair value reserves on available-for-sale financial assets | Other reserves | Treasury shares | Accumulated losses | Total attributable to the equity holders of the Fund |
|---|-----------------------|--|--------------------|----------------------|------------------------|--|
| Balance at 31 December 2011 | 13,778,392,208 | 1,240,275,189 | 250,102,759 | (120,268,583) | (3,430,868,209) | 11,717,633,364 |
| Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 578,114,829 | 578,114,829 |
| Other comprehensive income | | | | | | |
| Net change in fair value of available-for-sale equity investments | - | 795,110,055 | - | - | - | 795,110,055 |
| Income tax on income and expense recognised directly in equity | - | (127,217,609) | - | - | - | (127,217,609) |
| Total other comprehensive income | - | 667,892,446 | - | - | - | 667,892,446 |
| Total comprehensive income for the period | - | 667,892,446 | - | - | 578,114,829 | 1,246,007,275 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Dividends declared | - | - | - | - | (507,658,517) | (507,658,517) |
| Total transactions with owners recorded directly in equity | - | - | - | - | (507,658,517) | (507,658,517) |
| Balance at 30 June 2012 | 13,778,392,208 | 1,908,167,635 | 250,102,759 | (120,268,583) | (3,360,411,897) | 12,455,982,122 |

The notes on pages 64 to 80 are an integral part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|--|--|--|
| Cash flows from operating activities | | |
| Proceeds from sale of equity instruments | 187,727,409 | 9,984,271 |
| Acquisition of treasury bills, net | 60,022,509 | 230,783,642 |
| Interest received | 10,627,085 | 36,710,525 |
| Dividends received (net of withholding tax) | 523,518,329 | 228,639,164 |
| Realised foreign exchange loss on cash and cash equivalents | (234,675) | (304,488) |
| Collection of bank deposits maturing in more than 3 months, net | - | 378,486,499 |
| Interest received in relation with the dividends late payments | 1,755,785 | - |
| Other receipts | 158,362 | 1,983,224 |
| Salaries and related taxes paid | (285,895) | (436,052) |
| Suppliers and other taxes and fees paid | (48,207,031) | (34,117,913) |
| Acquisition of equity investments | (62,217) | (558,743,016) |
| Net cash flows from operating activities | 735,019,662 | 292,985,856 |
| Cash flows from financing activities | | |
| Dividends paid (including related taxes) | (106,027,816) | (250,411,123) |
| Acquisition of treasury shares | - | (33,725,643) |
| Net cash flows used in financing activities | (106,027,816) | (284,136,766) |
| Net increase in cash and cash equivalents | 628,991,846 | 8,849,090 |
| Cash and cash equivalents at the beginning of the period | 297,393,152 | 693,486,892 |
| Cash and cash equivalents at the end of the period | 926,384,998 | 702,335,982 |
| | 30 June 2012 | 30 June 2011 |
| Cash | 30,967,073 | 29,851,453 |
| Bank deposits with original maturities of less than three months | 895,417,925 | 672,484,529 |
| | 926,384,998 | 702,335,982 |

The notes on pages 64 to 80 are an integral part of these financial statements.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

1. General information

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

The Fund undertakes its activities in accordance with Law 247/2005, Law no. 297/2004 regarding the capital market, with subsequent amendments, and Law 31/1990 regarding companies, republished with subsequent amendments (“Law 31/1990”).

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

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

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

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

These condensed separate financial statements for the six-month period ended 30 June 2012 are not audited.

2. Basis of preparation

(a) Statement of compliance

These condensed separate financial statements for the six-month period ended 30 June 2012 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 2011, 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 six-month period ended 30 June 2012.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

2. Basis of preparation (continued)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates

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

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

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

- Note 6 – Other operating expenses
- Note 9 – Equity investments;
- Note 10 – Deferred tax assets;
- Note 12 – Other liabilities;
- Note 14 – Contingencies.

3. Significant accounting policies

The accounting policies are consistent with those in the annual separate financial statements for the year ended 31 December 2011.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012**
(all amounts are in RON unless otherwise stated)

4. Financial assets and financial liabilities

Accounting classifications and fair values

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

| | Loans and receivables | Held to maturity | Available-for-sale | Other amortised cost | Total carrying amount | Fair value |
|----------------------------------|----------------------------------|-----------------------------|---------------------------|---------------------------------|----------------------------------|----------------------|
| 30 June 2012 | | | | | | |
| Cash and current accounts | 30,967,073 | - | - | - | 30,967,073 | 30,967,073 |
| Deposits with banks | 895,682,710 | - | - | - | 895,682,710 | 895,682,710 |
| Treasury bills | - | - | 139,843,896 | - | 139,843,896 | 139,843,896 |
| Dividends receivable | 101,765,283 | - | - | - | 101,765,283 | 101,765,283 |
| Equity investments at fair value | - | - | 5,373,539,187 | - | 5,373,539,187 | 5,373,539,187 |
| Equity investments at cost | - | - | 5,968,387,470 | - | 5,968,387,470 | Not available |
| Other receivables | 20,696,757 | - | - | - | 20,696,757 | 20,696,757 |
| Other liabilities | - | - | - | (425,887,370) | (425,887,370) | (425,887,370) |
| | 1,049,111,823 | - | 11,481,770,553 | (425,887,370) | 12,104,995,006 | Not available |

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012**
(all amounts are in RON unless otherwise stated)

4. Financial assets and financial liabilities (continued)

| | Loans and receivables | Held to maturity | Available-for-sale | Other amortised cost | Total carrying amount | Fair value |
|----------------------------------|--------------------------|---------------------|-----------------------|-------------------------|--------------------------|----------------------|
| 31 December 2011 | | | | | | |
| Cash and current accounts | 1,912,808 | - | - | - | 1,912,808 | 1,912,808 |
| Deposits with banks | 296,356,801 | - | - | - | 296,356,801 | 296,356,801 |
| Treasury bills | - | - | 195,919,673 | - | 195,919,673 | 195,919,673 |
| Dividends receivable | 52,479,298 | - | - | - | 52,479,298 | 52,479,298 |
| Equity investments at fair value | - | - | 4,768,466,068 | - | 4,768,466,068 | 4,768,466,068 |
| Equity investments at cost | - | - | 5,963,176,400 | - | 5,963,176,400 | Not available |
| Other receivables | 2,558,644 | - | - | - | 2,558,644 | 2,558,644 |
| Other liabilities | - | - | - | (42,206,771) | (42,206,771) | (42,206,771) |
| | 353,307,551 | - | 10,927,562,141 | (42,206,771) | 11,238,662,921 | Not available |

As at 30 June 2012 and 31 December 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.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

5. Gross dividend income

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|---|--|--|
| OMV Petrom SA | 353,125,036 | 201,623,004 |
| Romgaz SA | 140,639,003 | 106,010,598 |
| Transgaz SA | 52,515,091 | 50,768,117 |
| Alro SA | 23,066,500 | 16,024,769 |
| Transelectrica SA | 10,884,733 | 1,147,845 |
| CN Aeroporturi Bucuresti SA | 9,415,274 | 9,932,510 |
| Conpet SA | 6,612,533 | 6,984,786 |
| CN Administratia Porturilor Maritime SA | 6,570,224 | 3,742,594 |
| Complexul Energetic Rovinari SA | 6,457,434 | 20,711 |
| Raiffeisen Bank International AG | 4,052,568 | 4,735,544 |
| BRD - Group Societe General SA | 4,237,166 | 2,427,206 |
| Aeroportul Intl' Timisoara - Traian Vuia SA | 1,687,638 | 1,536,108 |
| Electrica Distributie Muntenia Nord SA | 1,801,112 | - |
| Hidroelectrica SA | - | 52,478,623 |
| ENEL Distributie Banat SA | - | 20,161,712 |
| Primcom SA | - | 14,276,720 |
| ENEL Distributie Dobrogea SA | - | 13,529,334 |
| Delfincom SA | - | 5,633,501 |
| Erste Group Bank AG | - | 3,514,049 |
| Others | 1,617,654 | 2,027,936 |
| | 622,681,966 | 516,575,667 |

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

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|--|--|--|
| Investment management and administration fee | 17,066,876 | 20,158,234 |
| National Securities Commission fee | 7,841,677 | 8,137,616 |
| Depository fee | 900,385 | 847,614 |
| Third party services | 3,807,271 | 1,832,049 |
| Other operating expenses | 690,656 | 721,053 |
| | 30,306,865 | 31,696,566 |

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

7. Income tax expense

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|---|--|--|
| Current tax expense | | |
| Current tax (16%) | 436,920 | 2,044,577 |
| Dividend withholding tax | 4,598,279 | 3,367,813 |
| Prior year income tax adjustment | (23,214) | - |
| | 5,011,985 | 5,412,390 |
| Deferred tax expense | | |
| Impairment losses on equity investments | 765,718 | 2,310,407 |
| Provisions for restructuring | - | 36,203 |
| Used tax losses | - | 86,970 |
| | 765,718 | 2,433,580 |
| Total income tax expense | 5,777,703 | 7,845,970 |

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

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|--|--|--|
| Reconciliation of effective tax rate | | |
| Profit for the period | 578,114,829 | 554,899,243 |
| Income tax expense | 5,777,703 | 7,845,970 |
| Profit excluding income tax | 583,892,532 | 562,745,213 |
| Income tax using the standard tax rate (16%) | 93,422,805 | 90,039,234 |
| Effect of: | | |
| Lower tax rate on dividend income | (94,584,953) | (79,284,294) |
| Profit appropriation to legal reserve | - | (255,830) |
| Other non-taxable income | (833,771) | (4,565,063) |
| Other non-deductible expenses | 7,594,326 | 1,875,720 |
| Austrian dividend withholding tax non deductible from fiscal point of view | 202,510 | - |
| Prior year profit tax correction | (23,214) | - |
| Provisions for restructuring | - | 36,203 |
| Total income tax expense | 5,777,703 | 7,845,970 |

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

7. Income tax expense (continued)

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|--|--|--|
| Income tax recognised directly in equity: | | |
| On equity investments carried at fair value | 127,217,609 | 84,265,099 |
| | 127,217,609 | 84,265,099 |

8. Dividends receivables

| | 30 June 2012 | 31 December 2011 |
|---|---------------------|-------------------------|
| Dividends receivable | | |
| Transgaz S.A. | 52,515,091 | - |
| Hidroelectrica S.A. | 46,209,651 | 52,478,623 |
| Alro S.A. | 19,375,860 | - |
| Transelectrica S.A. | 10,884,733 | - |
| CN Aeroporturi Bucuresti S.A. | 9,415,274 | - |
| Conpet S.A. | 6,612,533 | - |
| Aeroportul Intl' Timisoara - Traian Vuia S.A. | 1,687,638 | - |
| Other dividends receivable | 1,920,318 | 646,840 |
| | 148,621,098 | 53,125,463 |
| Impairment loss allowance | | |
| Other dividends receivable | (46,855,815) | (646,165) |
| | (46,855,815) | (646,165) |
| | 101,765,283 | 52,479,298 |

9. Equity investments

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

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

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

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

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

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

9. Equity investments (continued)

Fair values at 30 June 2012 and 31 December 2011 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 2012 and 31 December 2011, 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:

| | Equity investments at fair value | Equity investments at cost | Total equity investments |
|--|---|---|-------------------------------------|
| 31 December 2010 | 4,846,321,942 | 6,015,235,159 | 10,861,557,101 |
| Acquisitions | 562,650,903 | - | 562,650,903 |
| Disposals | (2,394,730) | (23,021,825) | (25,416,555) |
| Impairment loss | - | (6,996,196) | (6,996,196) |
| Reversal of impairment loss on disposals | - | 21,436,245 | 21,436,245 |
| Changes in fair value | 526,656,870 | - | 526,656,870 |
| 30 June 2011 | 5,933,234,985 | 6,006,653,383 | 11,939,888,368 |
| | Equity investments at fair value | Equity investments at cost | Total equity investments |
| 31 December 2011 | 4,768,466,068 | 5,963,176,400 | 10,731,642,468 |
| Shares contributions in kind by State | - | 5,211,070 | 5,211,070 |
| Acquisitions | 62,217 | - | 62,217 |
| Disposals | (194,884,889) | - | (194,884,889) |
| Reversal of impairment loss on disposals | 4,785,736 | - | 4,785,736 |
| Changes in fair value | 795,110,055 | - | 795,110,055 |
| 30 June 2012 | 5,373,539,187 | 5,968,387,470 | 11,341,926,657 |

In June 2012, the Fund sold its entire holding in Azomures SA within a takeover bid initiated by the main shareholder of this company at RON 2.22 per share, and part of the holdings in Erste Group Bank AG and Raiffeisen Bank International AG.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

9. Equity investments (continued)

During the first six months of 2012, the Fund received 521,107 shares in Hidroelectrica SA accounted for as contributions in kind to the share capital of the Fund, whose nominal value (of 10 RON/share) was set off against the receivable related to the unpaid share capital of the Fund. These shares were received following the application of the provisions of Law no. 247/2005. The source of the increases in share capital is the land for which the company obtained title deeds.

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

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

Hidroelectrica's Insolvency

On 20 June 2012, the Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure. The insolvency procedure is in its early stages and, as at the date of these financial statements, the Fund was not in a position to perform a reasonable assessment of the fair value of the Fund's holding in Hidroelectrica SA necessary for a proper performance of the impairment test.

Consequently, the carrying value of the equity investment in Hidroelectrica in these financial statements is RON 2,769,521,999 and it does not reflect any impairment adjustment that might have been necessary if performance of the impairment test had been possible.

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

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

9. Equity investments (continued)

| | 30 June 2012 | 31 December 2011 |
|---|-----------------------|-------------------------|
| Equity investments at fair value | | |
| OMV Petrom S.A. | 4,271,673,820 | 3,303,427,754 |
| Transgaz S.A. | 338,807,040 | 394,127,877 |
| BRD - Groupe Societe Generale S.A. | 225,186,735 | 271,899,654 |
| Alro Slatina S.A. | 160,346,371 | 236,875,321 |
| Transelectrica S.A. | 120,523,682 | 172,176,689 |
| Raiffeisen Bank International AG | 97,794,535 | 94,094,574 |
| Conpet S.A. | 77,143,830 | 89,949,706 |
| Erste Group Bank AG | 26,400,321 | 72,055,218 |
| Other | 55,662,854 | 133,859,275 |
| | 5,373,539,187 | 4,768,466,068 |
| Equity investments at cost | | |
| Hidroelectrica S.A. | 2,769,521,999 | 2,764,310,929 |
| Complexul Energetic Oltenia S.A. | 670,084,812 | - |
| Nuclearelectrica S.A. | 581,846,011 | 581,846,011 |
| Romgaz S.A. | 416,301,444 | 416,301,444 |
| Electrica Distributie Muntenia Nord S.A. | 165,223,950 | 165,223,950 |
| Enel Distributie Banat S.A. | 141,578,929 | 141,578,929 |
| Aeroportul International Henri Coanda Bucuresti | 131,168,262 | 131,168,262 |
| E.ON Moldova Distributie S.A. | 131,073,011 | 131,073,011 |
| Electrica Distributie Transilvania Sud S.A. | 125,918,628 | 125,918,628 |
| Electrica Distributie Transilvania Nord S.A. | 115,755,059 | 115,755,059 |
| Enel Distributie Dobrogea S.A. | 114,760,052 | 114,760,052 |
| Enel Distributie Muntenia S.A. | 107,277,263 | 107,277,263 |
| Posta Romana S.A. | 84,664,380 | 84,664,380 |
| Complexul Energetic Turceni S.A. | - | 282,299,927 |
| Complexul Energetic Craiova S.A. | - | 250,169,153 |
| Complexul Energetic Rovinari S.A. | - | 137,615,732 |
| Other | 413,213,670 | 413,213,670 |
| | 5,968,387,470 | 5,963,176,400 |
| Total equity investments | 11,341,926,657 | 10,731,642,468 |

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.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

9. Equity investments (continued)

The different levels have been defined as follows:

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

At 30 June 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------------|----------|----------|----------------------|
| Equity investments at fair value | 5,373,539,187 | - | - | 5,373,539,187 |
| Treasury bills | 139,843,896 | - | - | 139,843,896 |
| | 5,513,383,083 | - | - | 5,513,383,083 |

At 31 December 2011:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------------|----------|----------|----------------------|
| Equity investments at fair value | 4,768,466,068 | - | - | 4,768,466,068 |
| Treasury bills | 195,919,673 | - | - | 195,919,673 |
| | 4,964,385,741 | - | - | 4,964,385,741 |

10. Deferred tax assets

| | 30 June 2012 | 31 December 2011 |
|---|----------------------|----------------------|
| <i>Temporary differences deductible (taxable)</i> | | |
| Impairment losses on equity investments | 4,465,610,106 | 4,470,395,844 |
| Changes in fair values of equity investments | (2,271,628,138) | (1,476,518,081) |
| Provisions | 59,525 | 59,525 |
| | 2,194,041,493 | 2,993,937,288 |
| Deferred tax assets at 16% | 351,046,639 | 479,029,966 |
| Total deferred tax assets | 351,046,639 | 479,029,966 |

The effective tax rate used to calculate the deferred tax position of the Fund as at 30 June 2012 and as at 31 December 2011 was 16% (standard tax rate).

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

11. Other assets

| | 30 June 2012 | 31 December 2011 |
|--|---------------------|-------------------------|
| Receivables in respect of equity investments sold | 19,736,647 | - |
| Interest receivable in relation with the dividends late payments | - | 470,404 |
| Dividend withholding tax to be recovered from Austrian tax authorities | 807,646 | 1,727,358 |
| Prepaid expenses | 112,722 | 28,412 |
| Other assets | 39,742 | 40,558 |
| Income tax to be recovered from the State Budget | - | 291,912 |
| | 20,696,757 | 2,558,644 |

12. Other liabilities

| | 30 June 2012 | 31 December 2011 |
|---|---------------------|-------------------------|
| Investment Management and Administration fees | 8,643,096 | 27,179,316 |
| Dividends payable | 397,077,165 | 12,238,494 |
| CNVM commission | 1,306,460 | 1,200,075 |
| Provisions | 59,523 | 59,523 |
| Tax on dividends | 17,926,253 | 1,134,222 |
| Other liabilities | 934,396 | 454,664 |
| | 425,946,893 | 42,266,294 |

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012
(all amounts are in RON unless otherwise stated)**

13. Shareholders' equity

(a) Share capital

As of 30 June 2012, the authorised and issued share capital comprised 13,778,392,208 ordinary shares at a nominal value of RON 1 per share out of which 365,612,042 shares were unpaid.

Unpaid share capital represents the net value of certain contributions due from the Romanian State represented by the Ministry of Public Finance, as shareholder, to the Fund that were recorded in previous years as paid capital (based on Law 247/2005), during 2011 some of the paid capital being transferred to the unpaid share capital.

The shares unpaid did not entitle their holder to vote or to receive dividends.

At 31 December 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 370,823,112 shares were unpaid.

By 30 June 2012, the State's share in Fund's issued capital decreased to 2.66% (31 December 2011: 2.71%) out of which only 0.006% was paid.

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

The fair value reserves of RON 1,908,167,635 at 30 June 2012 (31 December 2011: RON 1,240,275,189) 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 programme of up to 10% of the Fund's share capital at prices ranging between 0.2 - 1.5 RON, which was valid until March 2012. The buy-back programme started in May 2011 and by 30 September 2011 the Fund completed this programme by acquiring 240,304,801 shares equivalent to 1.74% of the Fund subscribed share capital for a total acquisition cost of RON 120,268,583.

At the shareholders meeting from April 2012, the shareholders approved to cancel the treasury shares and to reduce the share capital, but the registration of the shareholders' decision with Trade Register was blocked at the request of one shareholder.

The same General Shareholders Meeting approved a second buy-back programme: subject to availability of cash, the Fund Manager was authorized to repurchase a maximum number of 1.1 billion shares within the next 18 months within the price range of RON 0.2 per share to RON 1.5 per share to be cancelled upon completion of the buy-back programme.

(d) Dividends

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

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

14. Contingencies

As at 30 June 2012 the Fund was involved in certain litigations, either as defendant or as claimant. According to the requirements of the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Fund discloses in the financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

1. 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. 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 and these amounts should be due and paid to the Fund. These amounts were only recognised as revenues when their recoverability becomes highly probable (the Court rules irrevocably in Fund's favour).

2. There is currently a court litigation involving the Fund and Nuclearelectrica.

In this 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 in the Nuclearelectrica's shareholders register of a total of 20,077,953 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 and the Bucharest Court of Appeal ruled against the Fund. The Fund filed the second appeal asking High Court of Cassation and Justice to issue the final and irrevocable decision. The first hearing was set for 29 November 2012. The court went further and changed the term to 20 September 2012.

For safety reasons, given that the decision issued by the first court in this case is enforceable, the Fund has blocked a total of 340,796,918 shares, in amount of RON 340,796,918 computed based on 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 Nuclearelectrica. The Fund considered that in fact the Ministry of Public Finance has not contributed to the share capital of the Fund with this amount. After the courts will issue an irrevocable decision regarding this case the Fund will propose the shareholders measures in order to solve the issue of unpaid share capital, if it is the case.

As at 30 June 2012 the Fund owned 9.72% of the share capital of the Nuclearelectrica, as recorded at the Trade Register Office.

3. Some 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 or blocking the registration of some decisions with Trade Register.

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 SA shares;
 - b 20% of the amounts resulting from the privatization of Romtelecom SA;
 - c 9.9% of the amounts resulting from the privatisation of C.E.C. SA.

14. Contingencies (continued)

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

2 The receivables from World Trade Center Bucharest SA:

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

On 1 October 2007 a reception minute was concluded between AVAS and the Fund based on which all documents related to the receivables due from World Trade Center Bucharest SA were transferred to the Fund.

On 4 October 2007, the Fund notified World Trade Center Bucharest SA regarding the cession of the receivables. Meanwhile, the transfer was registered with the Electronic Archive for Pledges.

Currently, World Trade Center Bucharest SA is the object of insolvency procedure, the next hearing being set for 26 November 2012.

In 2008, World Trade Center Bucharest SA 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 2011 and during the first half of 2012. In accordance with GEO 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 SA receivables were recognised on receipt basis in the Fund’s financial statements.

15. Related parties

(a) Key management

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|----------------------------------|--------------------------------|--------------------------------|
| Salaries | | |
| Members of the Board of Nominees | 253,507 | 265,500 |
| | 253,507 | 265,500 |

There were no loans to or other transactions between the Fund and its management in 2011 and in the first six months of 2012.

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

15. Related parties (continued)

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

| Transactions | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|---------------------------|--|--|
| Investment management fee | 13,503,854 | 15,914,964 |
| Administration fee | 3,563,022 | 4,199,199 |
| Rental expense | 51,953 | 49,454 |
| Operating cost | 45,739 | 13,952 |
| | 17,164,568 | 20,177,570 |

As at 30 June 2012, the Fund owed an amount of RON 8,643,096 to the Fund Manager (31 December 2011: RON 27,401,373).

(b) Subsidiaries

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

| | 30 June 2012 | 31 December 2011 |
|--|---------------------|-------------------------|
| Ownership interest | | |
| Alcom S.A. Timisoara | 72% | 72% |
| Carom - Broker de Asigurare S.A. Bucuresti | 70% | 70% |
| Comsig S.A. Sighisoara | 70% | 70% |
| Primcom S.A. Bucuresti * | 75% | 79% |
| Romplumb S.A. Baia Mare | 51% | 51% |
| Telerom Proiect S.A. Bucuresti | 69% | 69% |
| Zirom S.A. Giurgiu | 100% | 100% |

** In January 2012, the merger of Primcom SA, Delfincom SA and Prestari Servicii SA, with Primcom SA as absorbing company and Delfincom SA and Prestari Servicii SA as absorbed companies was completed.*

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|------------------------------|--|--|
| Gross dividend income | | |
| Primcom S.A. Bucuresti | - | 14,276,720 |
| Delfincom S.A. Bucuresti | - | 5,633,501 |
| | - | 19,910,221 |

| | 6 months ended 30 June 2012 | 6 months ended 30 June 2011 |
|---------------------------|--|--|
| Dividends received | | |
| Primcom S.A. Bucuresti | - | 14,276,720 |

15. Related parties (continued)

| | 30 June 2012 | 31 December 2011 |
|--|---------------------|-------------------------|
| Dividends receivable | | |
| Delfincom S.A. Bucuresti | - | 5,633,501 |
| Carom - Broker de Asigurare S.A. Bucuresti | 10,158 | 10,832 |
| | 10,158 | 5,644,333 |
| Impairment loss allowance | | |
| Carom - Broker de Asigurare S.A. Bucuresti | (10,158) | (10,158) |
| | (10,158) | (10,158) |
| | - | 5,634,175 |

(c) Associates

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

| | 30 June 2012 | 31 December 2011 |
|---------------------------|---------------------|-------------------------|
| Ownership interest | | |
| 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 353,125,036 (30 June 2011: RON 201,623,004).

16. Subsequent events

In May 2012, the shareholders of GDF Suez Energy Romania approved the increase of share capital by issuing additional 2,116,536 shares, for a nominal value of 10 RON/share. In July 2012, the Fund subscribed 253,984 shares with a total value of RON 2,539,840.

Annex 4

STATEMENT OF PERSONS RESPONSIBLE

Provisions of Art.30 of Accounting Law no. 82/1991 and
CNVM Regulations no. 1/2006, Art.112¹, par. 1, letter c

The semi-annual financial statements as at 30 June 2012 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 2012 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 2012, 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 Ltd United Kingdom Bucharest Branch,
acting as Sole Administrator on behalf of S.C. FONDUL PROPRIETATEA S.A**

Grzegorz Maciej Konieczny
Legal Representative

Mihaela Moleavin
Financial Reporting Manager

Annex 5

Changes in the Constitutive Act of Fondul Proprietatea during the first half of 2012

**Decision no. 2/ 04 April 2012
of the General Extraordinary Assembly of Shareholders of
S.C. FONDUL PROPRIETATEA S.A.**

Headquarters: 78-80 Buzesti St, 7th floor, sector 1, Bucharest, registered with the Trade Register under number J40/21901/2005, fiscal registration code 18253260

Today, 04 April 2012, at 10am, the shareholders of S.C. Fondul Proprietatea S.A. have met during the General Extraordinary Assembly of Shareholders ("EGM") of S.C. Fondul Proprietatea S.A. at its first convocation, at Hilton Hotel, 1-3 Episcopiei Street, Le Diplomate Meeting Room, District 1, Bucharest.

Upon the opening of the works 117 shareholders are found to be present or represented, holding a number of 6,134,827,988 shares, representing 45.21% of the total paid shares and holding a number of 6,134,827,988 voting rights.

The meeting chairman, Mr. Grzegorz Maciej Konieczny, the legal representative of the Sole Administrator – Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, headquartered in Bucharest, 78-80 Buzesti Street, 7th and 8th floors, District 1, Bucharest, registered with the Trade Register under no. J40/8587/2009, fiscal identification code 25851096, registered with the Public Register of the Romanian National Securities Commission ("CNVM") under number PJM05SSAM/400001 observes that the EGM is statutory and legally established and it can adopt valid decisions regarding the items on the agenda.

Taking into consideration:

- The notice to attend to the EGM published in the Official Gazette Part IV number 785 of 01 March 2012, in "Romania Libera" newspaper on 01 March 2011, as well as on the website of S.C. Fondul Proprietatea S.A. – www.fondulproprietatea.ro on 01 March 2012,
- The provisions of the Constitutive Act of S.C. Fondul Proprietatea S.A. in force,
- The provisions of Law 31/1990 regarding commercial companies, republished as subsequently amended and completed,
- The provisions of Law 297/2004 regarding the capital market, as subsequently amended and completed,
- Art. 147-158 of Regulation 15/2004 regarding the authorization and functioning of investment management companies, collective placement bodies and depositories, issued by the National Securities Commission, as subsequently amended and completed,
- The provisions of CNVM Regulation no. 6/2009 on the exercise of certain rights of the shareholders in the general shareholders meetings of companies, as subsequently amended and completed
- Art. 21 of CNVM Regulation no. 4/2010 regarding the registration with the National Securities Commission and the functioning of "Fondul Proprietatea" – S.A. , as well as the transaction of the shares issued by it;

Following the debates on the agenda, the shareholders of S.C. Fondul Proprietatea S.A. have decided as follows:

- I. The election of Mr. Radu Florescu, shareholder of S.C. Fondul Proprietatea S.A., as meeting secretary of the EGM according to the provisions of art. 129 paragraph (2) in Law 31/1990.

This item was adopted by 2,906,853,763 votes representing 99.04% of the valid votes. There were registered 27,199,046 votes against and 730,995 abstentions. There were 37,941,400 votes cancelled.

After the election of Mr. Radu Florescu, as meeting secretary, the Sole Administrator appointed Mrs. Loredana Văduva as technical secretary.

- II. The approval of the EGM agenda.

This item was adopted by 6,053,214,525 votes representing 99.67 % of the valid votes. There were registered 3,408,744 votes against and 16,503,199 abstentions. There were 37,941,400 votes cancelled.

- III. The change of the Constitutive Act in force, as following:

3.1 Article 14 of the Constitutive Act is modified and will have the following content:

**“ARTICLE 14
Organization of the general meeting of the shareholders**

- I. Quorum and voting rights

- (1) Upon the first calling, for the validity of the deliberations of the ordinary general meeting of the shareholders it is required that the shareholders representing at least a fourth of the shares with right to vote to attend. The decisions of the ordinary general meeting of the shareholders are taken with the majority of votes. The decision of the ordinary general meeting of the shareholders regarding the cancelation of the appointment of the members of the Board of Nominees and of the Fund Manager are taken with a majority of at least two thirds of the number of votes attending or being represented.
- (2) In case the ordinary general meeting of the shareholders cannot operate due to lack of quorum under paragraph (1), the meeting that will meet upon a second convocation may deliberate on the items included in the agenda of the first meeting, irrespective of the met quorum, taking decision by majority of the expressed votes.
- (3) For the validity of the deliberations of the extraordinary general meeting of the shareholders the following are required:
 - a) upon the first convocation, the attendance of the shareholders representing at least a fourth of the shares having voting rights, and the decisions are taken with majority of votes held by the shareholders attending or being represented;
 - b) upon the second convocation, the general meeting of the shareholders may deliberate on the items included in the agenda of the first meeting in the presence of the shareholders representing at least one fifth of the total number of the shares having voting rights, taking decisions by majority of votes held by the shareholders attending or being represented.
- (4) The attendance of shareholders representing at least 50% of the total number of the voting rights, both at the first and the second convocation, is required for the validity of deliberations of the extraordinary general meeting of the shareholders to adopt a decision regarding:
 - (i) a share capital increase,
 - (ii) a share capital decrease except a share capital decrease as a result of a buy-back programme followed by the cancellation of the shares acquired or of the exemption of the shareholders that have not paid for the unpaid shares, or

- (iii) the anticipated dissolution of Fondul Proprietatea, made under the conditions of the law.
- (5) For the validity of the deliberation of the extraordinary general meeting of shareholders regarding a share capital decrease as a result of the buy-back programme followed by the cancellation of the shares acquired or of the exemption of the shareholders that have not paid for the unpaid shares, the attendance of the shareholders representing:
 - (i) at least a fourth of the shares having voting rights upon the first convocation, and
 - (ii) at least one fifth of the total number of the shares having voting rights, upon the second convocation is required.
- (6) The decision to amend the main business object of Fondul Proprietatea, to decrease or increase the share capital, to change the legal form, to merge, de-merge or dissolve, is taken with a majority of at least two thirds of the voting rights related to the shares having voting rights of the shareholders attending or being represented.

II. Procedure of the meetings

- (7) On the day and hour established in the convocation, the general meeting of the shareholders shall be opened by the permanent representative of the Fund Manager or, in its absence, by the one holding its place. A legal representative of the Fund Manager or a person appointed by the legal representative of the Fund Manager shall be the chairman of the meeting. The members of the Board of Nominees shall participate at the meetings, as well.
- (8) The general meeting shall elect, from amongst the attending shareholders, 1 up to 3 secretaries, who will check the attendance list of the shareholders, indicating the share capital represented by each of them, the minutes drawn up by the technical secretary to determine the number of the submitted shares and the fulfillment of the formalities requested by law and by the constitutive act for holding the general meeting of the shareholders.
- (9) A minute of the meeting, signed by the president and by Secretaries, shall determine the fulfillment of the calling formalities, the date and place of the general meeting of the shareholders, attending shareholders, the members of the Board of Nominees present, the number of shares, a summary of the debates, the decisions taken, and upon request of the shareholders, the statements made thereby in the meeting.
- (10) The documents referring to the convocation, the list of attending as well as, as the case may be, the powers of attorney of the representatives of the shareholders shall be attached to each minutes.
- (11) The permanent representative of the Fund Manager may appoint, from amongst the employees of Fund Manager, one or more technical secretaries, to fulfill their duties according to the legal provisions.
- (12) The decisions of the general meetings of the shareholders are drawn-up based on the minutes and is signed by the permanent representative of the Fund Manager or by a person appointed thereby. The minutes shall be recorded in the general meetings of the shareholders' register.
- (13) Considering the extremely large number of shareholders of Fondul Proprietatea the shareholders may participate in person, by proxy with a special power of attorney or may express their voting right by correspondence or by electronic voting; the procedures and forms for the proxy, correspondence and electronic voting shall be set by the Fund Manager, in accordance with the applicable legislation and are made available to the shareholders at least by the date of publishing of convening notice for general meeting of shareholders.
- (14) Considering the introduction of the voting right by correspondence, which right may be exercised and it is recommended to be exercised by any of the shareholders, the statutory quorum that needs to be met for the valid holding of any type of general meeting of the shareholders is calculated by including the votes deemed validly sent by correspondence.

- (15) Also in the case of the vote by correspondence, each shareholder is entitled to pronounce himself in writing, with respect to the issues included in the agenda, casting a vote "for", "against" or "abstained". The expressed votes that are not cancelled are considered.
- (16) All shareholders who, at the reference date, are registered in the shareholders' register, kept according to the law, have the right to participate to the general meetings of the shareholders.
- (17) In order to ensure the effective and real possibility of all shareholders to be informed on the contents of the documents and the proposals of the ones requiring the organization of the general meeting of the shareholders, by care of the Fund Manager, such will be available, at the headquarters of Fondul Proprietatea, as well as on the internet page of Fondul Proprietatea, at least 30 days prior to the date provided for holding the meeting. In the case the calling of the general meeting is made by the Board of Nominees, the Fund Manager has the obligation to fulfill all the above-mentioned formalities at the request of the Board of Nominees. In case the communication with the shareholder is not realized in this way, for objective reasons, the Board of Nominees may announce in the calling notice a different address than the registered address of Fondul Proprietatea, where the above-mentioned documents will be made public on the website of Fondul Proprietatea, in accordance with the applicable legislation.
- (18) In the ads informing on the convocation of the general meeting of shareholders of Fondul Proprietatea it will be indicated, by the Fund Manager the reference date in relation to which the shareholders will be entitled to participate and vote. Also, the date by when the shareholders may send their votes, as well as the procedure for voting by correspondence, regarding any of the issues subject to approval shall also be set. If the calling of the general meeting is made at the request of the Board of Nominees the above mentioned duties shall be fulfilled by the Board of Nominees. The deadline by when votes by correspondence may be registered at least 5 working days subsequent to the date of publication of the informative material and is prior to the convocation date of the general meeting of the shareholder by at least 48 hours.
- (19) The votes of the shareholders will be sent electronically or by letter at the headquarters of Fondul Proprietatea, in a clear and precise form, containing the mention "for", "against" or "abstained" to each issue subject to approval.
- (20) The votes transmitted electronically shall be cancelled if they do not observe the procedure set by the Fund Manager drawn up according to the National Securities Commission regulations and such votes will not be taken into consideration in calculating the attending quorum.

III. Exercising the voting right in the general meeting of the shareholders

- (21) The shareholders may be represented in each general meeting by other shareholders or by third parties subject to evidence that voting authority has been delegated by the shareholder for that particular general meeting.
- (22) The decisions of the general meetings of the shareholders are taken by open vote, except for the cases the law or this constitutive act does not provide differently.
- (23) Only the shareholders registered in the company shareholders' register at the reference date established by the Fund Manager or the Board of Nominees, as the case may be, when calling the general meeting of the shareholders shall be entitled to participate to the meeting and vote after proving their identity.
- (24) Secret vote is compulsory for electing and revoking the Fund Manager, the members of the Board of Nominees, the financial auditors and for taking some measures/decisions regarding the liability of the Fund Manager or of the members of the Board of Nominees and of the financial auditors of Fondul Proprietatea.
- (25) The procedures referring to the secret vote, where applicable will be approved by the Fund Manager and will be made public on the website of Fondul Proprietatea at the date of convening notice at least by the date of publishing of convening notice for general meeting of shareholders.

- (26) The decisions of the general meeting of the shareholders are binding for all shareholders, even for the absent shareholders or who voted against or abstained.
- (27) The shareholders who do not have capacity to act, as well as the legal entities may be represented by their legal representatives who, in their turn, may grant power of attorney to other persons for that particular general meeting of the shareholders.”

This item was adopted by 5,689,831,643 votes representing 97.80% of the valid votes. There were registered 35,985,727 votes against and 91,451,546 abstentions. There were 37,941,400 votes cancelled.

- 3.2. The approval of the new Constitutive Act of S.C. Fondul Proprietatea S.A. The draft of the new Constitutive Act submitted for approval contains have the contents specified in Annex 1 to the convening notice. Annex 1 was part of the convening notice. The New Constitutive Act shall become in effect after the approval of the CNVM, under the legislation in force. The new Constitutive Act of S.C. Fondul Proprietatea S.A. has the following content:

Constitutive Act

CHAPTER I

Name of the company, legal form, headquarters and duration

ARTICLE 1

Name of the Company

- (1) The name of the Company is "Fondul Proprietatea" - S.A.
- (2) All invoices, offers, orders, tariffs, prospectuses and other documents used in business, issued by the Company shall indicate the name, the legal form, the registered office, the registration number with the Commercial Registry and the sole registration code (CUI), the subscribed share capital, and the paid share capital with the mention “closed – end investment company”.

ARTICLE 2

Legal form of the company

- (1) "Fondul Proprietatea" - S.A., hereinafter referred to as Fondul Proprietatea, is a Romanian legal person, set up as a joint-stock company.
- (2) Fondul Proprietatea is organized, operates and ceases its activity under the provisions of Law No. 247/2005 on property and justice reform, and additional measures, as further amended and completed, of Law No. 297/2004 on the capital market, as further amended and completed, and of Company Law No. 31/1990, republished, as further amended and completed.
- (3) Fondul Proprietatea is set up as an undertaking for collective investment (A.O.P.C.), of the closed-end-type, as defined by Art. 114(1) letter b) of Law No. 297/2004, as further amended and completed.

ARTICLE 3

Company headquarters

- (1) The registered office of Fondul Proprietatea is located in Bucharest, 78-80 Buzesti Street, floor 7th, Sector 1; the headquarters may be changed to any other location in Romania, by decision of the asset management company (Fund Manager), according to article 21 paragraph (3) xii).
- (2) The Company may set up secondary headquarters such as branches, representative offices, working points or other units with no legal personality, under the terms provided by law.

ARTICLE 4

Company duration

The duration of Fondul Proprietatea is unlimited.

CHAPTER II

Purpose and business object of the company.

ARTICLE 5

Company purpose

The purpose of Fondul Proprietatea is the management and administration of the portfolio.

ARTICLE 6

Business object

- (1) Fondul Proprietatea has as main object of activity the management and administration of the portfolio.
- (2) The main domain of activity of Fondul Proprietatea is the one described by CAEN Code 643 – mutual funds and other similar financial entities, and the main activity is financial investments - CAEN Code 6430.
- (3) The business object of Fondul Proprietatea is the following:
 - a) management and administration of the portfolio;
 - b) other additional and adjacent activities, according to the regulations in force.

CHAPTER III

Share capital, shares

ARTICLE 7

Share capital

- (1) The share capital of Fondul Proprietatea is in amount of Lei **13,778,392,208**, divided in **13,778,392,208** ordinary, nominative shares, having a face value of RON 1 each. The capacity as shareholder of Fondul Proprietatea is attested by a statement of account issued by the Central Depository.
- (2) The identification data of each shareholder, the contribution to the share capital of each shareholder, the number of shares to which a shareholder is entitled to and the participation quota out of the total share capital are included in the shareholders' register kept by a computerized system by the Central Depository.

ARTICLE 8

Share capital increase and decrease

- (1) The extraordinary general meeting of the shareholders shall decide, under the conditions of the law, on the share capital increase and decrease of Fondul Proprietatea, in accordance with the provisions of art. 12(3) letter c) and d) of this constitutive act.
- (2) The share capital may be increased, in accordance with the provisions of the law, by:
 - a) by issuing new shares in exchange for cash contributions;
 - b) incorporating reserves, except for the legal reserves and of the reserves created out of the re-evaluation of the patrimony, as well as of the benefits and issuing premiums.
- (3) The share capital increase stated for in paragraph 2 shall be registered at the Trade Register Office, on the basis of the decision made by the General Meeting of the Shareholders of Fondul Proprietatea,
- (4) Any share capital decrease shall be performed in accordance with the provisions of the law.
- (5) The share capital may be decreased by:
 - a) decreasing the number of shares;
 - b) decreasing the nominal value of shares; and
 - c) other means provided by the law.
- (6) In case the Fund Manager notices that, due to accrued losses, the amount of the net assets, established as the difference between the total assets and total liabilities of Fondul Proprietatea, is less than half of the value of the subscribed share capital, Fund Manager is bound to call the extraordinary general meeting of the shareholders, which will decide if Fondul Proprietatea requires to be dissolved. In case the extraordinary general meeting of the shareholders does not decide the dissolution of Fondul Proprietatea, then Fondul Proprietatea is bound to proceed, at the latest by the termination of the fiscal year subsequent to the one in which the losses were determined, to a share capital decrease with an amount at least equal to that of the losses which could not be covered by reserves, in case in this time the net assets of Fondul Proprietatea were not reconstituted up to a value at least equal to half of the share capital.
- (7) Share capital decrease shall be performed only after two months as of the publication in the Official Gazette of Romania, Part IV, of the resolution of the extraordinary general meeting of the shareholders.

ARTICLE 9

Shares

- (1) The shares of Fondul Proprietatea are nominative, of equal value, issued in dematerialized form, established by registration in the account, and grants equal rights to their holders under the conditions provided by art. 11.
- (2) The nominal value of a share is RON 1.
- (3) The shares are indivisible with respect to Fondul Proprietatea, acknowledging only one holder for each share. In case a share becomes the property of more persons, Fondul Proprietatea / the Central Depository is not bound to register the transfer as long as those persons will not appoint a sole representative to exercise the rights arising from the share.
- (4) The partial or total transfer of the shares amongst the shareholders or third parties is done according to the terms, conditions and procedure provided by law.

- (5) Fondul Proprietatea may buy back its own shares in accordance with the conditions laid down in legislation in force.
- (6) The right to dividends are held by the shareholders registered in the shareholders' register, according to the provisions of Law No. 297/2004, as further amended and completed, as well as the regulations issued for the implementation thereof.

ARTICLE 10

Bonds

Fondul Proprietatea is authorized to issue bonds in accordance with the provisions of the law. Fondul Proprietatea is not allowed to conclude loan agreements for investment reasons.

ARTICLE 11

Rights and obligations arising from shares

- (1) Each share fully paid by the shareholders, according to the law, grants them the right to vote in the general meeting of the shareholders, according to the provisions of paragraph (2), the right to elect and to be elected in the management bodies, the right to take part in the profit distribution, according to the provisions of this constitutive act and the legal dispositions, respectively other rights provided by the constitutive act.
- (2) The shares issued by Fondul Proprietatea grant the right to vote, each share grants one voting right.
- (3) Holding one share implies the rightful adhesion to this constitutive act.
- (4) The rights and obligations follow the shares in case ownership thereof passes to another person.

CHAPTER IV

General meeting of the shareholders

ARTICLE 12

General meetings of the shareholders

- (1) The general meeting of the shareholders may be ordinary and extraordinary.
- (2) The ordinary general meeting of the shareholders has the following competencies, duties and functions:
 - a) to discuss, approve and amend the annual financial statements after reviewing the reports of the Fund Manager and financial auditor;
 - b) to establish the distribution of the net profit and to establish the dividends;
 - c) to appoint the members of the Board of Nominees ("BoN") and to cancel their appointment;
 - d) to appoint the Fund Manager, on the basis of the outcome of the selection made subsequent to a tender for appointing the Fund Manager, and to cancel its appointment;
 - e) to appoint and cancel the appointment of the financial auditor and to set the minimum duration of the financial audit agreement;
 - f) to set the level of the remuneration of the members of the Board of Nominees, the Fund Manager and of the financial auditor for the ongoing fiscal year;

- g) to rule over the management of the Fund Manager and to evaluate his/her performances and to discharge him/her from its management,
 - h) to decide on the action in a court of law against the Fund Manager or, as the case may be, against the financial audit, for damages caused to Fondul Proprietatea;
 - i) to approve the strategies and the development policies of Fondul Proprietatea;
 - j) to establish the annual income and expenditure budget, and to approve the business programme for the following financial year;
 - k) to decide upon the pledge, lease or the creation of the movable securities or mortgages on the assets of Fondul Proprietatea;
 - l) to decide on any other aspects regarding Fondul Proprietatea, according to the legal duties.
- (3) The extraordinary general meeting of the shareholders is entitled to decide on the following:
- a) set-up or closing of some secondary units: branches, agencies, representative offices or other such units with no legal personality;
 - b) share capital increase;
 - c) share capital decrease or re-completion thereof by issuing new shares;
 - d) conversion of shares from one category to another;
 - e) conversion of a category of bonds to another category or to shares;
 - f) issue new bonds;
 - g) approves the admission for trading and nominates the regulated market on which the shares of Fondul Proprietatea will be traded;
 - h) execution of any agreement / legal documents which may create binding obligations to Fondul Proprietatea including, without limitation to, agreements for purchase, sale or exchange or creation of encumbrances of the assets whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;
 - i) change of the management system of Fondul Proprietatea;
 - j) limitation or cancellation of the preference right of the shareholders;
 - k) approves the Investment Policy Statement;
 - l) any other amendment of the constitutive act or any other resolution requiring the approval of the extraordinary general meeting of the shareholders, according to applicable law or to this Constitutive Act.

ARTICLE 13

Summoning the general meeting of the shareholders

- (1) The general meeting of the shareholders is called by the Fund Manager whenever required. Prior to the convocation of the general meeting of the shareholders, the Fund Manager shall communicate to the Board of Nominees the intention to call the general meeting and shall introduce on the list of matters for the meeting all matters requested by the Board of Nominees.
- (2) The ordinary general meeting of the shareholders meets at least once a year, within 4 months from the end of the financial year.
- (3) The date of the meeting may not be less than 30 days from the publication of the convocation in the Official Gazette of Romania, Part IV.

- (4) The general meeting of the shareholders, either ordinary or extraordinary, shall be called whenever required, according to the legal provisions in force and with the dispositions of the constitutive act, by publication of the calling notice in the Official Gazette of Romania, Part IV, and a national daily newspaper or in a local newspaper largely read in the locality where the HQ of the company resides at least 30 days prior to the proposed date of meeting.
- (5) One or more shareholders, individually or jointly, representing at least 5% of the share capital of Fondul Proprietatea, may request the Fund Manager by a written address signed by the holder(s) to introduce in the agenda new matters, within 15 days of the publication of the calling notice.
- (6) The calling notice, any other matter added to the agenda at the request of the shareholders or of the Board of Nominees, the annual financial statements, the annual report of the Fund Manager, the report of the Board of Nominees as well as the proposal to distribute dividends are made available to the shareholders, at the headquarters of Fondul Proprietatea at the date of convocation of the general meeting, and are also published on the internet page, for free access to information by the shareholders. Upon request, copies of these documents shall be issued to the shareholders.
- (7) The calling notice includes the place, hour and date of the general meeting of the shareholders, as well as the agenda, expressly mentioning all matters that will be subject to debate. Upon calling the general meeting of the shareholders the provisions of art. 147-158 of Regulation No. 15/2004 regarding the authorisation and functioning of investment management firms, collective investment undertaking and depositories, approved by Order of the president of the National Securities Commission No. 67/2004, as further amended, shall apply.
- (8) In case the agenda includes proposals to amend the constitutive act, the notice shall include the full text of the proposals. In case the agenda includes the appointment of the members of the Board of Nominees, the notice shall mention that the list including information regarding the name, the residence and professional training of the persons proposed for the position of member of the Board of Nominees is available to the shareholders, to be further reviewed and completed by shareholders.
- (9) The notice for the first general meeting of the shareholders must set the day and hour of the second meeting, having the same agenda as the first, in order to cover the situation in which the first meeting can not take place due to non-attendance of the required quorum.
- (10) The general meeting of the shareholders shall meet at the headquarters of Fondul Proprietatea or in another place indicated in the notice.
- (11) The Board of Nominees may request to the Fund Manager the calling of the general meeting, and if the Fund Manager does not observe the written request of the Board of Nominees within 5 working days from receiving it, the Board of Nominees may call upon the general meeting of the shareholders by following the same procedures as set out in this Article.
- (12) The chairperson of Board of Nominees may request to the Fund Manager the calling of the general meeting according to article 16 paragraph (4) second sentence.
- (13) The Fund Manager immediately call the general meeting of the shareholders, upon written request of the shareholders, individually or jointly, representing at least 5% of the share capital, in case the request includes dispositions that fall under the responsibility of the general meeting of shareholders.
- (14) In the case provided by paragraph (13), the general meeting of the shareholders shall be called within at most 30 calendar days and shall meet within at most 60 calendar days as of the date when the Fund Manager received the request of the shareholders.

- (15) In the situation provided by paragraphs (13) and (14), in case the Fund Manager does not call the general meeting of shareholders, the shareholders who requested the calling of the general meeting may request the same to the Board of Nominees. Should the Board of Nominees is also not responding to their request in 10 working days from the receipt of the request, the court of law from the headquarters of Fondul Proprietatea, by summoning the Fund Manager, may authorize the calling of the general meeting by the shareholders which formulated the request

ARTICLE 14

Organization of the general meeting of the shareholders

I. Quorum and voting rights

- (1) Upon the first calling, for the validity of the deliberations of the ordinary general meeting of the shareholders it is required that the shareholders representing at least a fourth of the shares with right to vote to attend. The decisions of the ordinary general meeting of the shareholders are taken with the majority of votes. The decision of the ordinary general meeting of the shareholders regarding the cancelation of the appointment of the members of the Board of Nominees and of the Fund Manager are taken with a majority of at least two thirds of the number of votes attending or being represented.
- (2) In case the ordinary general meeting of the shareholders cannot operate due to lack of quorum under paragraph (1), the meeting that will meet upon a second convocation may deliberate on the items included in the agenda of the first meeting, irrespective of the met quorum, taking decision by majority of the expressed votes.
- (3) For the validity of the deliberations of the extraordinary general meeting of the shareholders the following are required:
 - a) upon the first convocation, the attendance of the shareholders representing at least a fourth of the shares having voting rights, and the decisions are taken with majority of votes held by the shareholders attending or being represented;
 - b) upon the second convocation, the general meeting of the shareholders may deliberate on the items included in the agenda of the first meeting in the presence of the shareholders representing at least one fifth of the total number of the shares having voting rights, taking decisions by majority of votes held by the shareholders attending or being represented.
- (4) The attendance of shareholders representing at least 50% of the total number of the voting rights, both at the first and the second convocation, is required for the validity of deliberations of the extraordinary general meeting of the shareholders to adopt a decision regarding:
 - (i) a share capital increase,
 - (ii) a share capital decrease except a share capital decrease as a result of a buy-back programme followed by the cancellation of the shares acquired or of the exemption of the shareholders that have not paid for the unpaid shares, or
 - (iii) the anticipated dissolution of Fondul Proprietatea, made under the conditions of the law.
- (5) For the validity of the deliberation of the extraordinary general meeting of shareholders regarding a share capital decrease as a result of the buy-back programme followed by the cancellation of the shares acquired or of the exemption of the shareholders that have not paid for the unpaid shares, the attendance of the shareholders representing:
 - (i) at least a fourth of the shares having voting rights upon the first convocation, and
 - (ii) at least one fifth of the total number of the shares having voting rights, upon the second convocation is required.

- (6) The decision to amend the main business object of Fondul Proprietatea, to decrease or increase the share capital, to change the legal form, to merge, de-merge or dissolve, is taken with a majority of at least two thirds of the voting rights related to the shares having voting rights of the shareholders attending or being represented.

II. Procedure of the meetings

- (7) On the day and hour established in the convocation, the general meeting of the shareholders shall be opened by the permanent representative of the Fund Manager or, in its absence, by the one holding its place. A legal representative of the Fund Manager or a person appointed by the legal representative of the Fund Manager shall be the chairman of the meeting. The members of the Board of Nominees shall participate at the meetings, as well.
- (8) The general meeting shall elect, from amongst the attending shareholders, 1 up to 3 secretaries, who will check the attendance list of the shareholders, indicating the share capital represented by each of them, the minutes drawn up by the technical secretary to determine the number of the submitted shares and the fulfillment of the formalities requested by law and by the constitutive act for holding the general meeting of the shareholders.
- (9) A minute of the meeting, signed by the president and by Secretaries, shall determine the fulfillment of the calling formalities, the date and place of the general meeting of the shareholders, attending shareholders, the members of the Board of Nominees present, the number of shares, a summary of the debates, the decisions taken, and upon request of the shareholders, the statements made thereby in the meeting.
- (10) The documents referring to the convocation, the list of attending as well as, as the case may be, the powers of attorney of the representatives of the shareholders shall be attached to each minutes.
- (11) The permanent representative of the Fund Manager may appoint, from amongst the employees of Fund Manager, one or more technical secretaries, to fulfill their duties according to the legal provisions.
- (12) The decisions of the general meetings of the shareholders are drawn-up based on the minutes and is signed by the permanent representative of the Fund Manager or by a person appointed thereby. The minutes shall be recorded in the general meetings of the shareholders' register.
- (13) Considering the extremely large number of shareholders of Fondul Proprietatea the shareholders may participate in person, by proxy with a special power of attorney or may express their voting right by correspondence or by electronic voting; the procedures and forms for the proxy, correspondence and electronic voting shall be set by the Fund Manager, in accordance with the applicable legislation and are made available to the shareholders at least by the date of publishing of convening notice for general meeting of shareholders.
- (14) Considering the introduction of the voting right by correspondence, which right may be exercised and it is recommended to be exercised by any of the shareholders, the statutory quorum that needs to be met for the valid holding of any type of general meeting of the shareholders is calculated by including the votes deemed validly sent by correspondence.
- (15) Also in the case of the vote by correspondence, each shareholder is entitled to pronounce himself in writing, with respect to the issues included in the agenda, casting a vote "for", "against" or "abstained". The expressed votes that are not cancelled are considered.
- (16) All shareholders who, at the reference date, are registered in the shareholders' register, kept according to the law, have the right to participate to the general meetings of the shareholders.
- (17) In order to ensure the effective and real possibility of all shareholders to be informed on the contents of the documents and the proposals of the ones requiring the organization of the general meeting of the shareholders, by care of the Fund Manager, such will be available, at the headquarters of Fondul Proprietatea, as well as on the internet page of Fondul Proprietatea, at least 30 days prior to the date provided for holding the meeting.

In the case the calling of the general meeting is made by the Board of Nominees, the Fund Manager has the obligation to fulfill all the above mentioned formalities at the request of the Board of Nominees. In case the communication with the shareholder is not realized in this way, for objective reasons, the Board of Nominees may announce in the calling notice a different address than the registered address of Fondul Proprietatea, where the above mentioned documents will be made public on the website of Fondul Proprietatea, in accordance with the applicable legislation.

- (18) In the ads informing on the convocation of the general meeting of shareholders of Fondul Proprietatea it will be indicated, by the Fund Manager the reference date in relation to which the shareholders will be entitled to participate and vote. Also, the date by when the shareholders may send their votes, as well as the procedure for voting by correspondence, regarding any of the issues subject to approval shall also be set. If the calling of the general meeting is made at the request of the Board of Nominees the above mentioned duties shall be fulfilled by the Board of Nominees. The deadline by when votes by correspondence may be registered at least 5 working days subsequent to the date of publication of the informative material and is prior to the convocation date of the general meeting of the shareholder by at least 48 hours.
- (19) The votes of the shareholders will be sent electronically or by letter at the headquarters of Fondul Proprietatea, in a clear and precise form, containing the mention "for", "against" or "abstained" to each issue subject to approval.
- (20) The votes transmitted electronically shall be cancelled if they do not observe the procedure set by the Fund Manager drawn up according to the National Securities Commission regulations and such votes will not be taken into consideration in calculating the attending quorum.

III. Exercising the voting right in the general meeting of the shareholders

- (21) The shareholders may be represented in each general meeting by other shareholders or by third parties subject to evidence that voting authority has been delegated by the shareholder for that particular general meeting.
- (22) The decisions of the general meetings of the shareholders are taken by open vote, except for the cases the law or this constitutive act does not provide differently.
- (23) Only the shareholders registered in the company shareholders' register at the reference date established by the Fund Manager or the Board of Nominees, as the case may be, when calling the general meeting of the shareholders shall be entitled to participate to the meeting and vote after proving their identity.
- (24) Secret vote is compulsory for electing and revoking the Fund Manager, the members of the Board of Nominees, the financial auditors and for taking some measures/decisions regarding the liability of the Fund Manager or of the members of the Board of Nominees and of the financial auditors of Fondul Proprietatea.
- (25) The procedures referring to the secret vote, where applicable will be approved by the Fund Manager and will be made public on the website of Fondul Proprietatea at the date of convening notice at least by the date of publishing of convening notice for general meeting of shareholders.
- (26) The decisions of the general meeting of the shareholders are binding for all shareholders, even for the absent shareholders or who voted against or abstained.
- (27) The shareholders who do not have capacity to act, as well as the legal entities may be represented by their legal representatives who, in their turn, may grant power of attorney to other persons for that particular general meeting of the shareholders.

CHAPTER V

The Board of Nominees

ARTICLE 15

Organisation

- (1) The ordinary general meeting of the shareholders shall appoint the Board of Nominees, formed of 5 members, and shall establish their remuneration.
- (2) Any shareholder will have the right to make proposals on the members of the Board of Nominees. The members of the Board of Nominees may be shareholders of Fondul Proprietatea or other persons designated by the shareholders and they must have the proper experience and knowledge in order to be able to receive the Fund Manager reports and of the consultants and, based on the information received, judge the merits of the management of Fondul Proprietatea within the limits of the objectives and principles set by the investment policy as well as by the applicable laws and regulations. Also, the members of the Board of Nominees have to be qualified properly in order to decide (if there is need with the support of an independent consultant) if the transactions proposed by the Fund Manager needing the approval of the Board of Nominees are made to the advantage of the shareholders.
- (3) The mandate of the members of the Board of Nominees is of 3 years, period to be extended by right, by the first meeting of the General Meeting of the Shareholders.
- (4) The Board of Nominees elects from amongst its members a chairman of the Board.

ARTICLE 16

Functioning

- (1) The meetings of the Board of Nominees are held at least once every quarter, however they may be called upon whenever needed. The call for the meeting of the Board of Nominees is made by the chairman, any of its members or upon the request of the Fund Manager. The Board of Nominees shall meet in at most 7 days as of the calling.
- (2) The Chairperson of the Board of Nominees or, during his absence, a member of the Board of Nominees appointed through vote by the other members to chair the meeting, ensures the proper development of the meetings. The meetings of the Board of Nominees shall be held at the HQ of Fondul Proprietatea.
- (3) The Board of Nominees takes valid decisions provided the absolute majority of its members. The members of the Board of Nominees may be represented to the meetings of the Board of Nominees only by other members of the Board of Nominees on the basis of a special written empowerment, presented in its original form at the beginning of the meeting. One member of the Board of Nominees may represent only one absent member. The decisions of the Board of Nominees shall be taken with the absolute majority of the votes of its members and are signed by all the members which participated to the meeting. If some of the members of the Board of Nominees have been represented, the empowerment will be annexed to the minute of the meeting.
- (4) If the absolute majority condition cannot be fulfilled to have the quorum for taking a decision, the chairperson of the Board of Nominees shall give notice for a second meeting of Board of Nominees, having the same agenda as the first, in order to discuss this agenda. If the absolute majority condition cannot be fulfilled to have the quorum for taking a decision for three consecutive times, the chairperson of the Board of Nominees shall ask Fund Manager to convoke the general meeting of the shareholders in order to properly decide on the respective decisions; in case that Fund Manager does not convoke it, any of the members of the Board of nominees will be in his right to convoke the general meeting.

- (5) In case of vacancy of the seat of one or more members of the Board of Nominees, the general meeting of the shareholders shall immediately convoke for the appointment of new members. For the period in time by the decision of the general meeting, the other members of the Board of Nominees will nominate members ad interim to fulfil the vacant positions. The decision of the Board of Nominees on nominating members ad interim will be communicated to FM, the auditor and will be filed with the Trade Register.

ARTICLE 17

Attributions of the Board of Nominees

The Board of Nominees has the followings duties and functions:

- (1) Following the information received from the Fund Manager with regard to the summoning of the ordinary and/or extraordinary general meeting of the shareholders requests, if it deems necessary, the insertion of supplementary matters in the text of the calling notice of the general meeting of shareholders;
- (2) Receives from the Fund Manager the information in connection with the answers to the written requests submitted before the date of the general meeting of the shareholders, by the shareholders on topics regarding Fondul Proprietatea's activity;
- (3) Receives from the Fund Manager the annual financial statements, the annual activity report presented by the Fund Manager and the financial auditors' report, before being made available to the shareholders and analyzes them, being able to formulate an opinion to be presented to both the Fund Manager and the general meeting;
- (4) Receives from the Fund Manager for analysis the annual report on the management and the business policy of Fondul Proprietatea and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (5) Receives from the Fund Manager for analysis the yearly income and expenditure budget and business plan before to be submitted to the approval of the general meeting of the shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (6) Receives from the Fund Manager for analysis the strategy in accordance with the Fondul Proprietatea's investment policy before to be submitted to the approval of the general meeting of the shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (7) Receives from the Fund Manager for analysis and approves the framework for carrying out Fondul Proprietatea's operations, as well as any other Fondul Proprietatea's regulations issued by Fund manager according to legal provisions in force, capital market rules and regulations;
- (8) Receives from the Fund Manager for analysis the proposal to the ordinary general meeting of the shareholders for the conclusion of the financial audit agreement and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (9) Reviews on a regular basis the investment policy of Fondul Proprietatea and presents an opinion to the general meeting of the shareholders as any time it deems necessary, but in any case, at least once a year to the annual ordinary meeting;
- (10) Receives the report of the internal auditor and presents an opinion to the Fund Manager and to the general meeting of the shareholders;

(11) Monitors the following, based on information and reports received from the Fund Manager:

- the list of all portfolio investments and percentage breakdown by each investment type;
- a list of major transaction occurring in the Fondul Proprietatea portfolio for the period under review;
- the total profit of the portfolio and comparison of profit with the appropriate benchmark;
- comparison of return on the portfolio with the portfolio objective;
- the extent of compliance with the investment policy statement, any variations and actions taken to correct variations;
- the performance evaluation report.

all the above with the purpose of drafting and presenting a report regarding the developed monitoring activity any time is required by the shareholders, but in any case at least once a year, to the general meeting of the shareholders;

(12) Represents the general meeting of the shareholders in relation with the Fund Manager from the communication point of view between the two corporate bodies, except for the cases expressly regulated by this constitutive act as a direct communication between the general meeting and the Fund Manager;

(13) Verifies the report of the Fund Manager and the exercise of the permanent monitoring over the management of Fondul Proprietatea by the Fund Manager, and verifies if the operations carried on by the Fund Manager are in compliance with the applicable law, the constitutive act and/or with any relevant decision of the general meeting of the shareholders;

(14) Under the conditions of art. 13 paragraphs (11) and (14) calls upon the general meeting of the shareholders;

(15) Participates to the meetings of the general shareholders' meetings and presents in this meeting reports in all cases provided by this constitutive act or with regard to any issue it deems to be relevant for the shareholders;

(16) Proposes to the general meeting of the shareholders the approval or rejection of any contract/document which may create binding obligations to Fondul Proprietatea (including without limitation buying, selling, exchanging, pledging of assets of Fondul Proprietatea) whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables

(17) Recommends to the General Meeting of the Shareholders the termination of the management contract for the case when the Board of Nominees is considered is to the benefit of the shareholders.

(18) Recommends to the general meeting of the shareholders on any other issues the Board of Nominees is considered relevant to the shareholders.

(19) Following of proposal of Fund Manager, recommends to the Extraordinary General Meeting of the Shareholders the appointment of the public offer intermediate, as well as on his remuneration, when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea.

(20) Approves the delegation by the Fund Manager of certain activities. The delegation will be in force after the approval of NSC, where required by legislation in force.

(21) Is responsible for monitoring the Fund Manager performance of the Investment Management Agreement.

ARTICLE 18

The obligations of the members of the Board of Nominees

- (1) The members of the Board of Nominees have diligence and loyalty duties towards the shareholders of Fondul Proprietatea.
- (2) The members of the Board of Nominees are held liable towards the general meeting of the shareholders of Fondul Proprietatea, in accordance with the mandate rules. The decisions of the members of the Board of Nominees will be taken after due enquiries into the relevant circumstances existing at the specific moment at which such decisions have been taken.
- (3) The members of the Board of Nominees cannot disclose the confidential information and the commercial secrets of Fondul Proprietatea, to which those persons have access. Such obligation remains in force as well as after the termination of the mandate.
- (4) If a member of the Board of Nominees has, directly or indirectly, adverse interest to the interest of Fondul Proprietatea, in a certain operation, that member must give notice of such situation to the other members and to the internal auditors and not take part in any deliberation regarding that operation.
- (5) The same obligation must be observed by the member of the Board of Nominees, who acknowledges that in a certain operation, his/her wife or husband, relative or related persons by the 4th grade inclusive are interested.
- (6) The prohibitions stipulated in paragraphs (4) and (5) regarding the participation, deliberation and voting of the members of the Board of Nominees, are not applicable if the vote refers to:
 - a) the offer of shares or obligations of Fondul Proprietatea for subscription, to a member of the Board of Nominees or to the persons mentioned in paragraph (5);
 - b) the granting by a member of the Board of Nominees or by the persons mentioned in paragraph (5) of a loan or establishing a guarantee in favour of Fondul Proprietatea.
- (7) The member of the Board of Nominees not observing the provisions of paragraphs (4) and (5) is held liable for the damages caused to Fondul Proprietatea.
- (8) It is forbidden the crediting by the Fondul Proprietatea of the members of the Board of Nominees, through operations such as:
 - a) granting loans;
 - b) granting financial facilities for or after the conclusion by Fondul Proprietatea with the members of delivery operations of goods, providing of services or performance of works;
 - c) direct or indirect guarantee, in whole or in part, of any loans granted to the member of the Board of Nominees, concomitant or after granting the loan;
 - d) direct or indirect guarantee, in whole or in part, of performance by the members of any other personal obligation of those towards third parties;
 - e) direct or indirect guarantee, in whole or in part, of any receivables having as object a loan granted by a third party to the members of the Board of Nominees or other personal service of those members.
- (9) The provisions of paragraph (8) are applicable and the operations in which the husband or wife, relatives or related persons by the 4th grade inclusive of the members of the Board of Nominees are interested; also, if the operation concerning a civil or a commercial company at which one of the persons above mentioned is director or holds, solely or together with one of the persons above mentioned, a quota of at least 20% of the value of the subscribed share capital.

- (10) The provisions of paragraph (8) are not applicable for the case when the operation is concluded by Fondul Proprietatea during its current business, and the clauses of the operations are not more favourable to the persons specified in paragraphs (8) and (9) than the ones usually practiced by Fondul Proprietatea towards third parties
- (11) The Board of Nominees shall promptly decide on all requests for approval from the Fund manager within a reasonable time frame to allow the Fund Manager to comply with it's own obligations.

CHAPTER VI

Provisions regarding the company's management

ARTICLE 19

Organisation

- (1) Fondul Proprietatea is managed by Franklin Templeton Investment Management Limited through its Romanian branch, with headquarter in Bucharest, 78-80 Buzesti street, floors 7-8, sector 1, fiscal registration no. 25851096, registration number at Trade Registry J40/8587/2009, legally represented by: Grzegorz Maciej Konieczny, Polish citizen, born on 22.11.1970 at Slupsk, Poland, with home address in Poland, identified with identification documentation issued by Polish Authorities on 14.05.2009, with validity date by 14.05.2019, with personal identification number 70112200078 and by Adrian Cighi, Romanian citizen, with home address on Bucuresti, 57 Aron Cotrus street, sc. D, et. 5, ap. D31, district 1, identified with ID RT number 768358 issued by S.P.C.E.P. District 1 on 18.05.2011, valid by 10.08.2021, with personal identification number 1830810314000 and by Oana - Valentina Truța, Romanian citizen, domiciled in Cluj-Napoca, 18 Iuliu Moldovan Street, ap.13, Cluj county, identified with Identity Card series KX number 361489 issued by Cluj-Napoca on 08.06.2004, valid by 20.08.2014, having as Personal Identification Number 2800820260032, under Investment Management Agreement signed on 25 February 2010, which holds the position of sole director, as well as of asset management company referred to throughout this document as the Fund Manager.
- (2) The Fund Manager is elected by the general meeting of the shareholders, with the observance of the legal provisions and of this constitutive act.
- (3) The mandate of the Fund Manager is of 4 years and is renewed automatically, if there is no adverse decision of the general meeting of the shareholders, entitled to decide on the termination of the mandate even before its regular lifespan. The Fund Manager will call the Ordinary General Meeting of Shareholders with at least 3 months before of the termination of Investment Management Agreement having on the agenda the extension of the mandate or the appointing of a new Fund Manager. The Fund Manager will organize the Ordinary General Meeting of Shareholders before the termination of Investment Management Agreement.
- (4) The legal entity appointed as Fund Manager of Fondul Proprietatea must expressly accept such position, by executing the management agreement and must have in place professional liability insurance.
- (5) The Investment Management Agreement can be modified or replaced in accordance with article 12 and 14, with the approval of the shareholders. Any replacement document or addendum of the Investment Management Agreement will be signed on behalf of Fondul Proprietatea by the chairman of the Board of Nominees or by a member of the Board of Nominees empowered by the chairman.

ARTICLE 20

Functioning

The Fund Manager shall appoint a natural person as its permanent representative. The Fund Manager can make changes of its permanent representatives (that are the legal representatives and managers of the Fund Manager), with the prior authorisation of NSC. All changes will be registered at Trade Register.

ARTICLE 21

Attributions of the Fund Manager

- (1) The management of Fondul Proprietatea is ensured by the Fund Manager, which fulfils the necessary and useful operations for the fulfilment of the company's business object, except of the operations reserved by the law for the general meeting of the shareholders and has all the obligations attributed to it by the applicable law.
- (2) The Fund Manager exercises its attributions under the control of the general meeting of the shareholders and the monitoring of the Board of Nominees.
- (3) In excess of the duties provided by the applicable law, the Fund Manager shall be liable to:
 - i) establish a reference date for shareholders entitled to vote within the general meeting, under the law, and draft the text of the announcement on the convocation of the general meeting, after obtaining the prior approval of the Board of Nominees and after it added to the agenda the matters requested by the Board of Nominees;
 - ii) upon the written request of any shareholder submitted before the date of the general meeting of the shareholders, to give responses after obtaining the prior approval of the Board of Nominees, regarding the aspects concerning the business of Fondul Proprietatea;
 - iii) ensure that, if requested by any of the shareholders, a copy of or extract of the minutes of the general meeting shall be given to them and also, after the announcement of the ordinary annual general meeting of the shareholders is published, make available to the shareholders the financial statements of the company and the reports of the Fund Manager and of the company's financial auditors,
 - iv) prepare the annual financial statements, draft the annual activity report, examine the financial auditors' report, present them to the Board of Nominees before submitting such documents to the general meeting of the shareholders and make proposals on the distribution of the profit to the general meeting of the shareholders, after obtaining the prior approval of the Board of Nominees;
 - v) manages the relationship with the Central Depository with regard to its shareholders register functions,
 - vi) prepare an annual report on the management and the business policy of Fondul Proprietatea, to be presented to the Board of Nominees for approval prior to its submission to the general meeting of the shareholders;
 - vii) proposes for the prior approval of the Board of Nominees and further, of the general meeting of the shareholders, of the yearly income and expenditure budget and business plan;
 - viii) propose for the prior approval of the Board of Nominees and further, of the general meeting of the shareholders of Fondul Proprietatea, the general strategy in accordance with the investment policy of Fondul Proprietatea; it is responsible for the implementation of the investment policy and for achieving a proper balance between the profits and the risks related to the Fondul Proprietatea portfolio; it has to inform periodically the Board of Nominees on any significant changes in the activities of Fondul Proprietatea and within the structure of its portfolio,

- ix) approve the outsourcing of certain activities, within the limits of the approved budget; respectively delegating the execution of certain activities, with the prior endorsement of the NSC, where required by applicable legislation,
- x) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting of the shareholders any agreement / document which may create binding obligations to Fondul Proprietatea,, including but not limited to the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;
- xi) to enter into any agreement / document which may create binding obligations to Fondul Proprietatea, (the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea) whose value does not exceed, either individually or cumulated, during a financial year, 20% of the non-current assets, less any receivables, without the approval of the ordinary or extraordinary general shareholders meeting;
- xii) propose to the ordinary general meeting of the shareholders the conclusion of the financial audit agreement according to the legal provisions in force, upon obtaining the prior approval of the Board of Nominees, as well as approve the procedure of internal audit and the audit plan;
- xiii) decide the relocation of the registered office, provided that the registered office shall at all times be registered in Romania;
- xiv) make available to the Board of Nominees the reports, as well as other necessary documents for exercising the monitoring duties, in accordance with art. 17 paragraph (11);
- xv) inform at once the Board of Nominees of any litigation or infringement of legislation regarding Fund Manager, any operation which might be an infringement to the investment policy and about the plans/ correction measures for approaching these matters.
- xvi) ask for the calling of the general meeting which shall decide properly whenever an issue appears on which the Board of Nominees has a disagreement with the Fund Manager, which can not be resolved amiably.
- xvii) proposes to Board of Nominees the recommendation for the Extraordinary General Meeting of the Shareholders for the appointment of the investment firm/investment bank who shall manage a public offer, as well as on its remuneration , when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea.

ARTICLE 22

The obligations of the Fund Manager

- (1) The Fund Manager has a diligence and loyalty duty towards Fondul Proprietatea. Such duty is exercised taking into consideration the interest of the shareholders generally, and not of some of them.
- (2) The Fund Manager is held liable towards Fondul Proprietatea, according to the law. The decisions of the Fund Manager are taken after due enquiries regarding the relevant circumstances existing at the moment of which those decisions are taken.
- (3) The Fund Manager cannot disclose confidential information or commercial secrets of Fondul Proprietatea, to which it has access. Such obligation remains also after the termination of the mandate.

- (4) If the Fund Manager, respectively its permanent representative and its employees, have in a certain operation, directly or indirectly, adverse interest to the interest of Fondul Proprietatea, the Fund Manager must give notice to the internal auditors and Board of Nominees of this issue and not take part in any deliberation concerning the specific situation.
- (5) The same obligation must be observed by the Fund Manager, respectively by its permanent representative and its employees if, in a certain operation, is being aware that an Affiliate of the Fund Manager or the wife or husband, relatives or related persons by the 4th grade inclusive of the representative and its employees, are interested.

ARTICLE 23

Representation of Fondul Proprietatea

- (1) In relations with third parties, Fondul Proprietatea is represented by the Fund Manager, respectively by its permanent representative.
- (2) The Fund Manager may delegate the representative powers, in accordance with the applicable law and CNVM regulations.

CHAPTER VII

The audit of Fondul Proprietatea

ARTICLE 24

The internal auditors and the financial audit

- (1) The financial statements of Fondul Proprietatea are subject to financial audit. Also, Fondul Proprietatea shall organise its internal audit in accordance with the legal provisions in force.
- (2) An internal audit department shall be organised within Fondul Proprietatea, having attributions of objective examinations of the company's aggregate business, for the purpose of providing an independent evaluation of the risk management, control and leading development of the company. Fund Manager can decide that internal audit work can be outsourced, in which case it will run on a contractual basis, according to article 3 of Decision of Romanian Chamber of Auditors no. 88/2007, with subsequent amendments.
- (3) The internal audit is independent of the management of Fondul Proprietatea, and the internal auditors shall objectively exercise this activity.
- (4) The internal audit shall evaluate and shall propose the improvement of the risk management, the control and internal rules within Fondul Proprietatea.
- (5) The internal auditors shall not be subject of any interference in determining the purpose of the internal audit and in exercising their activity.
- (6) The internal auditors shall have an impartial, correct attitude and shall avoid the conflicts of interest.
- (7) The internal audit shall transmit the plans of the internal audit activity and the necessary resources, inclusive the significant interim changes, to the Board of Nominees for information, as well as to Fund Manager for approval within the limits of its competencies.
- (8) The internal audit shall establish the policies and procedures for exercising the internal audit activity within Fondul Proprietatea, comprising amongst others, the analysis of the decisions taken by the company's management and the control of their compliance with the statutory requirements and/or with other documents approved by the general meeting of the shareholders.
- (9) The internal audit shall coordinate its activity with the financial auditor, in order to ensure the proper fulfilment of the audit objectives and to minimize any duplication of attributions.

- (10) The internal audit shall give quarterly reports to the Board of Nominees of Fondul Proprietatea and Fund Manager regarding the purpose of the internal audit activity, authority, responsibility and performance according to its plan. The reports shall include also the significant risks and aspects of the control and management, as well as other necessary problems or as? requested by the Board of Nominees and the Fund Manager.
- (11) The internal audit shall verify if the management of Fondul Proprietatea has taken appropriate measures concerning the reported significant risks or if the Fund Manager has accepted the risk of not taking any measure and shall inform the Board of Nominees and the general meeting of the shareholders if the Fund Manager has accepted the reported significant risks.
- (12) The internal audit shall establish the procedures for monitoring the implementation of the measures taken by the management of Fondul Proprietatea.
- (13) The internal auditors shall notify the Board of Nominees and the Fund Managers with respect to any flaws in the management or breaches of the legal provisions or of the constitutive act, where such are identified by the internal auditors; the significant cases shall be notified to the general meeting of the shareholders.
- (14) The internal auditors shall take into consideration the complaints of the shareholders when drafting the reports addressed to the general meeting of the shareholders.
- (15) The attributions, duties and the functioning way of the internal auditors, as well as their rights and obligations are completed with the legal provisions in this area.

CHAPTER VIII

Business of Fondul Proprietatea

ARTICLE 25

Financing its own business

For the fulfilment of the business object and in accordance with the attributions established, Fondul Proprietatea uses the financial sources established pursuant to the law, banking credits and other financial sources. Fondul Proprietatea is not allowed to conclude loan agreements for investment reasons.

ARTICLE 26

Financial year

The financial year begins on 1st of January and terminates on 31st December of each year.

ARTICLE 27

Accounting evidence and annual financial statements

- (1) The accounting is kept in Romanian language and in national currency.
- (2) Fondul Proprietatea must draft the annual financial statements according to legal provisions in force.

ARTICLE 28

Calculation and distribution of the profit

- (1) The result of the financial year is determined at the end of the year and represents the final balance of the profit and loss account.
- (2) The profit of Fondul Proprietatea after the payment of the profit tax shall be distributed according to the decision of the general meeting of the shareholders and to the legal provisions in force.
- (3) Fondul Proprietatea creates legal reserves and other reserves, pursuant to the law
- (4) The payment of dividends owed to the shareholders is made by Fondul Proprietatea, according to the law.
- (5) The dividends are distributed between the shareholders proportional with the number of held shares.
- (6) In case of loss of the net asset, the general meeting of the shareholders shall analyse the causes and decide properly, according to the law.

ARTICLE 29

Registries

Fondul Proprietatea shall maintain, by care of the Fund Manager and internal auditors, all registries provided by the law. The shareholders registry is kept by the Central Depository.

CHAPTER IX

Association, change of the legal form, dissolution and liquidation, litigation

ARTICLE 30

Association

- (1) Fondul Proprietatea may set-up, solely or together with other Romanian or foreign natural persons or legal entities, other companies or legal entities, according to the law and to this constitutive act.
- (2) The conditions for the participation of Fondul Proprietatea at the setting-up of new legal entities shall be regulated by the constitutive acts, which to be approved by the general meeting of the shareholders.

ARTICLE 31

Dissolution

- (1) The dissolution of Fondul Proprietatea shall take place in the following cases:
 - a) impossibility of performing the company's business object;
 - b) declaring the company's nullity;
 - c) by decision of the extraordinary general meeting of the shareholders, in accordance with article 14 paragraphs (4) and (5);
 - d) as consequence of losses, if the net asset value, determined as difference between the total asset and company's debts, represents less than half of the value of the subscribed share capital and if, not later than the termination of the financial year subsequent to the one during which the losses have been ascertained, the general meeting of the shareholders fails to decrease the share capital with an amount at least equal with the one of losses which could not be covered

from reserves or to reconstitute the company's net asset up to the value at least equal with half of the subscribed share capital.

- e) opening of the bankruptcy procedure;
 - f) the number of shareholders reduces under the legal minimum;
 - g) other causes provided by the law or by this constitutive act.
- (2) The dissolution of Fondul Proprietatea cannot take place before the finalisation of the procedures for granting indemnities to the rightful persons.
- (3) The dissolution decision of Fondul Proprietatea must be registered with the commercial registry and published in the Official Gazette of Romania, Part IV.

ARTICLE 32

Liquidation

- (1) The dissolution of Fondul Proprietatea has as consequence the opening of the liquidation procedure.
- (2) The liquidation of Fondul Proprietatea and distribution of the patrimony are made in accordance with the law.

ARTICLE 33

Calculation method of the net asset

The calculation method of the net asset is made according to the legal provisions in force.

ARTICLE 34

Prudential rules concerning the investment policy

- (1) The investment policy is established by the Fund Manager, with the observance of the investment limitation provided by the legal provisions in force and of this Constitutive Act.
- (2) Fondul Proprietatea shall be subject to the investment restrictions provided under Law No. 247/2005 on property and justice reform, and additional measures, as further amended and completed, of Law No. 297/2004 on the capital market, as further amended and completed as well as any other applicable law or regulation.
- (3) Subject to the terms of this Constitutive Act, of the IMA and the applicable law, all decisions in relation to the acquisition of, disposal of, and exercise of all rights and obligations in relation to the assets of Fondul Proprietatea shall be at the sole discretion of the Fund Manager.
- (4) Prudential rules concerning the investment policy will be by approved by the shareholders through Investment Policy Statement.

ARTICLE 35

Conditions for the replacement of the depository

- (1) Fondul Proprietatea shall conclude a deposit agreement with a depository legal entity authorised and supervised by the National Securities Commission, which performs the deposit operations of securities, as well as any operations in connection with those. The activities to be developed by the depository and the conditions for its replacement shall be provided in the deposit agreement.

- (2) The deposit agreement shall include mandatorily clauses related to the replacement of the depository and rules for ensuring shareholders' protection in such situations.

ARTICLE 36

Identity, requirements regarding the qualification, professional experience and integrity of the management members

- (1) The Fund Manager, respectively its permanent representative shall cumulatively fulfil with the minimum requirements regarding the integrity, qualification and professional experience provided in the legislation and in other specific provisions; the identity of the Fund Manager is the one registered with the National Office of Trade Registry, based on the decision of the general meeting of the shareholders regarding its election.
- (2) Fund Manager means the investment management company, legal person established as a limited company which operates or will be established and operated on the authorization issued by the NSC, including investment management company, foreign entity, authorized by the competent authority of State of origin and which will establish a branch in Romania, the permit issued by the NSC, and NSC entered in the register this branch.

ARTICLE 37

Litigations

The litigations of any type shall be amiably resolved and if this is not possible, they shall be solved by the competent arbitral or judicial courts.

CHAPTER X

Final provisions

ARTICLE 38

Final provisions

The provisions of this constitutive act are completed by the provisions of Company Law No. 31/1990, republished, as further amended and completed, and other applicable legal provisions in force as well as by the provisions of the capital market legislation governing the issuers whose shares are admitted on trading."

This item was adopted by 5,654,991,113 votes representing 97.51 % of the valid votes. There were registered 53,343,054 votes against and 91,002,600 abstentions. There were 37,941,400 votes cancelled.

- IV. The empowerment, with authority to be substituted, of Mr. Grzegorz Maciej Konieczny, as legal representative of Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, to sign the shareholders' resolutions, as well as any other documents in connection therewith, including the Constitutive Act and its updated and/or amended form (both the version regarding the updating of the text above, and the amended and updated version regarding the new subscribed registered share capital, pursuant to the decrease if approved) and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders' resolution, including formalities for publication and registration thereof with the Trade Register or with any other public institution.

This item was adopted by 6,105,282,699 votes representing 99.76% of the valid votes. There were registered 14,551,427 votes against and 400 abstentions. There were 37,941,400 votes cancelled.

V. The approval of 11 May 2012 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.

This item was adopted by 5,847,964,134 votes representing 99.82% of the valid votes. There were registered 10,268,196 votes against and 400 abstentions. There were 37,941,400 votes cancelled.

Taking into consideration all the above mentioned, this decision was drafted and signed on behalf of the shareholders in 4 (four) originals by:

Grzegorz Maciej Konieczny

Legal representative of Franklin Templeton Investment Management Limited United Kingdom
Bucharest Branch, in his capacity of sole administrator of SC Fondul Proprietatea SA

Loredana Văduva

Technical secretary

Radu Florescu

Meeting secretary

Annex 6

Documents of the changes in administration and the management structures for the Fund in the first half of 2012

Resignation of Mr. Bogdan Alexandru Drăgoi

Dear Portfolio Manager and members of the Board of Nominees,

I, the undersigned, Bogdan Alexandru Drăgoi hereby submit my resignation as Chairman of the Board of Nominees of Fondul Proprietatea, given the incompatibility occurred as a result of my appointment as Minister in the public services.

Bogdan Alexandru Drăgoi
9 February 2012
10:00 a.m.

To Mr. Grzegorz Konieczny, Portfolio Manager

**Decision no. 1/ 04 April 2012
of the General Ordinary Assembly of Shareholders of
S.C. FONDUL PROPRIETATEA S.A.**

Headquarters: 78-80 Buzesti St, 7th floor, sector 1, Bucharest, registered with the Trade Register under number J40/21901/2005, fiscal registration code 18253260

Today, 04 April 2012, at 11am, the shareholders of S.C. Fondul Proprietatea S.A. have met during the General Ordinary Assembly of Shareholders ("OGM") of S.C. Fondul Proprietatea S.A. at its first convocation, at Hilton Hotel, 1-3 Episcopiei Street, Le Diplomate Meeting Room, District 1, Bucharest.

Upon the opening of the works 118 shareholders are found to be present or represented, holding a number of 6,268,762,637 shares, representing 45.87% of the total paid shares and holding a number of 6,268,762,637 voting rights.

The meeting chairman, Mr. Grzegorz Maciej Konieczny, the legal representative of the Sole Administrator – Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, headquartered in Bucharest, 78-80 Buzesti Street, 7th and 8th floors, District 1, Bucharest, registered with the Trade Register under no. J40/8587/2009, fiscal identification code 25851096, registered with the Public Register of the Romanian National Securities Commission ("CNVM") under number PJM05SSAM/400001 observes that the OGM is statutory and legally established and it can adopt valid decisions regarding the items on the agenda.

Taking into consideration:

- The notice to attend to the OGM published in the Official Gazette Part IV number 785 of 01 March 2012, in "România Liberă" newspaper on 01 March 2012, as well as on the website of S.C. Fondul Proprietatea S.A. – www.fondulproprietatea.ro on 01 March 2012,
- The provisions of the Constitutive Act of S.C. Fondul Proprietatea S.A. in force,
- The provisions of Law 31/1990 regarding commercial companies, republished as subsequently amended and completed,
- The provisions of Law 297/2004 regarding the capital market, as subsequently amended and completed,
- Art. 147-158 of Regulation 15/2004 regarding the authorization and functioning of investment management companies, collective placement bodies and depositories, issued by the National Securities Commission, as subsequently amended and completed,
- The provisions of CNVM Regulation no. 6/2009 on the exercise of certain rights of the shareholders in the general shareholders meetings of companies, as subsequently amended and completed,
- Art. 21 of CNVM Regulation no. 4/2010 regarding the registration with the National Securities Commission and the functioning of "Fondul Proprietatea" – S.A. , as well as the transaction of the shares issued by it

Following the debates on the agenda, the shareholders of S.C. Fondul Proprietatea S.A. have decided as follows:

- I. The election of Mr. Radu Florescu, shareholder of S.C. Fondul Proprietatea S.A., as meeting secretary of the OGM according to the provisions of art. 129 paragraph (2) in Law 31/1990.

This item was adopted by 2,973,323,229 votes representing 99.51% of the valid votes. There were registered 14,550,046 votes against and no abstentions. There were 39,941,410 votes cancelled.

After the election of Mr. Radu Florescu, as meeting secretary, the Sole Administrator appointed Mrs. Loredana Văduva, as technical secretary.

II. The approval of the OGM agenda.

This item was adopted by 6,108,032,541 votes representing 99.62% of the valid votes. There were registered 23,230,046 votes against and 400 abstentions. There were 39,941,410 votes cancelled.

III. The revocation of the mandate of member of the Board of Nominees for Mr. Doru-Petru Dudaș.

This item was adopted by 5,520,425,411 votes representing 89.75% of the valid votes. There were registered 5,073,024 votes against and 625,237,341 abstentions. There were 39,941,410 votes cancelled.

IV. The empowerment, with authority to be substituted, of Mr. Grzegorz Maciej Konieczny, as legal representative of FTIML Bucharest Branch to sign the shareholders' resolutions, as well as any other documents in connection therewith and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders' resolutions, including formalities for publication and registration thereof with the Trade Register or with any other public institution.

This item was adopted by 5,887,536,526 votes representing 99.54% of the valid votes. There were registered 9,868,196 votes against and 16,800,874 abstentions. There were 39,941,410 votes cancelled.

V. The approval of 11 May 2012 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.

This item was adopted by 5,633,249,174 votes representing 99.46% of the valid votes. There were registered 10,193,996 votes against and 20,079,960 abstentions. There were 39,941,410 votes cancelled.

Taking into consideration all the above mentioned, this decision was drafted and signed on behalf of the shareholders in 2 (two) originals by:

Grzegorz Maciej Konieczny

**Legal representative of Franklin Templeton Investment Management Limited United Kingdom
Bucharest Branch, in his capacity of sole administrator of SC Fondul Proprietatea SA**

Loredana Văduva
Technical secretary

Radu Florescu
Meeting secretary

**Decision no. 2/ 04 April 2012
of the General Ordinary Assembly of Shareholders of
S.C. FONDUL PROPRIETATEA S.A.**

Headquarters: 78-80 Buzesti St, 7th floor, sector 1, Bucharest, registered with the Trade Register under number J40/21901/2005, fiscal registration code 18253260

Today, 04 April 2012, at 11am, the shareholders of S.C. Fondul Proprietatea S.A. have met during the General Ordinary Assembly of Shareholders ("OGM") of S.C. Fondul Proprietatea S.A. at its first convocation, at Hilton Hotel, 1-3 Episcopiei Street, Le Diplomate Meeting Room, District 1, Bucharest.

Upon the opening of the works 118 shareholders are found to be present or represented, holding a number of 6,268,762,637 shares, representing 45.87 % of the total paid shares and holding a number of 6,268,762,637 voting rights.

The meeting chairman, Mr. Grzegorz Maciej Konieczny, the legal representative of the Sole Administrator – Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, headquartered in Bucharest, 78-80 Buzesti Street, 7th and 8th floors, District 1, Bucharest, registered with the Trade Register under no. J40/8587/2009, fiscal identification code 25851096, registered with the Public Register of the Romanian National Securities Commission ("CNVM") under number PJM05SSAM/400001 observes that the OGM is statutory and legally established and it can adopt valid decisions regarding the items on the agenda.

Taking into consideration:

- The notice to attend to the OGM published in the Official Gazette Part IV number 785 of 01 March 2012, in "România Liberă" newspaper on 01 March 2012, as well as on the website of S.C. Fondul Proprietatea S.A. – www.fondulproprietatea.ro on 01 March 2012,
- The provisions of the Constitutive Act of S.C. Fondul Proprietatea S.A. in force,
- The provisions of Law 31/1990 regarding commercial companies, republished as subsequently amended and completed,
- The provisions of Law 297/2004 regarding the capital market, as subsequently amended and completed,
- Art. 147-158 of Regulation 15/2004 regarding the authorization and functioning of investment management companies, collective placement bodies and depositories, issued by the National Securities Commission, as subsequently amended and completed,
- The provisions of CNVM Regulation no. 6/2009 on the exercise of certain rights of the shareholders in the general shareholders meetings of companies, as subsequently amended and completed,
- Art. 21 of CNVM Regulation no. 4/2010 regarding the registration with the National Securities Commission and the functioning of "Fondul Proprietatea" – S.A. , as well as the transaction of the shares issued by it

Following the debates on the agenda, the shareholders of S.C. Fondul Proprietatea S.A. have decided as follows:

- I. The election of Mr. Radu Florescu, shareholder of S.C. Fondul Proprietatea S.A., as meeting secretary of the OGM according to the provisions of art. 129 paragraph (2) in Law 31/1990.

This item was adopted by 2,973,323,229 votes representing 99.51% of the valid votes. There were registered 14,550,046 votes against and no abstentions. There were 39,941,410 votes cancelled.

After the election of Mr. Radu Florescu, as meeting secretary, the Sole Administrator appointed Mrs. Loredana Vaduva as technical secretary.

II. The approval of the OGM agenda.

This item was adopted by 6,108,032,541 votes representing 99.62% of the valid votes. There were registered 23,230,046 votes against and 400 abstentions. There were 39,941,410 votes cancelled.

III. The revocation of the mandate of member of the Board of Nominees for Mr. Simion Dorin Rusu.

This item was adopted by 6,053,018,963 votes representing 98.62% of the valid votes. There were registered 37,528,832 votes against and 47,095,788 abstentions. There were 39,941,410 votes cancelled.

IV. The empowerment, with authority to be substituted, of Mr. Grzegorz Maciej Konieczny, as legal representative of FTIML Bucharest Branch to sign the shareholders' resolutions, as well as any other documents in connection therewith and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders' resolutions, including formalities for publication and registration thereof with the Trade Register or with any other public institution.

This item was adopted by 5,887,536,526 votes representing 99.54% of the valid votes. There were registered 9,868,196 votes against and 16,800,874 abstentions. There were 39,941,410 votes cancelled.

V. The approval of 11 May 2012 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.

This item was adopted by 5,633,249,174 votes representing 99.46 % of the valid votes. There were registered 10,193,996 votes against and 20,079,960 abstentions. There were 39,941,410 votes cancelled.

Taking into consideration all the above mentioned, this decision was drafted and signed on behalf of the shareholders in 2 (two) originals by:

Grzegorz Maciej Konieczny

**Legal representative of Franklin Templeton Investment Management Limited United Kingdom
Bucharest Branch, in his capacity of sole administrator of SC Fondul Proprietatea SA**

Loredana Văduva
Technical secretary

Radu Florescu
Meeting secretary

**Decision no. 3/ 04 April 2012
of the General Ordinary Assembly of Shareholders of
S.C. FONDUL PROPRIETATEA S.A.**

Headquarters: 78-80 Buzesti St, 7th floor, sector 1, Bucharest, registered with the Trade Register under number J40/21901/2005, fiscal registration code 18253260

Today, 04 April 2012, at 11am, the shareholders of S.C. Fondul Proprietatea S.A. have met during the General Ordinary Assembly of Shareholders ("OGM") of S.C. Fondul Proprietatea S.A. at its first convocation, at Hilton Hotel, 1-3 Episcopiei Street, Le Diplomate Meeting Room, District 1, Bucharest.

Upon the opening of the works 118 shareholders are found to be present or represented, holding a number of 6,268,762,637 shares, representing 45.87% of the total paid shares and holding a number of 6,268,762,637 voting rights.

The meeting chairman, Mr. Grzegorz Maciej Konieczny, the legal representative of the Sole Administrator – Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, headquartered in Bucharest, 78-80 Buzesti Street, 7th and 8th floors, District 1, Bucharest, registered with the Trade Register under no. J40/8587/2009, fiscal identification code 25851096, registered with the Public Register of the Romanian National Securities Commission ("CNVM") under number PJM05SSAM/400001 observes that the OGM is statutory and legally established and it can adopt valid decisions regarding the items on the agenda.

Taking into consideration:

- The notice to attend to the OGM published in the Official Gazette Part IV number 785 of 1 March 2012, in "România Liberă" newspaper on 1 March 2012, as well as on the website of S.C. Fondul Proprietatea S.A. – www.fondulproprietatea.ro on 1 March 2012,
- The provisions of the Constitutive Act of S.C. Fondul Proprietatea S.A. in force,
- The provisions of Law 31/1990 regarding commercial companies, republished as subsequently amended and completed,
- The provisions of Law 297/2004 regarding the capital market, as subsequently amended and completed,
- Art. 147-158 of Regulation 15/2004 regarding the authorization and functioning of investment management companies, collective placement bodies and depositories, issued by the National Securities Commission, as subsequently amended and completed,
- The provisions of CNVM Regulation no. 6/2009 on the exercise of certain rights of the shareholders in the general shareholders meetings of companies, as subsequently amended and completed,
- Art. 21 of CNVM Regulation no. 4/2010 regarding the registration with the National Securities Commission and the functioning of "Fondul Proprietatea" – S.A. , as well as the transaction of the shares issued by it

Following the debates on the agenda, the shareholders of S.C. Fondul Proprietatea S.A. have decided as follows:

- I. The election of Mr. Radu Florescu, shareholder of S.C. Fondul Proprietatea S.A., as meeting secretary of the OGM according to the provisions of art. 129 paragraph (2) in Law 31/1990.

This item was adopted by 2,973,323,229 votes representing 99.51% of the valid votes. There were registered 14,550,046 votes against and no abstentions. There were 39,941,410 votes cancelled.

After the election of Mr. Radu Florescu, as meeting secretary, the Sole Administrator appointed Mrs. Loredana Văduva as technical secretary.

II. The approval of the OGM agenda.

This item was adopted by 6,108,032,541 votes representing 99.62% of the valid votes. There were registered 23,230,046 votes against and 400 abstentions. There were 39,941,410 votes cancelled.

III. The appointment of Mr. Steven Cornelis van Groningen as member of the Board of Nominees.
The appointment shall enter into force starting with the registration to the Trade Register.

This item was adopted by 4,924,676,312 votes representing 91.48% of the valid votes. There were registered 131,722,682 votes against and 326,706,489 abstentions. There were 39,941,410 votes cancelled.

IV. The empowerment, with authority to be substituted, of Mr. Grzegorz Maciej Konieczny, as legal representative of FTIML Bucharest Branch to sign the shareholders' resolutions, as well as any other documents in connection therewith and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders' resolutions, including formalities for publication and registration thereof with the Trade Register or with any other public institution.

This item was adopted by 5,887,536,526 votes representing 99.54% of the valid votes. There were registered 9,868,196 votes against and 16,800,874 abstentions. There were 39,941,410 votes cancelled.

V. The approval of 11 May 2012 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.

This item was adopted by 5,633,249,174 votes representing 99.46% of the valid votes. There were registered 10,193,996 votes against and 20,079,960 abstentions. There were 39,941,410 votes cancelled.

Taking into consideration all the above mentioned, this decision was drafted and signed on behalf of the shareholders in 2 (two) originals by:

Grzegorz Maciej Konieczny

**Legal representative of Franklin Templeton Investment Management Limited United Kingdom
Bucharest Branch, in his capacity of sole administrator of SC Fondul Proprietatea SA**

Loredana Văduva
Technical secretary

Radu Florescu
Meeting secretary

**Decision no. 4/ 04 April 2012
of the General Ordinary Assembly of Shareholders of
S.C. FONDUL PROPRIETATEA S.A.**

Headquarters: 78-80 Buzesti St, 7th floor, sector 1, Bucharest, registered with the Trade Register under number J40/21901/2005, fiscal registration code 18253260

Today, 04 April 2012, at 11am, the shareholders of S.C. Fondul Proprietatea S.A. have met during the General Ordinary Assembly of Shareholders ("OGM") of S.C. Fondul Proprietatea S.A. at its first convocation, at Hilton Hotel, 1-3 Episcopiei Street, Le Diplomate Meeting Room, District 1, Bucharest.

Upon the opening of the works 118 shareholders are found to be present or represented, holding a number of 6,268,762,637 shares, representing 45.87% of the total paid shares and holding a number of 6,268,762,637 voting rights.

The meeting chairman, Mr. Grzegorz Maciej Konieczny, the legal representative of the Sole Administrator – Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, headquartered in Bucharest, 78-80 Buzesti Street, 7th and 8th floors, District 1, Bucharest, registered with the Trade Register under no. J40/8587/2009, fiscal identification code 25851096, registered with the Public Register of the Romanian National Securities Commission ("CNVM") under number PJM05SSAM/400001 observes that the OGM is statutory and legally established and it can adopt valid decisions regarding the items on the agenda.

Taking into consideration:

- The notice to attend to the OGM published in the Official Gazette Part IV number 785 of 01 March 2012, in "România Liberă" newspaper on 01 March 2012, as well as on the website of S.C. Fondul Proprietatea S.A. – www.fondulproprietatea.ro on 01 March 2012,
- The provisions of the Constitutive Act of S.C. Fondul Proprietatea S.A. in force,
- The provisions of Law 31/1990 regarding commercial companies, republished as subsequently amended and completed,
- The provisions of Law 297/2004 regarding the capital market, as subsequently amended and completed,
- Art. 147-158 of Regulation 15/2004 regarding the authorization and functioning of investment management companies, collective placement bodies and depositories, issued by the National Securities Commission, as subsequently amended and completed,
- The provisions of CNVM Regulation no. 6/2009 on the exercise of certain rights of the shareholders in the general shareholders meetings of companies, as subsequently amended and completed,
- Art. 21 of CNVM Regulation no. 4/2010 regarding the registration with the National Securities Commission and the functioning of "Fondul Proprietatea" – S.A. , as well as the transaction of the shares issued by it

Following the debates on the agenda, the shareholders of S.C. Fondul Proprietatea S.A. have decided as follows:

- I. The election of Mr. Radu Florescu, shareholder of S.C. Fondul Proprietatea S.A., as meeting secretary of the OGM according to the provisions of art. 129 paragraph (2) in Law 31/1990.

This item was adopted by 2,973,323,229 votes representing 99.51% of the valid votes. There were registered 14,550,046 votes against and no abstentions. There were 39,941,410 votes cancelled.

After the election of Mr. Radu Florescu, as meeting secretary, the Sole Administrator appointed Mrs. Loredana Văduva as technical secretary.

II. The approval of the OGM agenda.

This item was adopted by 6,108,032,541 votes representing 99.62% of the valid votes. There were registered 23,230,046 votes against and 400 abstentions. There were 39,941,410 votes cancelled.

III. The appointment of Mr. Piotr Rymaszewski as member of the Board of Nominees. The appointment shall enter into force starting with the registration to the Trade Register.

This item was adopted by 4,646,874,455 votes representing 88.36% of the valid votes. There were registered 196,542,677 votes against and 415,475,919 abstentions. There were 39,941,410 votes cancelled.

IV. The empowerment, with authority to be substituted, of Mr. Grzegorz Maciej Konieczny, as legal representative of FTIML Bucharest Branch to sign the shareholders' resolutions, as well as any other documents in connection therewith and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders' resolutions, including formalities for publication and registration thereof with the Trade Register or with any other public institution.

This item was adopted by 5,887,536,526 votes representing 99.54% of the valid votes. There were registered 9,868,196 votes against and 16,800,874 abstentions. There were 39,941,410 votes cancelled.

V. The approval of 11 May 2012 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.

This item was adopted by 5,633,249,174 votes representing 99.46% of the valid votes. There were registered 10,193,996 votes against and 20,079,960 abstentions. There were 39,941,410 votes cancelled.

Taking into consideration all the above mentioned, this decision was drafted and signed on behalf of the shareholders in 2 (two) originals by:

Grzegorz Maciej Konieczny

**Legal representative of Franklin Templeton Investment Management Limited United Kingdom
Bucharest Branch, in his capacity of sole administrator of SC Fondul Proprietatea SA**

Loredana Văduva
Technical secretary

Radu Florescu
Meeting secretary

**Decision no. 5/ 04 April 2012
of the General Ordinary Assembly of Shareholders of
S.C. FONDUL PROPRIETATEA S.A.**

Headquarters: 78-80 Buzesti St, 7th floor, sector 1, Bucharest, registered with the Trade Register under number J40/21901/2005, fiscal registration code 18253260

Today, 04 April 2012, at 11am, the shareholders of S.C. Fondul Proprietatea S.A. have met during the General Ordinary Assembly of Shareholders ("OGM") of S.C. Fondul Proprietatea S.A. at its first convocation, at Hilton Hotel, 1-3 Episcopiei Street, Le Diplomate Meeting Room, District 1, Bucharest.

Upon the opening of the works 118 shareholders are found to be present or represented, holding a number of 6,268,762,637 shares, representing 45.87% of the total paid shares and holding a number of 6,268,762,637 voting rights.

The meeting chairman, Mr. Grzegorz Maciej Konieczny, the legal representative of the Sole Administrator – Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, headquartered in Bucharest, 78-80 Buzesti Street, 7th and 8th floors, District 1, Bucharest, registered with the Trade Register under no. J40/8587/2009, fiscal identification code 25851096, registered with the Public Register of the Romanian National Securities Commission ("CNVM") under number PJM05SSAM/400001 observes that the OGM is statutory and legally established and it can adopt valid decisions regarding the items on the agenda.

Taking into consideration:

- The notice to attend to the OGM published in the Official Gazette Part IV number 785 of 01 March 2012, in "România Liberă" newspaper on 01 March 2012, as well as on the website of S.C. Fondul Proprietatea S.A. – www.fondulproprietatea.ro on 01 March 2012,
- The provisions of the Constitutive Act of S.C. Fondul Proprietatea S.A. in force,
- The provisions of Law 31/1990 regarding commercial companies, republished as subsequently amended and completed,
- The provisions of Law 297/2004 regarding the capital market, as subsequently amended and completed,
- Art. 147-158 of Regulation 15/2004 regarding the authorization and functioning of investment management companies, collective placement bodies and depositories, issued by the National Securities Commission, as subsequently amended and completed,
- The provisions of CNVM Regulation no. 6/2009 on the exercise of certain rights of the shareholders in the general shareholders meetings of companies, as subsequently amended and completed,
- Art. 21 of CNVM Regulation no. 4/2010 regarding the registration with the National Securities Commission and the functioning of "Fondul Proprietatea" – S.A. , as well as the transaction of the shares issued by it

Following the debates on the agenda, the shareholders of S.C. Fondul Proprietatea S.A. have decided as follows:

- I. The election of Mr. Radu Florescu, shareholder of S.C. Fondul Proprietatea S.A., as meeting secretary of the OGM according to the provisions of art. 129 paragraph (2) in Law 31/1990.

This item was adopted by 2,973,323,229 votes representing 99.51% of the valid votes. There were registered 14,550,046 votes against and no abstentions. There were 39,941,410 votes cancelled.

After the election of Mr. Radu Florescu, as meeting secretary, the Sole Administrator appointed Mrs. Loredana Văduva as technical secretary.

II. The approval of the OGM agenda.

This item was adopted by 6,108,032,541 votes representing 99.62% of the valid votes. There were registered 23,230,046 votes against and 400 abstentions. There were 39,941,410 votes cancelled.

III. The appointment of Mr. Julian Rupert Francis Healy as member of the Board of Nominees. The appointment shall enter into force starting with the registration to the Trade Register.

This item was adopted by 4,507,537,249 votes representing 84.80% of the valid votes. There were registered 423,080,579 votes against and 384,409,069 abstentions. There were 39,941,410 votes cancelled.

IV. The empowerment, with authority to be substituted, of Mr. Grzegorz Maciej Konieczny, as legal representative of FTIML Bucharest Branch to sign the shareholders' resolutions, as well as any other documents in connection therewith and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders' resolutions, including formalities for publication and registration thereof with the Trade Register or with any other public institution.

This item was adopted by 5,887,536,526 votes representing 99.54% of the valid votes. There were registered 9,868,196 votes against and 16,800,874 abstentions. There were 39,941,410 votes cancelled.

V. The approval of 11 May 2012 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.

This item was adopted by 5,633,249,174 votes representing 99.46% of the valid votes. There were registered 10,193,996 votes against and 20,079,960 abstentions. There were 39,941,410 votes cancelled.

Taking into consideration all the above mentioned, this decision was drafted and signed on behalf of the shareholders in 2 (two) originals by:

Grzegorz Maciej Konieczny

**Legal representative of Franklin Templeton Investment Management Limited United Kingdom
Bucharest Branch, in his capacity of sole administrator of SC Fondul Proprietatea SA**

Loredana Văduva
Technical secretary

Radu Florescu
Meeting secretary

< GAIN FROM OUR PERSPECTIVE >



FRANKLIN TEMPLETON
INVESTMENTS

**Franklin Templeton Investment
Management Limited Bucharest
Branch**

Premium Point
78-80 Buzesti Street, 1st District
Bucharest 011017
Romania

**FONDUL
PROPRIETATEA**

S.C. Fondul Proprietatea S.A

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