

SEMI-ANNUAL REPORT

For the six-month period ended
30 June 2013

Prepared in accordance with CNVM
Regulation no 1/2006

(This is a translation from the official
Romanian version)

FONDUL
PROPRIETATEA



S.C. Fondul Proprietatea S.A.



FRANKLIN TEMPLETON
INVESTMENTS

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Company Information

The Company

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

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

| NAV and Share Price Developments | H1 2013 | H1 2012 | YE 2012 |
|---|----------|----------|----------|
| Total Shareholders’ Equity (RON million) | 11,613.1 | 12,176.4 | 11,836.8 |
| Total NAV (RON million) | 14,998.5 | 12,497.4 | 14,979.2 |
| NAV per Share (RON) | 1.1514 | 0.9317 | 1.1371 |
| NAV per Share change in the period (%) | +1.3% | -18.1% | +5.4% |
| NAV per Share Total Return | +4.9% | -10.8% | +8.9% |
| Share Price as at the end of the period (RON) | 0.6195 | 0.4565 | 0.5495 |
| Share Price Low (RON) ¹ | 0.5705 | 0.4270 | 0.4270 |
| Share Price High (RON) ¹ | 0.6700 | 0.6050 | 0.6050 |
| Share Price change in the period (%) | +12.7% | +6.9% | +28.7% |
| Share Price Total Return | +19.9% | +14.9% | +38.3% |
| Discount to NAV as at the end of the period | 46.2% | 51.0% | 51.7% |
| Average Discount for the period | 45.6% | 55.0% | 50.2% |
| Total Shares Turnover (RON million) | 1,833.2 | 1,662.0 | 3,218.8 |
| Average Daily Turnover (RON million) | 14.8 | 13.6 | 13.0 |

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

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

¹ Closing prices. Source: BVB

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

Shareholder Structure² (as at 30 June 2013)

| Shareholder Categories | % of subscribed share capital | % of voting rights |
|---|-------------------------------|--------------------|
| Foreign institutional shareholders | 56.141% | 59.358% |
| Romanian private individuals | 23.279% | 24.613% |
| Romanian institutional shareholders | 9.274% | 9.805% |
| Foreign private individuals | 5.863% | 6.199% |
| Ministry of Public Finance ³ | 0.024% | 0.025% |
| Treasury shares ⁴ | 2.769% | - |
| Unpaid shares ⁵ | 2.650% | - |

There were 8,228 shareholders on 30 June 2013.

Contact Details

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² Source: Central Depository

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

⁴ 240,304,801 shares acquired by the Fund through the first buyback program and 141,266,000 treasury shares acquired through the second buyback program.

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

Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the results of the Fund for the half-year ended 30 June 2013, with an unaudited net profit of RON 514.6 million (half-year ended 30 June 2012: net profit RON 573.9 million). Total shareholders' equity was RON 11,613.1 million as at 30 June 2013 (31 December 2012: RON 11,836.8 million).

The Fund reported a Net Asset Value ("NAV") of RON 14,998.5 million as at 30 June 2013 and a Net Asset Value per Share ("NAV/share") of RON 1.1514 (a NAV per Share total return of 4.9% compared to 31 December 2012). The NAV is prepared in accordance with Romanian National Securities Commission ("CNVM") regulations.

The overall upward trend of the Fund's NAV in the first half of 2013 outperformed the overall conditions on the Bucharest Stock Exchange ("BVB") and most regional indices. Over the same period the Bucharest Stock Exchange outperformed most of the largest markets in Central Europe in both local currency and EUR terms, as shown in the table below:

| % change in H1 2013 | in local currency | in EUR |
|-------------------------|-------------------|--------------|
| BUX (Hungary) | 4.7% | 3.2% |
| BET-XT (Romania) | -0.8% | -1.3% |
| ATX (Austria) | -7.4% | -7.4% |
| PX (Czech Republic) | -15.4% | -18.2% |
| WIG20 (Poland) | -13.1% | -18.2% |

The discount of the share price to NAV was 46.2% as at 30 June 2013. During the six-month ended 30 June 2013, the discount ranged between 41.7% and 50.2%.

The following table gives a summary of the financial position of the Fund for the six-month ended 30 June 2013 ("H1 2013"), for the six-month ended 30 June 2012 ("H1 2012") and for the year ended 31 December 2012 ("YE 2012"):

| | Note | H1 2013 | H1 2012 | YE 2012 | Change % | |
|---|------|----------|----------|----------|---------------------|---------------------|
| | | | | | H1 2013 vs. H1 2012 | H1 2013 vs. YE 2012 |
| Total Shareholders' Equity (RON million) | a | 11,613.1 | 12,176.4 | 11,836.8 | -4.6% | -1.9% |
| Net Asset Value (RON million) | b, d | 14,998.5 | 12,497.4 | 14,979.2 | 20.0% | 0.1% |
| NAV per Share (RON) | b, d | 1.1514 | 0.9317 | 1.1371 | 23.6% | 1.3% |
| NAV per Share Total Return | c | +4.9% | -10.8% | +8.9% | | |
| Share Price as at the end of the period (RON) | | 0.6195 | 0.4565 | 0.5495 | 35.7% | 12.7% |
| Share Price Total Return | c | +19.9% | +14.9% | +38.3% | | |
| Gross Dividends Declared (RON per share) | | 0.04089 | 0.03854 | 0.03854 | | |
| Share Price Discount to Net Asset Value as at the end of the period | | 46.2% | 51.0% | 51.7% | | |

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) The difference in change (%) between total NAV and NAV per share is accounted for by the change in paid capital during the period and by the change in NAV per share computation methodology with effect from 31 December 2012 (treasury shares acquired through buybacks are excluded from the number of shares used in the computation of NAV per share)

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

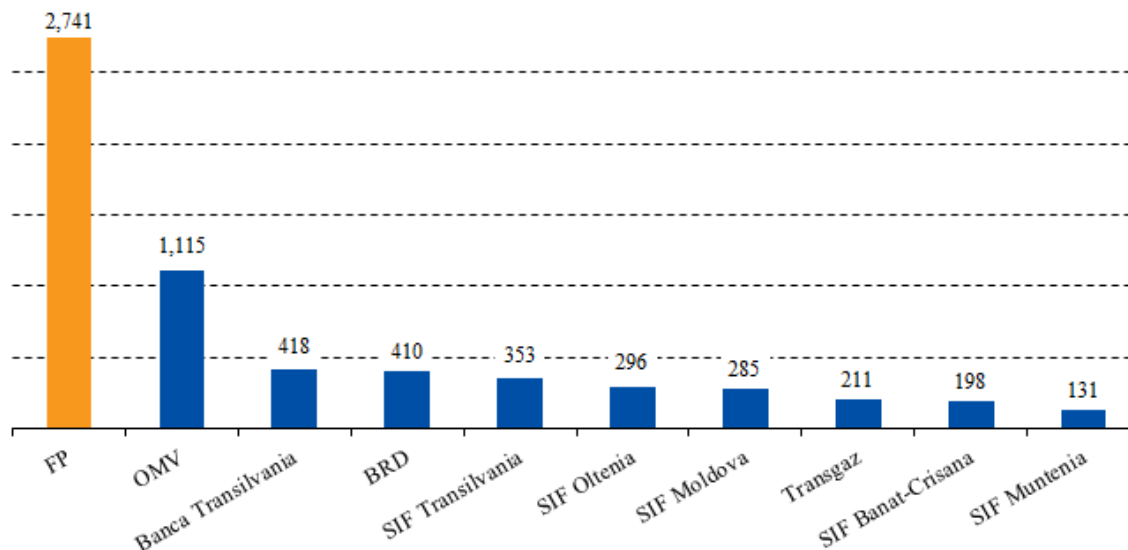
| | CNVM Regulations* | Romanian Accounting Regulations |
|--|--|--|
| Listed securities | Valued at closing market prices | Valued at cost less adjustments for impairment |
| Unlisted or illiquid listed securities | Valued as per latest issued annual financial statements (proportionally with the stake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

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

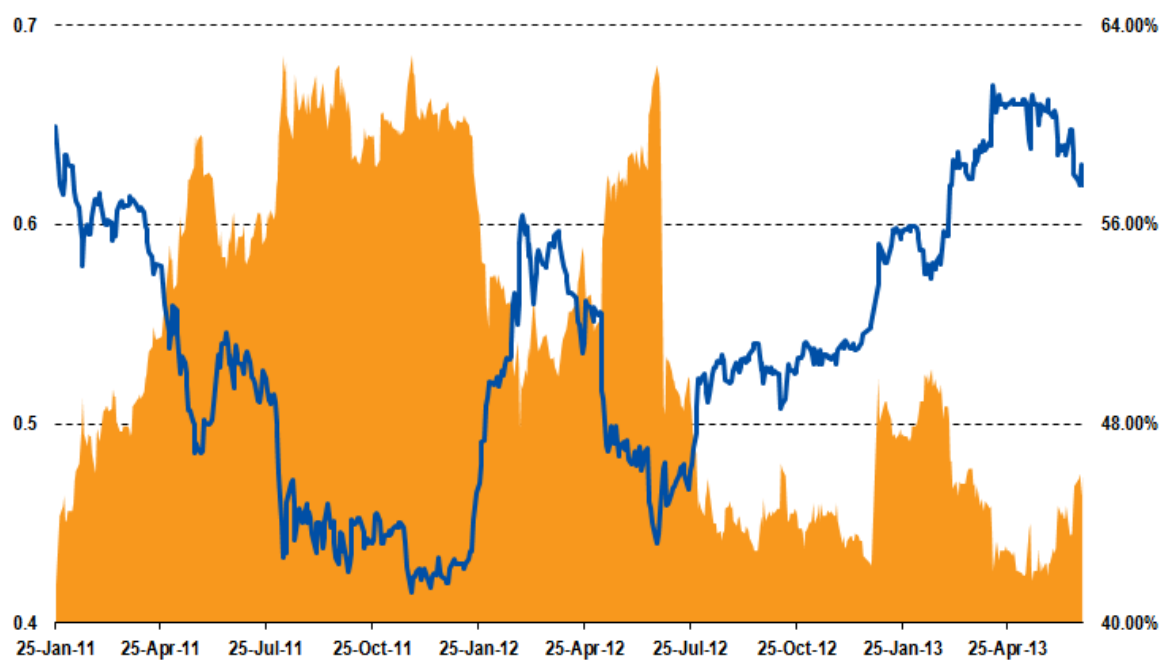
Significant Events

BVB Trading

Average Daily Turnover for the six-month ended 30 June 2013 (EUR thousands)



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



Source: BVB

Investor Relations Update

In the first half of 2013, the Fund Manager continued its efforts to raise the Fund's profile and visibility among a significantly broader institutional investor base and to update the current shareholders on the latest developments of the Fund and its underlying holdings. During the first six months of the year, we organised nine road-shows in the largest financial centres in Europe, Middle East, and North America (United States of America and Canada), to meet with prospective investors as well as current shareholders of the Fund. In addition to the road-shows, we presented the equity story of Fondul Proprietatea in individual and group meetings with investment analysts and portfolio managers during several emerging markets conferences: the Erste Emerging Europe Conference and the Edmund de Rothschild Emerging Markets Funds Conference in London, the Raiffeisen Institutional Investors Conference in Zürich, and the IPO Summit in Warsaw.

We also organised two conference calls with analysts and investors to discuss the release of the 2012 preliminary annual results and the 2013 first quarter results. Overall, in the first half 2013, the Fund Manager held 155 individual and group meetings and 42 conference calls with institutional investors.

Also, as part of our ongoing efforts to ensure a broader understanding of the Fund and the underlying holdings, we organised the second Analyst Day in March, an event dedicated to the analysts covering Fondul Proprietatea. In April, the Fund Manager organised the 4th Fondul Proprietatea Analyst and Investor Days – the Spring Edition, with record high participation from foreign and local institutional investors, from the U.S. and the U.K., as well as Denmark, Sweden, Switzerland, Austria, Czech Republic, Poland, Slovenia, Belgium and Russia. During the first day of the event, we organized site-visits to Craiova to visit CE Oltenia's coal fired power-plant in Turceni, and Hidroelectrica's Iron Gates power-plant in Drobeta Turnu Severin, which is the third largest hydro power-plant in Europe with an installed capacity of 1,166 MW and annual production of approximately 10% of total electricity in Romania. The second day of the event featured presentations and speeches from the U.S. Embassy, the International Monetary Fund, Ministry of Transportation, Ministry of Economy, Privatization and State Ownership Office, OPCOM (Romanian Electricity Exchange), Bucharest Stock Exchange, as well as the Fund Manager and the management teams of the largest portfolio companies: OMV Petrom, Hidroelectrica, Romgaz, Nuclearelectrica, CE Oltenia, and Transgaz, which account for almost 70% of the NAV. On the third day, during the first part of the day, we organized individual and group investor meetings with OMV Petrom, Hidroelectrica, Nuclearelectrica, CE Oltenia, GDF Suez, ENEL Romania, Transgaz, and Bucharest Airports. In the second part of the day, we visited Nuclearelectrica's nuclear reactors in Cernavoda, which together have an installed capacity of 1,413 MW and produce approximately 20% of total electricity consumed annually in Romania.

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

Secondary Listing Update

As underlined in our previous reports, in order to achieve a successful secondary listing of the Fund on the Warsaw Stock Exchange, the shares have to be fully fungible across the two markets, and this requires the establishment of a direct or indirect link between the depositary systems of the two markets. The establishment of the link between the two national depositories requires some changes to the National Securities Commission ("CNVM") regulations. In December 2012, CNVM published the drafts of the necessary amendments to the current regulation for public consultation, which ended in January 2013. In April, CNVM merged with the pension and insurance supervisory commissions to create the Financial Supervisory Authority ("FSA"). The final approval from FSA of these changes necessary for the Romanian and Polish National Securities Depositories to establish a link to facilitate the Fund's listing in Warsaw has been further delayed. However, given the delays, the Fund's shareholders approved an extension of the deadline for the completion of the secondary listing until 31 December 2013.

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

Share Cancellation and Buyback Programme

The execution of the second Buyback programme approved by the Fund's shareholders in April 2012, which authorised the Fund Manager to repurchase up to 1.1 billion shares or 7.9% of the Fund's share capital within 18 months from the publication of the shareholders resolution in the Official Gazette, was delayed by a litigation started by a minority shareholder of the Fund. On 5 March 2013, the Bucharest Court issued a decision in favour of the Fund and rejected the request of the minority shareholder, ordering the Trade Register to register the shareholder resolution and to publish it in the Official Gazette.

The decision was published in the Official Gazette on 10 April 2013 and the execution of the second Buyback program has started. Following the evaluation of the offers submitted in the brokers' selection process, Wood & Company Financial Services a.s. and Banca Comerciala Romana SA have been selected to provide services for the second buy-back programme. In accordance with the legislation in force, the Fund is allowed to buy back daily up to 25% of the average daily volume of the shares on the regulated market on which the purchase is carried out, and while the discount remaining high the Fund is likely to fully exploit this.

The Fund is exploring the possibility to speed up the execution of the buyback programme.

Since the start of the buyback programme on 12 April until 30 June 2013, 147.0 million shares were repurchased for a total amount of RON 96.0 million, at an average price of RON 0.6496 per share. The percentage of execution of the buyback programme was 13.4% as at 30 June 2013 (31 July 2013: 19.5%)

2012 Dividend Distribution

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

By 30 June 2013, shareholders had collected over 27% of the total dividend distribution of RON 536.4 million.

Subsequent Events

Selection of a new depositary bank

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

As a result, in July 2013 the Fund began a tender process to select a new provider of depositary services and the winning tenderer is expected to be announced soon, with handover effective from November 2013.

Selection of financial auditor and valuers

The Fund selected Deloitte Audit SRL as the auditor of the Fund for the year 2013, following a selection process conducted in July. Deloitte was the auditor of the Fund in the previous years. The appointment of Deloitte is subject to shareholders' approval.

Following a selection process that took place in the same period, KPMG Advisory SRL and Ernst & Young Services SRL were selected to perform valuation services (independent valuation of unlisted equity investments of the Fund for NAV reporting and financial statements preparation purposes).

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Value

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

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

NAV Methodology

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

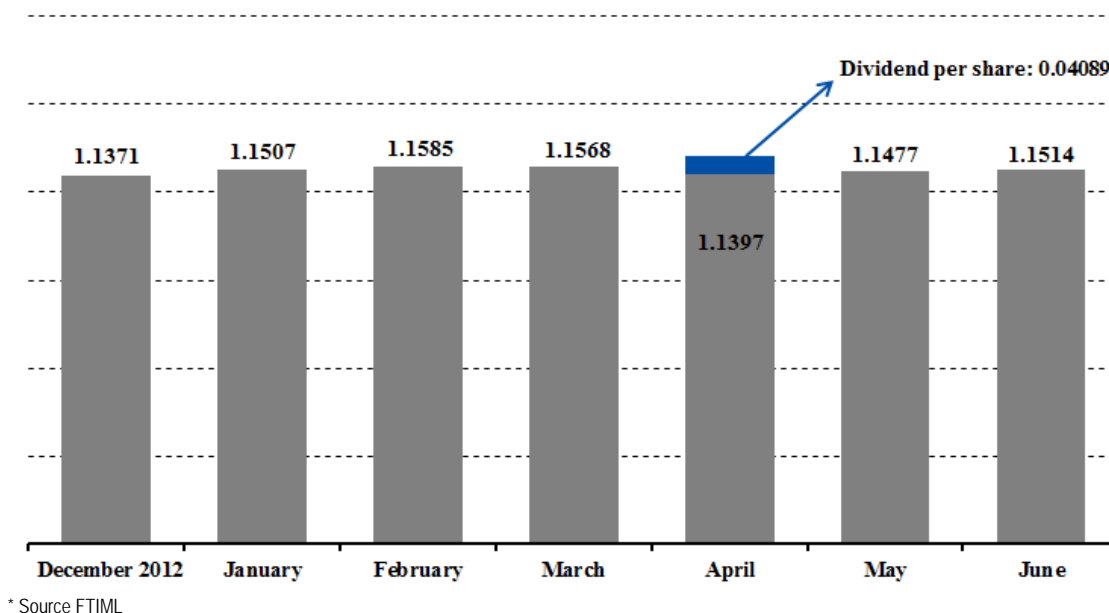
Listed securities are valued at closing market prices, while illiquid or unlisted securities are valued using either shareholders' equity value as per the latest available annual financial statements, proportionally with the stake held, or according to international valuation standards which permit fair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

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

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

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

NAV/share (RON/share)



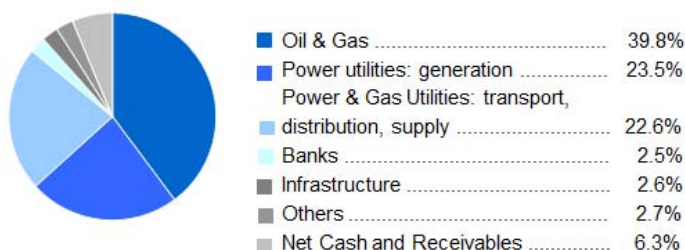
The blue section within April 2013 NAV represents the value per share of dividends distribution approved in April 2013, which was recorded in that month, with a corresponding reduction in NAV.

The increase of the NAV in the first quarter of 2013 was mainly due to the positive share price trend of the Fund's listed holdings, principally OMV Petrom (its impact on total NAV was RON 256.3 million and RON 0.0195 on NAV per share).

Investment Strategy and Portfolio Analysis

The Fund's investment objective is long-term capital appreciation, primarily through investments in Romanian equity and equity-linked securities. The equity exposure amounted 93.7% of the Fund's NAV as at 30 June 2013. As at that date, the portfolio included holdings in 66 companies (24 listed and 42 unlisted), a combination of privately held and state-controlled entities.

Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 85.9% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables includes bank deposits, current bank accounts, government bonds, dividend receivables, as well as other assets, net of all liabilities and provisions

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

Portfolio Structure - by Country



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

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

Portfolio Structure – Equity Investments - Listed Versus Unlisted



- The largest unlisted company is Hidroelectrica (23.8% of the total value of unlisted companies in the portfolio).
- The largest listed company is OMV Petrom (80.5% of total value of listed companies in the portfolio).

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

Top 20 Equity Investments

| | | Fund's Stake (%) | Value as at 30 June 2013 | |
|---------------------------------|--|------------------|--------------------------|---------------|
| No | Name | | (RON million) | % of NAV |
| 1 | OMV Petrom SA | 18.99% | 4,531.5 | 30.2% |
| 2 | Hidroelectrica SA | 19.94% | 2,001.0 | 13.3% |
| 3 | Romgaz SA | 14.99% | 1,337.6 | 8.9% |
| 4 | Complexul Energetic Oltenia SA | 21.53% | 880.0 | 5.9% |
| 5 | Nuclearelectrica SA | 9.72% | 648.0 | 4.3% |
| 6 | ENEL Distributie Banat SA | 24.12% | 485.8 | 3.2% |
| 7 | ENEL Distributie Muntenia SA | 12.00% | 434.2 | 2.9% |
| 8 | GDF Suez Energy Romania | 12.00% | 346.2 | 2.3% |
| 9 | ENEL Distributie Dobrogea SA | 24.09% | 324.2 | 2.2% |
| 10 | E.ON Moldova Distributie SA | 22.00% | 324.0 | 2.2% |
| 11 | Transgaz SA | 14.98% | 317.6 | 2.1% |
| 12 | Electrica Distributie Muntenia Nord SA | 21.99% | 277.9 | 1.9% |
| 13 | CN Aeroporturi Bucuresti SA | 20.00% | 272.0 | 1.8% |
| 14 | Electrica Distributie Transilvania Sud SA | 21.99% | 212.7 | 1.4% |
| 15 | Electrica Distributie Transilvania Nord SA | 22.00% | 200.7 | 1.3% |
| 16 | BRD-Groupe Societe Generale | 3.64% | 190.0 | 1.3% |
| 17 | E.ON Gaz Distributie SA | 12.00% | 176.7 | 1.2% |
| 18 | Transelectrica SA | 13.49% | 129.6 | 0.9% |
| 19 | Alro SA | 10.21% | 111.5 | 0.7% |
| 20 | Societatea Nationala a Sarii SA | 48.99% | 98.0 | 0.7% |
| Top 20 equity holdings | | | 13,299.2 | 88.7% |
| Total equity holdings | | | 14,049.5 | 93.7% |
| Net cash and receivables | | | 949.0 | 6.3% |
| Total NAV | | | 14,998.5 | 100.0% |

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

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

During the first six months of 2013, the Fund sold its entire holdings in Carom Broker de Asigurare and Mecanoenergetica and finalised the disposal of its holding in Commetex.

In May 2013 the Fund disposed of 632.48 million shares in OMV Petrom, accounting for approximately 1.1% of company's share capital. Following this transaction, the Fund's holding in OMV Petrom decreased below the significant influence threshold of 20%.

In the first half of 2013, the Fund received 35,742 shares in Romgaz (having a nominal value of RON 357,420) following a share capital increase by that company, accounted for as contributions in kind to the share capital of the Fund.

Also, during the period the Fund executed its pre-emption rights and participated to the cash share capital increase of E.ON Gaz Distribuție SA, acquiring 399,164 shares at the nominal value of RON 2.5 per share.

Energy Sector Updates

Regulatory Changes

On 22 January 2013 the Romanian Government passed the Ordinance no. 5/2013 through which it imposed additional taxes for monopoly activities in the sector of gas and electricity distribution and transport.

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

- Taxes for gas and electricity distributors and transmission/transport operators, charged per MWh, as follows (according to Government Ordinance no 5/22 January 2013):

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

- Taxes imposed following the gas market liberalisation: companies performing both natural gas extraction and distribution in Romania, will be charged 60% of additional revenues less investments in upstream activity (up to 30% of additional revenues) and less royalties (according to Government Ordinance no 7/23 January 2013);
- Special tax of 0.5% for revenues from exploration of natural resources other than natural gas (according to Government Ordinance no 6/22 January 2013).

Gas Tariff Changes

The implementation of the gradual elimination of the regulated gas prices has started on 1 February 2013, with an increase to 49 RON/MWh for industrial consumers and RON 45.7 RON/MWh for households, and was followed by two subsequent quarterly increases to 55.3 RON/MWh on 1 April and to 63.4 RON/MWh on 1 July for non-households, and to RON 48.5 for households. According to Law 123/2012, which came into force on 19 July 2012, gas prices will be fully liberalised by end December 2014 for non-households and end December 2018 for household consumers per the table below:

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

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

Update on the Top 20 Portfolio Companies

Alro

| RON million | 2011* | 2012* | 2013*** |
|-------------------|---------|---------|---------|
| Turnover | 2,330.1 | 2,348.9 | 2,164.5 |
| Operating profit | 452.1 | 208.7 | 50.3 |
| Net profit/(loss) | 242.9 | (240.2) | (24.8) |
| Dividends** | 225.9 | - | |

*Based on consolidated IFRS financial statements

**Based on the financial statements prepared in accordance with Romanian Accounting Regulations (for 2011)

***Budget figures based on BNR RON/USD as at 31 March 2013 – RON 3.4455/USD

May: The aluminium smelter published unconsolidated IFRS financial statements for the first quarter. Turnover reached RON 526 million, down 3.3% year on year (“yoy”). Reported operating profit during Q1 2013 reached RON 15.6 million, down from RON 64.4 million during the similar period of 2012. The net profit of the company for the period reached RON 88.8 million up from a net loss of RON 324.8 million in Q1 2012. The first quarter 2013 net result adjusted for the impact of derivative contracts was a loss of RON 26.9 million as compared to a profit of RON 48.1 million during the similar period of the previous year.

BRD – Groupe Societe Generale

| RON million | 2011* | 2012* | 2013*** |
|------------------------|---------|---------|-------------------|
| Net Banking Income | 3,242.0 | 3,045.6 | Around +2% |
| Gross Operating Income | 1,777.3 | 1,613.5 | |
| Net Risk Cost | 1,222.5 | 1,943.0 | Material decrease |
| Net profit / (loss) | 498.5 | (290.6) | Positive |
| Dividends** | 116.3 | - | |

*Based on consolidated IFRS financial statements

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

***Unconsolidated budgeted indications (for the BRD bank only)

May: The bank published unconsolidated IFRS financial statements for the first quarter. During the first three months of the year, the bank reported a net profit of RON 13 million (vs. RON 83 million during the similar period of the previous year). Net banking income decreased by 10.5% yoy to RON 687 million, while general operating expenses decreased by 6.3% yoy to RON 314 million, leading to a gross operating result of RON 373 million, down 13.8% yoy. Net cost of risk was higher by 4.2% yoy compared to the level registered during Q1 2012.

CN Aeroporturi Bucuresti

| RON million | 2011 | 2012 | 2013* |
|------------------|-------|-------|-------|
| Turnover | 474.3 | 555.5 | 643.5 |
| Operating profit | 88.5 | 80.9 | 37.6 |
| Net profit | 52.6 | 53.1 | 19.1 |
| Dividends | 47.1 | 45.7 | |

*Budgeted figures

April: The General Shareholders Meeting appointed a new Board of Directors following a selection process conducted as per provisions of Government Ordinance 109/2011. The new Board subsequently appointed Mr Liviu Radu as the new General Manager. Mr Radu is also a member of the new Board at CN Aeroporturi Bucuresti SA as well as several other State Owned companies, including CFR Marfa and Salrom.

June: The total number of passengers serviced in the first 5 months of 2013 reached 2.78 million, an increase of 0.5% from the same period of 2012.

Complexul Energetic Oltenia

| RON million | 2011* | 2012 | 2013** |
|--------------------|---------|---------|---------|
| Operating revenues | 4,026.5 | 3,347.1 | 6,081.0 |
| Operating profit | 348.0 | 44.5 | 248.9 |
| Net profit | 179.9 | 118.3 | 151.2 |
| Dividends | n/a *** | 57.2 | |

* 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

** Budgeted figure

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

March: The General Shareholders Meeting approved to start the procedures for an initial public offering (IPO) through a share capital increase of 15.29% stake.

April: The Consortium formed by BRD Groupe Societe Generale and Swiss Capital was selected to advise on the IPO. The Government is targeting the end of 2013 to complete the transaction.

E.ON Gaz Distributie ("EGD")

| RON million | 2011 | 2012 | 2013* |
|--------------------|-------|-------|-------|
| Operating Revenues | 819.5 | 764.5 | 833.0 |
| Operating profit | 264.8 | 82.7 | 110.0 |
| Net profit | 230.5 | 73.0 | 100.0 |
| Dividends | - | n/a | |

* Budgeted figures

April: The shareholders of EGD approved the increase of the share capital by issuing additional 3,326,368 shares (approx. 3% of the current number of shares) with an issue price equal to the face value of RON 2.5 / share.

May: The Fund exercised its pre-emption right and subscribed to the share capital increase of the company for a total value of approx. RON 1 million. The operation was finalised and the new number of shares have been registered with the Trade Registry by the end of May.

June: ANRE issued the methodology detailing the rules for determining the parameters and regulated tariffs for gas distribution operators during the 3rd regulatory period. For the gas distribution operators, the new five year regulatory period has started as of January 2013.

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

E.ON Moldova Distributie ("EMOD")

| RON million | 2011 | 2012 | 2013* |
|--------------------|-------|-------|-------|
| Operating Revenues | 661.2 | 688.8 | 674.0 |
| Operating profit | 22.0 | 83.8 | 93.0 |
| Net profit | 7.2 | 71.3 | 86.0 |
| Dividends | - | n/a | |

* Budgeted figures

Electrica Distributie Muntenia Nord ("EDMN")

| RON million | 2011 | 2012 | 2013* |
|------------------|-------|-------|-------|
| Total revenues | 712.8 | 752.3 | 807.0 |
| Operating profit | 72.4 | 99.1 | 87.6 |
| Net profit | 67.4 | 87.1 | 73.6 |
| Dividends | 8.2 | 73.7 | . |

* Budgeted figures

Electrica Distributie Transilvania Nord (“EDTN”)

| RON million | 2011 | 2012 | 2013* |
|------------------|-------|-------|-------|
| Total revenues | 570.1 | 609.1 | 640.6 |
| Operating profit | 40.2 | 68.8 | 50.8 |
| Net profit | 29.1 | 53.1 | 34.0 |
| Dividends | - | - | - |

* Budgeted figures

May: A new Board of Directors was appointed at the end of May following a selection process based on EGO 109/2011. The new Board members are: Ovidiu Demetrescu (President of the Board), Emil Merdan, Mirela Bomboe, Adrian Baicusi and Oana Truta.

Electrica Distributie Transilvania Sud (“EDTS”)

| RON million | 2011 | 2012 | 2013* |
|------------------|-------|-------|-------|
| Total revenues | 638.8 | 674.4 | 696.9 |
| Operating profit | 27.8 | 61.7 | 42.8 |
| Net profit | 19.6 | 45.8 | 31.0 |
| Dividends | - | - | - |

* Budgeted figures

May: A new Board of Directors was appointed at the end of May following a selection process based on EGO 109/2011. The new Board members are: Marian Geanta (President of the Board), Ion Dobre, Carmen Pirnea, Claudiu Coman and Simona Fatu.

ENEL Distributie Banat (“EDB”)

| RON million | 2011 | 2012 | 2013* |
|------------------|-------|-------|-------|
| Turnover | 585.8 | 603.2 | 580.2 |
| Operating profit | 238.3 | 181.1 | 209.0 |
| Net profit | 220.5 | 167.2 | 168.5 |
| Dividends | - | - | - |

* Budgeted figures

ENEL Distributie Dobrogea (“EDD”)

| RON million | 2011 | 2012 | 2013* |
|------------------|-------|-------|-------|
| Turnover | 459.0 | 480.3 | 454.4 |
| Operating profit | 126.4 | 103.0 | 135.3 |
| Net profit | 108.9 | 94.5 | 103.6 |
| Dividends | - | - | - |

* Budgeted figures

ENEL Distributie Muntenia (“EDM”)

| RON million | 2011 | 2012 | 2013* |
|------------------|-------|-------|-------|
| Turnover | 705.9 | 869.9 | 972.5 |
| Operating profit | 51.6 | 172.4 | 278.7 |
| Net profit | 50.5 | 206.3 | 231.0 |
| Dividends | - | - | - |

* Budgeted figures

For 2013, distribution tariffs for all Enel distribution companies were increased by approximately 5.1% by the energy regulator.

GDF Suez Energy Romania

| RON million | 2011* | 2012* | 2013** |
|------------------|---------|---------|---------|
| Turnover | 4,087.7 | 4,315.8 | 4,359.0 |
| Operating profit | 138.1 | 299.9 | 258.0 |
| Net profit | 192.1 | 379.4 | 302.0 |
| Dividends | - | 190.0 | |

* IFRS separate financial statements

** Budgeted figures, separate financial statements

February: Gas tariffs for industrial consumers were increased by approximately 5%.

June: ANRE issued the methodology detailing the rules for determining the parameters and regulated tariffs for gas distribution operators during the 3rd regulatory period. For the gas distribution and supply operators, the new five years regulatory period has started as of January 2013.

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

Hidroelectrica

| RON million | 2011 | 2012 | 2013* |
|------------------|---------|---------|---------|
| Turnover | 3,020.6 | 2,402.8 | 2,710.0 |
| Operating profit | 161.2 | (321.6) | 601.1 |
| Net profit | 6.5 | (508.0) | 367.7 |
| Dividends | - | - | |

* Budgeted figures

During the first six months of 2013, the company recorded a preliminary gross profit of RON 481 million compared to the loss of RON 202 million recorded in the same period from 2012.

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

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

The current Supervisory Board, appointed on 29 May 2013 is composed of: Remus Borza (President of the Board), Remus Vulpescu, Ion Mihaila, Mihai Grosan, Florin Marin and Oana Truta. The Supervisory Board's mandate is until the implementation of EGO 109/2011, but no longer than 2 years.

The company generated 8.2 TWh in the first 6 months of 2013 compared with 7 TWh in the same period of 2012.

Nuclearelectrica

| RON million | 2011 | 2012 | 2013* |
|------------------|---------|---------|---------|
| Sales | 1,615.3 | 1,675.8 | 2,090.4 |
| Operating profit | 162.6 | 152.7 | 438.0 |
| Net profit | 95.0 | 34.4 | 131.9 |
| Dividends | - | 28.5 | 105.4 |

* Budgeted figures

January: On 31 January the General Shareholders Meeting approved the intermediary contract for the IPO transaction signed with the consortium made of SSIF Swiss Capital S.A. and SSIF BT Securities S.A.

In Q1 2013 the company recorded significant improvements in the financial indicators: Sales equal RON 546 million (+25% yoy), EBITDA equal RON 213 million (+31% yoy), EBIT equal RON 179 million (+56% yoy) and net profit equal RON 146 million (+112% yoy).

April: After a selection process ran by Transearch and Quest Advisors on 25 April the General Shareholders Meeting approved the new members of the Board of Directors: Mrs Daniela Lulache, Mr Ionel Bucur, Mr Dragos Paul Popescu, Mr Alexandru Alexe, Mrs Carmen Radu, Mr Dan Popescu and Mr Alexandru Sandulescu. The new Board appointed Mrs Daniela Lulache as General Manager of the company.

June: The Government approved the price range for the IPO which is schedule to take place by end September: RON 11.2 - 15 per share.

Candidate recommended by Fondul Proprietatea was not appointed in the new Board.

OMV Petrom

| RON million | 2011 | 2012* | 2013** |
|------------------|----------|----------|---------|
| Sales | 22,613.7 | 26,258.1 | n/a |
| Operating profit | 4,935.8 | 5,662.0 | 5,129.0 |
| Net profit | 3,758.6 | 3,946.1 | 4,430.0 |
| Dividends | 1,756.0 | 1,586.0 | |

* Based on audited consolidated IFRS financial statements

** Budgeted figures

February: OMV Petrom and ExxonMobil signed an option agreement for Romgaz to participate in operations in the Midia offshore block. Exercise of the option is subject to closing of the agreement for transferring the exploration and production rights from Sterling Resources and Petro Ventures Europe, the existing titleholders.

February: OMV Petrom and Repsol signed an agreement for the joint exploration of four deep onshore blocks in South Romania. Total investments are estimated at EUR 50 million over the next two years. Repsol will have a 49% working interest in the agreement.

March: Mr. Gabriel Selischi was appointed as member of the Executive Board of OMV Petrom, in charge of Exploration and Production starting 1 September 2013, following Mr. Johann Pleininger's move to the new position of Senior Vice President for the Central Eastern Europe region in OMV's exploration and production division.

March: The company announced an investment program of EUR 200 million over 2013 - 2015 in mature field redevelopment at the Suplacu de Barcau site, with the aim to unlock additional oil reserves.

April: The company published an update regarding progress on the Neptun Deep offshore exploration project in the Black Sea. Further evaluation of the Domino-1 test well results has enabled an initial pre-appraisal estimate of potential gas production of approximately 630 million cubic feet/day, which is more than the total current natural gas production of the company from all its other fields, namely 510 million cubic feet/day in 2012.

May: OMV Petrom announced a new investment program of EUR 90 million in the redevelopment of Oprisenesti oil field, with the aim to unlock additional oil reserves of 8 million barrel of oil equivalent "boe"), which is equivalent to approximately 30% of OMV Petrom's annual oil production.

June: The company announced the completion of the largest 3D seismic survey ever conducted in the Black Sea. The works were conducted on the Neptun block in collaboration with ExxonMobil and covered an area of more than 6,000 square kilometres. In addition, the two companies have procured the Ocean Endeavour drilling rig, which will resume drilling in the Neptun Block at the end of 2013 and beginning of 2014.

Romgaz

| RON million | 2011 | 2012 | 2013* |
|------------------|---------|---------|---------|
| Revenues | 4,551.8 | 4,339.1 | 4,843.7 |
| Operating profit | 1,264.5 | 1,432.5 | 1,394.0 |
| Net profit | 1,031.7 | 1,244.0 | 1,175.5 |
| Dividends | 938.0 | 1,060.1 | |

* Budgeted figures, subject to shareholders approval

January: Romgaz officially took over the Iernut gas fired powerplant from Electrocentrale Bucuresti in exchange for overdue receivables of approximately RON 650 million. The facility has an installed capacity of 800 MW.

January: Romgaz has negotiated an option agreement with OMV Petrom and ExxonMobil for acquiring a 10% stake in the exploration of the Midia deep water offshore perimeter in the Black Sea. The option can be exercised once initial exploration of the field has proven its commercial viability.

April: The General Shareholders Meeting appointed a new Board of Directors, following a selection process which aimed to follow provisions of Government Ordinance 109/2011. The new Board members are Virgil Metea, Adrian Volintiru, Dragos Doros, Aurora Negrut and Eufemia Musat.

May: The new Board of Directors appointed Mr. Virgil Metea as the company's new General Manager. Mr Metea was previously the General Manager of several companies majority owned by EON in Romania, including EON Moldova Distributie, EON Gaz Distributie and EON Gaz Romania during 2003-2013. He also previously worked at Romgaz during his early career (1985-2001).

Candidate recommended by Fondul Proprietatea was not appointed in the new Board.

Societatea Nationala a Sarii SA

| RON million | 2011 | 2012 |
|------------------|-------|-------|
| Sales | 282.7 | 303.5 |
| Operating profit | 5.2 | 25.3 |
| Net profit | 1.4 | 20.8 |
| Dividends | 0.2 | 19.0 |

February: The Board of Directors appointed Mr Aurel Bucur as General Manager based on an order issued by the Ministry of Economy. He previously worked for the company as production engineer in Targu Ocna branch.

Transelectrica

| RON million | 2011* | 2012* | 2013** |
|------------------|---------|---------|---------|
| Turnover | 3,152.3 | 2,801.0 | 2,787.9 |
| Operating profit | 209.4 | 112.8 | 113.8 |
| Net profit | 135.5 | 47.9 | 29.0 |
| Dividends*** | 80.6 | 29.6 | |

* Based on consolidated IFRS financial statements

**Budgeted figures based on individual financial statements

***Dividends based on individual financial statements

At the end of 2012 the energy regulator set the tariffs for 2013: transmission tariff was hiked by 12.7%, while system tariff was increased by 6.9%.

February: The Supervisory Board dismissed the general manager and appointed Mr Stefan Gheorghe in the position. The board made no comments regarding the reasons for the change. The Supervisory Board also decided to increase the number of the members in the Directorate from 3 to 5 and it dismissed one member and selected 3 new ones (Mr Octavian Lohan was revoked and Mr Ioan Diaconu, Mr Ciprian Gheorghe Diaconu and Mr Adrian Constantin Rusu were appointed as members of the directorate).

March: The HR companies selected by the Romanian Privatization Office (OPSPI), Quest Advisors and Transearch International, initiated the recruitment process for the members of the Supervisory Board in accordance with corporate governance EGO 109/2011 for state owned enterprises.

| RON million | Q1 2012 | Q1 2013 |
|------------------|---------|---------|
| Sales* | 886.8 | 577.9 |
| Operating profit | 67.9 | 108.3 |
| Net profit | 45.0 | 91.7 |

*The drop in sales is mainly due to a reduction in the revenues generated on the balancing market with no effect on the company's bottom line (it's a pass through element)

April: The government transferred the ownership of its shares from the Ministry of Economy to the Ministry of Public Finance in order to comply with the European Union's regulations on energy. The government ordinance approving this transfer also mentions that two of Transelectrica's subsidiaries (Opcom and Formenerg) and the Power National Dispatcher will be left under the Ministry of Economy's authority. The Ordinance is currently being debated in the Parliament.

May: Shareholders appointed a new Supervisory Board following the procedures set forth in the corporate governance EGO 109/2011. There were 20 candidates on the list presented by the recruitment companies and the majority shareholder voted 5 from the list. The other two Supervisory Board members were proposed by minority shareholders Fondul Proprietatea and SIF 5 and appointed based on cumulative voting.

June: Mr Stefan Gheorghe was revoked as CEO by the Supervisory Board and the position was taken over by former Board member Mr Stefan Doru Bucataru. He will be CEO until the provisions of the corporate governance ordinance 109/2011 regarding appointment of professional management are implemented. Mr Bucataru was replaced as member of the Supervisory Board by Mrs Carmen Georgeta Neagu and Mr Toni Teau was nominated as the new president of the Supervisory Board.

June: The company announced the intention to launch a RON 200 million bond offering with 5 years maturity in November 2013 in order to finance its investment plans. The bond is expected to be listed on the Bucharest Stock Exchange.

Transgaz

| RON million | 2011 | 2012* | 2013** |
|------------------|---------|---------|---------|
| Turnover | 1,343.3 | 1,328.0 | 1,561.6 |
| Operating profit | 442.5 | 364.9 | 328.8 |
| Net profit | 379.5 | 329.3 | 271.9 |
| Dividends | 350.4 | 250.7 | |

* Based on audited unconsolidated IFRS financial statements

** Budgeted figures

April: The Ministry of Economy sold a 15% stake in the company through a secondary offering. The placement took place between 4 April 2013 – 16 April 2013 and was priced at RON 179 /share for the institutional and large retail tranches (total placement value of EUR 72 million).

June: the Board appointed Mr Petru Vaduva as company CEO.

June: Shah Deniz consortium picked Trans Adriatic Pipeline as the option to export gas to Europe, thus practically ending the Nabucco project.

Transgaz had 17.38% of the Nabucco project with total investment of RON 110.7million. Company announced it will write down the value of the investment.

June: ANRE approved and published new tariffs for national gas transportation services to be applied between July 2013 - June 2014. Total revenues for July 2013 – June 2014 used in calculating the tariffs amount to RON 1,330 million (of which total regulated revenues RON 1,040.8 million), 12.6% higher than the RON 1,181 million total revenues used in calculating the tariffs enforced in April 2013.

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

Key Financial Activity of the Fund

Fund Liquidity

Summary % net cash & cash equivalents in NAV

| RON million | 31 Dec 2012 | 31 Mar 2013 | 30 Jun 2013 |
|---|-----------------|-----------------|-----------------|
| Current accounts | 1.9 | 1.2 | 11.3 |
| Bank deposits | 317.3 | 233.4 | 857.9 |
| Treasury bills and Government bonds | 454.7 | 533.5 | 466.8 |
| Total liabilities | (21.1) | (19.9) | (435.2) |
| Net cash & cash equivalents | 752.8 | 748.2 | 900.8 |
| Net Assets Value | 14,979.2 | 15,238.5 | 14,998.5 |
| % net cash & cash equivalents in NAV | 5.0% | 4.9% | 6.0% |

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

The increase of the **bank deposits** and **treasury bills** during 2013 as compared with December 2012 was mainly due to the cash inflows from dividend receivables (RON 552.5 million) and from the proceeds on the partial disposal of the holding in OMV Petrom SA (RON 246.7 million), net of the cash outflow related to the payment of dividends (RON 127.9 million, already collected by shareholders by 30 June 2013), and to the buybacks (RON 92.5 million).

The significant increase of the **liabilities** outstanding as at the end of June was mainly accounted for by the approval in April 2013 of the distribution of a gross dividend of RON 536.4 million or RON 0.04089 per share, related to Fund's 2012 profits, payable to shareholders with effect from 28 June 2013.

Total Expense Ratio

The annualised total expense ratio of the Fund as at 30 June 2013 was 0.53% (2012: 0.40%). 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, cost of equity investments disposed of, impairment adjustments or corporate income tax.

The increase is due to the higher investment management and administration fees and legal fees explained in more detail in the Financial Statements Analysis 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 2013, the Fund's exposure to listed Romanian equities accounted for 36.7% of the NAV, while 0.8% of the NAV was invested in the Austrian banks, Erste and Raiffeisen. 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 stock listed on the Tier 1 of the BVB, decreased by 3.8% during the first half of 2013, although compared with 30 June 2012, it shown an increase of 15.9%. The broader BET-C Index decreased by 1.9% 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 decisions 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

Intangible assets include the value of the licences and implementation costs for a new customised accounting and reporting software solution. The Fund started using the software in the second quarter of 2013.

Corporate Governance of the Fund

Changes affecting the capital of the Fund

On 25 January 2013, 15 May 2013 and 25 June 2013, the paid-up share capital of the Fund increased by RON 23,500, RON, 133,840 and RON 200,080 to RON 13,413,137,586, while its subscribed 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 35,742 shares in Romgaz following share capital increases by the company related to the value of land for which Romgaz obtained title deeds.

Changes in Board of Nominees

On 19 April 2013, Mr Cristian Buşu resigned from his position of member of the Fund's Board of Nominees ("BON"). The resignation was communicated to the Fund on 22 April 2013, date when it has become effective. The Board of Nominees decided to appoint Mr Mark Henry Gitenstein as interim member of the Board of Nominees (Decision no. 13/23 April 2013). The appointment became effective upon its registration with the Trade Registry, on 9 May 2013.

As the mandates of two BON members (Mr Sorin-Mihai Mîndruţescu and respectively Mr Cristian Buşu) were due to expire on 29 September 2013, on 25 April 2013, the Ordinary General Shareholders Meeting, elected Mr Mark Henry Gitenstein as a member of the Fund's BON and re-elected Mr Sorin-Mihai Mîndruţescu. Both of these mandates are for a three year period with effect from 30 September 2013.

The new structure of the Board of Nominees is as follows:

| Name | Position |
|----------------------------------|----------------|
| Mr Sorin-Mihai Mîndruţescu | Chairman |
| Mr Mark Henry Gitenstein | Interim member |
| Mr Julian Rupert Francis Healy | Member |
| Mr Steven Cornelis van Groningen | Member |
| Mr Piotr Rymaszewski | Member |

Addendum no. 2 to the Investment Management Agreement

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

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

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

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

- the structure of fees (fixed fee, performance fee) provided in the final offer document of FTIML submitted in the international tender for appointing the portfolio manager of the Fund should remain the same after the appointment;
- the fees provided in the Addendum no. 2 to the IMA were not set in accordance with the Regulation for organising the international tender for appointing the portfolio manager of the Fund;

- providing supplemental distribution through special dividend does not meet the objective proposed by FTIML in the international tender for appointing the portfolio manager of the Fund.

In response, the Fund Manager submitted an official complaint to CNVM, requesting it to revoke Decision no 48/2013 and consequently to approve Addendum no 2 to the IMA.

However, on 25 April 2013, the Fund received CNVM's Decision no 374/25 April 2013 whereby the official complaint mentioned above was dismissed and the provisions of the challenged decision, maintained.

The reasoning was similar with that of the previous decision, in the sense that a supplemental distribution through special dividend does not meet the objective proposed by FTIML in course of the international tender for appointing the portfolio manager of the Fund, exceeding, in CNVM's opinion FTIML's proposed fee structure which led to the acceptance of the offer and execution of the IMA.

As CNVM's Decision no. 374/25 April 2013 exhausts the available administrative options, and given that the IMA and subsequent addendums are approved by the Fund's shareholders and concluded between the Fund and the Fund Manager, the Fund Manager decided to start legal proceedings, carefully considering any further steps that may be appropriate and will update investors of any further material developments against the regulator in order to obtain a court decision for obliging the regulator to endorse the Addendum 2. The case is in front of Bucharest Court of Appeal that set the first hearing for 21 October 2013.

Addendum no. 3 to the Investment Management Agreement

On 25 April 2013, the Fund's shareholders approved the amendment of the IMA concluded between FTIML and Fondul Proprietatea, establishing additional changes of the IMA that were prior agreed with the Board of Nominees in order to simplify the communication between the Fund Manager and the Board of Nominees.

According to CNVM Regulation 4/2010 any changes to the IMA must be endorsed by the Regulator and as a result the Fund asked for the Regulator's endorsement in May 2013. By the date of this report the Regulator has not sent any response to the request of the Fund.

Changes in the Constitutive Act

On 29 March 2013, FTIML received a request from one of the Fund's shareholders, namely Manchester Securities Corporation (managed by Elliott Associates), for supplementing the agenda of the Extraordinary General Shareholders' Meeting scheduled for 25 April 2013 with additional proposals to change the Constitutive Act of the Fund, as follows:

- Eliminate the current provision of the Constitutive Act which permits the revocation of the members of the Board of Nominees and the fund manager by a majority of at least 2/3 of the voting rights. The change would mean such decisions would only require a simple majority of shareholders voting to be effective;
- Change (clarify) the provisions regarding the appointment of the fund manager: new wording to state that the fund manager will be appointed by the shareholders based on an international tender organised by the Board of Nominees;
- Implement changes to the organisation of the GSM for reappointing / initiating the tender for selection of the fund manager (the GSM will be convened 6 months before the expiration of the current mandate).

The changes approved by shareholders were sent to Romanian Regulator (FSA) for final endorsement, but the regulator has not issued any decision by the date of this report.

Financial Statement Analysis

The unaudited Financial Statements for the six-month period ended 30 June 2013 prepared in compliance with Romanian Accounting Regulations are included in full in Annex 1 to this Report.

This section provides a commentary on the principal elements of the Fund's financial position and results for the six-month ended 30 June 2013.

Balance Sheet

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

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

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

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

In the first six months of 2013, the value of financial assets decreased by RON 422.7 million mainly due to the partial disposal of the holding in OMV Petrom SA and to the increase of the impairment adjustments for listed equity investments, principally for Alro SA, Raiffeisen Bank International AG and OMV Petrom SA.

The significant increase in the value of **current assets** since 2012 was mainly accounted for by the increase of the bank deposits and current accounts from RON 317.9 million to RON 868.5 million as at 30 June 2013. This increase was mainly due to the cash inflows from dividend receivables (RON 552.5 million) and from the proceeds on the partial disposal of the holding in OMV Petrom SA (RON 246.7 million), net of the cash outflow related to the payment of dividends (RON 127.9 million) and to the buybacks (RON 92.5 million).

The significant increase of **payables** by RON 414.1 million in the first half of year 2013 was mainly accounted for by the approval in April of the distribution of a gross dividend of RON 536.4 million or RON 0.04089 per share, related to the Fund's 2012 profits, which was payable to shareholders with effect from 28 June 2013.

Income Statement

| RON million | For the six-month period ended | |
|--|--------------------------------|--------------|
| | 30 June 2012 | 30 June 2013 |
| | Unaudited | Unaudited |
| Revenues from current activity, out of which: | 847.8 | 874.8 |
| Revenues from financial assets | 618.1 | 604.8 |
| Interest income | 14.0 | 20.7 |
| Reversal of impairment adjustments & provisions | 5.5 | 1.0 |
| Revenues from disposal of financial assets | 207.8 | 247.8 |
| Revenues from foreign exchange differences | 0.1 | 0.1 |
| Other income from current activity | 2.3 | 0.4 |
| Expenses from current activity, out of which: | 273.5 | 360.2 |
| Expenses from disposal of financial assets | 194.8 | 318.9 |
| Expenses from foreign exchange differences | 0.3 | 0.1 |
| Depreciation, provisions, losses from receivables and sundry debtors | 47.7 | 1.6 |
| Commissions and fees | 9.1 | 11.4 |
| Other expenses from current activity* | 21.6 | 28.2 |
| Gross profit | 574.3 | 514.6 |
| Income tax expense | 0.4 | - |
| Net profit | 573.9 | 514.6 |

* 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, mainly from OMV Petrom RON 319.0 million, Romgaz RON 158.9 million and Transgaz RON 37.6 million.

Interest income arose from deposits held with banks and from treasury bills. The higher level of income in the half year ended 30 June 2013 as compared with the same period in 2012 is a reflection of the higher level of deposits and treasury bills held in 2013 as compared to 2012.

Revenues from disposal of financial assets (RON 247.8 million in 2013 and RON 207.8 million in 2012) represents the proceeds from the sales of portfolio company holdings, while the expenses from disposal of financial assets (RON 318.9 million in 2013 and RON 194.8 million in 2012) represents the cost that these investments were held at prior to disposal.

Commissions and fees mainly include FSA's 0.1% per annum fee, calculated on the basis of the Fund's NAV, amounting to RON 7.6 million in the first half of 2013 (half year ended 30 June 2012: RON 7.8 million), and the depositary bank's fees of RON 0.9 million (half year ended 30 June 2012: RON 0.9 million). During the first six months of 2013 commissions and fees included also the brokerage fees related to the disposals of equity investments, in the amount of RON 2.0 million (H1 2012: RON 0.4 million).

Other expenses from current activity can be analysed as follows:

| RON million | For the six-month period ended | |
|---|--------------------------------|--------------|
| | 30 June 2012 | 30 June 2013 |
| | Unaudited | Unaudited |
| FTIML investment management and administration fees | 17.1 | 20.5 |
| Salaries and similar expenses | 0.4 | 0.4 |
| Other expenses | 4.1 | 7.3 |
| Other expenses from current activity | 21.6 | 28.2 |

During the first half of 2013, **other expenses from current activity** increased by RON 6.6 million due to the increase of the FTIML investment management and administration fees, in line with the increase of the Fund's share price on which they are based.

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

Analysis of 2013 Income Statement by Quarters

Although this report covers the six-month period to 30 June 2013, given that the Fund reports on a quarterly basis, the following split has been prepared to show also the actual results for the period 1 April to 30 June to aid with comparison with the first quarter reporting.

| RON million | Quarter ended | | Half-year ended |
|--|----------------------------|---------------------------|---------------------------|
| | 31 March 2013 Unaudited | 30 June 2013 Unaudited | 30 June 2013 Unaudited |
| Revenues from current activity, out of which: | 11.9 | 862.9 | 874.8 |
| Revenues from financial assets | - | 604.8 | 604.8 |
| Interest income | 10.5 | 10.2 | 20.7 |
| Reversal of impairment adjustments & provisions | 0.2 | 0.8 | 1.0 |
| Revenues from disposal of financial assets | 1.0 | 246.8 | 247.8 |
| Revenues from foreign exchange differences | - | 0.1 | 0.1 |
| Other income from current activity | 0.2 | 0.2 | 0.4 |
| Expenses from current activity, out of which: | 17.5 | 342.7 | 360.2 |
| Expenses from disposal of financial assets | 1.4 | 317.5 | 318.9 |
| Expenses from foreign exchange differences | - | 0.1 | 0.1 |
| Depreciation, provisions, losses from receivables and sundry debtors | 0.2 | 1.4 | 1.6 |
| Commissions and fees | 4.4 | 7.0 | 11.4 |
| Other expenses from current activity * | 11.5 | 16.7 | 28.2 |
| Gross profit / (Loss) | (5.6) | 520.2 | 514.6 |
| Income tax expense | - | - | - |
| Net profit / (Loss) | (5.6) | 520.2 | 514.6 |

*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

| RON million | For the six-month period ended | |
|--|--------------------------------|---------------------------|
| | 30 June 2012 Unaudited | 30 June 2013 Unaudited |
| Cash flows from operating activities | | |
| Payments to suppliers and similar payments | (40.4) | (29.2) |
| Payments to employees and similar payments | (0.3) | (0.4) |
| Payments of other taxes and commissions | (7.9) | (7.6) |
| Net cash used in operating activities | (48.6) | (37.2) |
| Cash flow from investments | | |
| Dividends collected | 523.5 | 552.5 |
| Interests received | 10.6 | 22.2 |
| Payments for the purchase of tangible and intangible assets | - | (0.4) |
| Payments for acquisitions of financial assets | (0.1) | - |
| Proceeds from the sales of financial assets | 187.7 | 247.5 |
| Other receipts related to financial assets | 1.9 | 0.3 |
| Net proceeds from / (payments for) government securities | 60.0 | (13.0) |
| Payments for increases in the share capital of portfolio companies | - | (1.0) |
| Net cash from investment activities | 783.6 | 808.1 |
| Cash flow from financing activities | | |
| Dividends paid, including related withholding tax | (106.0) | (127.8) |
| Payments for buybacks | - | (92.5) |
| Net cash flow used in financing activities | (106.0) | (220.3) |
| Net increase in cash and cash equivalents | 629.0 | 550.6 |
| Cash and cash equivalents at the beginning of the period | 297.4 | 317.9 |
| Foreign exchange differences on cash and cash equivalents | (0.2) | - |
| Cash and cash equivalents at the end of the period | 926.2 | 868.5 |

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

Dividends collected were higher in 2013 as compared to the previous comparable period, mainly because the Fund collected the main part of the dividends during the period (more than 90% of the total dividend receivables), relatively more than in the same period in 2012.

The higher level of **interest received** in the half year ended 30 June 2013 as compared with the same period in 2012 is a reflection of the higher level of interest bearing assets held during the first half of 2013 as compared with the same period in 2012.

In 2013, **the proceeds from the sales of financial assets** were mainly related to the partial disposal of the holding in OMV Petrom SA (RON 246.7 million), while other small equity investments were also disposed of during the period: Carom Broker de Asigurare, Mecanoenergetica and Commetex (RON 0.8 million in total).

Dividends paid in 2013 principally included the 2012 dividend. The Fund declared a gross dividend of RON 536.4 million or RON 0.04089 per share in April 2013 relating to 2012 profits and began its distribution on 28 June 2013. Approximately 27% of the total distribution of RON 536.4 million was paid until 30 June 2013.

Signatures:

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

Oana Truța

Legal Representative

14 August 2013

Prepared by

Mihaela Moleavin

Financial Reporting Manager

Annex 1

S.C. FONDUL PROPRIETATEA S.A.
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2013

Prepared in accordance with the National Securities Commission (“CNVM”) Regulation no. 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the Financial Supervision Authority (“FSA”), approved by CNVM Order no. 13/2011, 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 2013
FORM CODE 10

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

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

Type of financial statement: SI

County: Bucharest

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

Address: Bucharest, District 1,

78-80, Buzzești Street, 7th Floor

Telephone: 021/200 96 00, **Fax:** 021/200 96 31

Trade Register no.: J40/21901/2005

Ownership type: 22

Main activity:

(CAEN group): 643

CAEN class: 6430

Sole Registration Code: 18253260

| A | Row | Note | Balance | |
|---|-----------|----------|-----------------------|-----------------------|
| | | | 1 January 2013 | 30 June 2013 |
| | B | | 1 | 2 |
| A. NON-CURRENT ASSETS | | | | |
| I. INTANGIBLE ASSETS | | | | |
| 3. Concessions, patents, licences, trademarks and similar rights and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908) | 03 | | - | 805,486 |
| 5. Advances and intangible assets in progress (acc. 233+234-2933) | 05 | | 323,413 | - |
| TOTAL: (rows. 01 to 05) | 06 | | 323,413 | 805,486 |
| III. FINANCIAL ASSETS | | | | |
| 1. Shares held in subsidiaries (acc. 261 - 2961) | 12 | | 65,404,757 | 57,564,931 |
| 3. Investments in associates (acc. 263 - 2963) | 14 | | 4,876,542,832 | - |
| 5. Other investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964) | 16 | | 6,155,793,871 | 10,608,635,043 |
| 6. Other receivables (acc. 2673 + 2674 + 2678 + 2679 - 2966- 2969) | 17 | | - | 8,899,705 |
| TOTAL: (rows 12 to 17) | 18 | 1 | 11,097,741,460 | 10,675,099,679 |
| NON-CURRENT ASSETS - TOTAL (rows 06 + 11 + 18) | 19 | | 11,098,064,873 | 10,675,905,165 |
| B. CURRENT ASSETS | | | | |
| II. RECEIVABLES | | | | |
| 1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491) | 24 | | 394 | 394 |
| 4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187) | 27 | | 3,919,151 | 55,166,704 |
| TOTAL: (rows 24 to 28) | 29 | 2 | 3,919,545 | 55,167,098 |
| III. SHORT TERM INVESTMENTS | | | | |
| 2. Other short term investments (acc. 5031 +5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 +5113 +5114) | 31 | | 454,732,856 | 466,791,788 |
| TOTAL: (rows 30 to 31) | 32 | | 454,732,856 | 466,791,788 |

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 2013 | 30 June 2013 |
| | B | | 1 | 2 |
| IV. CASH AND BANK ACCOUNTS | | | | |
| (acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542) | 33 | | 317,885,969 | 868,520,669 |
| CURRENT ASSETS - TOTAL (rows 23 + 29 + 32 + 33) | 34 | | 776,538,370 | 1,390,479,555 |
| C. PREPAID EXPENSES (acc. 471) | 35 | | 27,199 | 150,951 |
| D. PAYABLES WITHIN ONE YEAR | | | | |
| 3. Advance from customers (acc. 419) | 38 | | 160,000 | - |
| 4. Trade payables (acc. 401 + 404 + 408) | 39 | | 10,135,208 | 12,187,554 |
| 8. Other payables, including tax and social security payables (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197) | 43 | | 10,768,970 | 423,029,368 |
| TOTAL: (rows 36 to 43) | 44 | 2 | 21,064,178 | 435,216,922 |
| E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES (rows 34 + 35 - 44 - 60.2) | 45 | | 755,501,391 | 955,413,584 |
| F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45) | 46 | | 11,853,566,264 | 11,631,318,749 |
| H. PROVISIONS | | | | |
| 2. Provisions for taxes (acc. 1516) | 57 | | 16,798,226 | 18,222,178 |
| TOTAL PROVISIONS (rows 56 + 57 + 58) | 59 | | 16,798,226 | 18,222,178 |
| 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 | | 365,612,042 | 365,254,622 |
| - subscribed paid in capital (acc. 1012) | 63 | | 13,412,780,166 | 13,413,137,586 |
| IV. RESERVES (rows 68-69+70+71+72+73+74) | 67 | | (2,443,247,819) | (2,549,064,484) |
| 1. Legal reserves (acc. 1061) | 68 | | 158,151,474 | 158,151,474 |
| 2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i>) | 69 | | 2,738,430,054 | 2,853,146,424 |
| 4. Reserves for financial assets received free of charge (acc.1065) | 71 | | 16,731,205 | 25,630,910 |
| 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 | 216,319,260 |
| V. RETAINED EARNINGS (acc. 117) | | | | |
| Credit balance | 78 | | 83,251,853 | 85,455,026 |
| VI. RESULT FOR THE YEAR (acc. 121) | | | | |
| Credit balance | 80 | | 566,988,651 | 514,633,081 |
| Profit allocation (acc. 129 – <i>debit balance</i>) | 82 | | 28,348,272 | - |
| TOTAL SHAREHOLDERS' EQUITY (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82) | 83 | | 11,836,768,038 | 11,613,096,571 |

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

Oana Truța
Legal Representative

Prepared
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 2013
FORM CODE 20

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

| A | Row | Note | Half year ended | |
|---|-----------|------|--------------------|--------------------|
| | | | 30 June 2012 | 30 June 2013 |
| | B | | 1 | 2 |
| A. REVENUES FROM CURRENT ACTIVITY – TOTAL (rows 02 to 11) | 01 | | 847,772,146 | 874,883,978 |
| 1. Revenues from financial assets (acc. 761) | 02 | 6 | 618,083,688 | 604,777,120 |
| 4. Revenues from disposal of financial assets (acc.758(part)+764) | 05 | | 207,777,128 | 247,875,671 |
| 6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786) | 07 | | 5,579,540 | 1,064,269 |
| 7. Revenues from foreign exchange differences (acc.765) | 08 | | 50,961 | 50,443 |
| 8. Interest income (acc.766) | 09 | | 13,962,145 | 20,735,383 |
| 10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815) | 11 | | 2,318,684 | 381,092 |
| B. EXPENSES FROM CURRENT ACTIVITY – TOTAL (rows 13 to 20) | 12 | | 273,502,305 | 360,250,897 |
| 12. Expenses from disposal of financial assets (acc. 658(part) +664) | 14 | | 194,884,889 | 318,887,295 |
| 13. Expenses from foreign exchange differences (acc. 665) | 15 | | 297,808 | 51,684 |
| 15. Commissions and fees (acc.622) | 17 | | 9,130,231 | 11,445,724 |
| 16. Expenses for bank services and similar expenses (acc.627) | 18 | | 8,884 | 12,281 |
| 17. Depreciation and amortization, provisions, losses from receivables and sundry debtors (acc. 654 + 681 + 686) | 19 | | 47,695,097 | 1,612,406 |
| 18. Other expenses from current activity (rows 21+22+23+26+27) | 20 | | 21,485,396 | 28,241,507 |
| c. Salary expenses (rows 24+25), of which: | 23 | | 317,645 | 404,875 |
| c1. Salaries (acc.621+641+642 +644) | 24 | | 253,507 | 329,052 |
| c2. Social security contributions (acc. 645) | 25 | | 64,138 | 75,823 |
| d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+ 667 +668) | 26 | | 21,106,473 | 27,599,265 |
| e. Other taxes, duties and similar expenses (acc. 635) | 27 | | 61,278 | 237,367 |
| C. CURRENT RESULT | | | | |
| - Profit (row 01 - 12) | 28 | | 574,269,841 | 514,633,081 |
| 19. TOTAL REVENUE (rows 01+30) | 34 | | 847,772,146 | 874,883,978 |
| 20. TOTAL EXPENSES (rows 12+31) | 35 | | 273,502,305 | 360,250,897 |
| G. GROSS PROFIT: | | | | |
| - Profit (row 34 - 35) | 36 | | 574,269,841 | 514,633,081 |
| 21. INCOME TAX EXPENSE | | | | |
| - Income tax expense (acc.691) | 38 | 5 | 413,706 | - |
| H. RESULT FOR THE YEAR | | | | |
| - Profit (row 36-38-39) | 40 | | 573,856,135 | 514,633,081 |

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

Oana Truța
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

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 CASH FLOWS
AS AT 30 JUNE 2013

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

| | Half year ended | |
|---|----------------------|----------------------|
| | 30 June 2012 | 30 June 2013 |
| Cash flows from operating activities | | |
| Payments to suppliers and similar payments | (40,350,110) | (29,249,198) |
| Payments to employees and similar payments, including related taxes and contributions | (285,895) | (358,409) |
| Payments related to other taxes and fees | (7,856,920) | (7,570,777) |
| Net cash flows used in operating activities | (48,492,925) | (37,178,384) |
| Cash flows from investment activities | | |
| Dividends collected | 523,518,330 | 552,530,255 |
| Interest received | 10,627,085 | 22,232,639 |
| Payments for the acquisition of tangible and intangible assets | - | (363,810) |
| Payments for acquisition of financial assets | (62,217) | - |
| Cash contributions to share capital increases of portfolio companies | - | (997,910) |
| Proceeds from disposal of financial assets | 187,727,409 | 247,472,530 |
| Other receipts related to financial assets | 1,914,147 | 259,644 |
| Net proceeds from/(payments for) Government securities | 60,022,509 | (13,011,273) |
| Net cash flows generated from investment activities | 783,747,263 | 808,122,075 |
| Cash flows from financing activities | | |
| Dividends paid, including related withholding tax | (106,027,816) | (127,853,911) |
| Payments for buybacks | - | (92,451,731) |
| Net cash flows used in financing activities | (106,027,816) | (220,305,642) |
| Net increase in cash and cash equivalents | 629,226,522 | 550,638,049 |
| Cash and cash equivalents as at the beginning of the period | 297,393,152 | 317,885,969 |
| Foreign exchange differences related to transactions in foreign currency | (234,676) | (3,349) |
| Cash and cash equivalents as at the end of the period | 926,384,998 | 868,520,669 |

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

Oana Truța
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

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 2013

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

| Element of equity | Balance as at 1 January 2013 | Increases | | Decreases | | Balance as at 30 June 2013 |
|---|------------------------------|--------------------|-----------------------|--------------------|-----------------------|----------------------------|
| | | Total | Of which, by transfer | Total | Of which, by transfer | |
| Subscribed paid in share capital | 13,412,780,166 | 357,420 | 357,420 | - | - | 13,413,137,586 |
| Subscribed unpaid share capital | 365,612,042 | - | - | 357,420 | 357,420 | 365,254,622 |
| Legal reserves – <i>Credit balance</i> | 158,151,474 | - | - | - | - | 158,151,474 |
| Reserves related to impairment adjustments of financial assets – <i>Debit Balance</i> | (2,738,430,054) | (439,611,863) | - | (324,895,493) | - | (2,853,146,424) |
| Other reserves – <i>Credit Balance</i> | 120,299,556 | - | - | - | - | 120,299,556 |
| Reserves from shares received free of charge – <i>Credit balance</i> | 16,731,205 | 8,899,705 | - | - | - | 25,630,910 |
| Treasury shares – <i>Debit Balance</i> | (120,268,583) | (96,050,677) | - | - | - | (216,319,260) |
| 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> | 9,115,385 | 538,640,379 | 538,640,379 | 536,437,206 | - | 11,318,558 |
| Result for the period (profit) – <i>Credit Balance</i> | 566,988,651 | 514,633,081 | - | 566,988,651 | 566,988,651 | 514,633,081 |
| Allocation of profit – <i>Debit Balance</i> | (28,348,272) | - | - | (28,348,272) | (28,348,272) | - |
| Total equity | 11,836,768,038 | 526,868,045 | 538,997,799 | 750,539,512 | 538,997,799 | 11,613,096,571 |

The decrease in *retained earnings representing profit not allocated - Credit Balance* of RON 536,437,206, represents the 2013 dividend distribution relating to 2012 earnings. The gross dividend was RON 0.04089 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.

Oana Truța
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 2013

(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 2013 | 13,844,046,373 | - | 13,844,046,373 |
| Cash contributions to share capital increases of portfolio companies | 997,910 | - | 997,910 |
| Shares received as contributions in kind to share capital | 357,420 | - | 357,420 |
| Bonus shares received from portfolio companies – incorporation of reserves | - | 8,899,705 | 8,899,705 |
| Disposals | (318,887,295) | - | (318,887,295) |
| Balance as at 30 June 2013 | 13,526,514,408 | 8,899,705 | 13,535,414,113 |
| Adjustments for impairment of financial assets | | | |
| Balance as at 1 January 2013 | (2,746,304,913) | - | (2,746,304,913) |
| Adjustments for impairment during the period through reserves (acc.1062) | (439,611,863) | - | (439,611,863) |
| Reversal of adjustments for impairment during the period through reserves (acc.1062) | 324,895,493 | - | 324,895,493 |
| Reversal of adjustments for impairment during the period through income statement (acc. 7863) | 706,849 | - | 706,849 |
| Balance as at 30 June 2013 | (2,860,314,434) | - | (2,860,314,434) |
| Net book value as at 1 January 2013 | 11,097,741,460 | - | 11,097,741,460 |
| Net book value as at 30 June 2013 | 10,666,199,974 | 8,899,705 | 10,675,099,679 |

Acquisitions and Disposals

During the first six months of 2013, the Fund sold its entire holdings in Carom Broker de Asigurare and Mecanoenergetica and finalised the disposal of its holding in Commetex.

In May 2013 the Fund disposed of 632.48 million shares in OMV Petrom, accounting for approximately 1.1% of the company's share capital. Following this transaction, the Fund's holding in OMV Petrom decreased below the significant influence threshold of 20%.

In the first half of 2013, the Fund received 35,742 shares in Romgaz (having a nominal value of RON 357,420) following share capital increases by that company, accounted for as contributions in kind to the share capital of the Fund. In the same period, the Fund executed its pre-emptive right and participated in the cash share capital increase of E.ON Gaz Distributie SA, acquiring 399,164 shares at the nominal value of RON 2.5 per share.

In May 2013, the Fund received 8,899,705 bonus shares (with a nominal value of RON 1/ share) in Banca Transilvania, as a result of share capital increase of this company from the incorporation of reserves from 2012 profits. The value of these shares is reflected in other non-current assets category until their registration is completed at the Central Depository in Fund's account.

Hidroelectrica's Insolvency

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

2. STATEMENT OF RECEIVABLES AND PAYABLES

| Receivables | 30 June 2013 | Due date | | |
|----------------------------|-------------------|-------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Dividend receivables - net | 53,692,078 | 53,692,078 | - | - |
| Interest receivable | 614,710 | 614,710 | - | - |
| Profit tax receivable | 436,920 | 436,920 | - | - |
| Trade receivables | 394 | 394 | - | - |
| Other receivables | 422,996 | 422,996 | - | - |
| TOTAL | 55,167,098 | 55,167,098 | - | - |

| Receivables | 1 January 2013 | Due date | | |
|----------------------------|------------------|------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Dividend receivables - net | 799,994 | 799,994 | - | - |
| Interest receivable | 1,281,109 | 1,281,109 | - | - |
| Profit tax receivable | 436,920 | 436,920 | - | - |
| Trade receivables | 394 | 394 | - | - |
| Other receivables | 1,401,128 | 1,401,128 | - | - |
| TOTAL | 3,919,545 | 3,919,545 | - | - |

As at 30 June 2013 *dividend receivables – net*, in amount of RON 53,692,078, included dividends from portfolio companies related to financial year 2012.

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.

Interest receivable included interest receivables on bank deposits.

As at 30 June 2013, *other receivables* included mainly the receivables related to the sell trades under settlement at period end, amounting to RON 242,290 and tax recoverable from the Austrian tax authorities relating to dividends distributed by Austrian portfolio companies, amounting to RON 141,618 (equivalent of EUR 31,762).

2. STATEMENT OF RECEIVABLES AND PAYABLES (continued)

| Payables | 30 June 2013 | Due date | | |
|-------------------------------|--------------------|--------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Trade payables | 1,361,308 | 1,361,308 | - | - |
| Accrued expenses | 10,826,246 | 10,826,246 | - | - |
| Dividends payable | 397,793,660 | 397,793,660 | - | - |
| Other taxes and fees payables | 21,533,527 | 21,533,527 | - | - |
| Payable to Board members | 64,274 | 64,274 | - | - |
| Taxes on salaries | 38,960 | 38,960 | - | - |
| Sundry creditors | 3,598,947 | 3,598,947 | - | - |
| TOTAL | 435,216,922 | 435,216,922 | - | - |

| Payables | 1 January 2013 | Due date | | |
|-------------------------------|-------------------|-------------------|-------------|-----------|
| | | < 1 year | 1 – 5 years | > 5 years |
| | Col.1=2+3+4 | 2 | 3 | 4 |
| Trade payables | 559,418 | 559,418 | - | - |
| Accrued expenses | 9,575,790 | 9,575,790 | - | - |
| Dividends payable | 9,481,720 | 9,481,720 | - | - |
| Other taxes and fees payables | 1,230,482 | 1,230,482 | - | - |
| Payable to Board members | 31,750 | 31,750 | - | - |
| Taxes on salaries | 25,018 | 25,018 | - | - |
| Payments received in advance | 160,000 | 160,000 | - | - |
| TOTAL | 21,064,178 | 21,064,178 | - | - |

As at 30 June 2013, *dividends payable* included dividends payable to Fund's shareholders related to the financial year 2012 of RON 389,816,225 and dividends related to years 2008 to 2011 of RON 7,977,435.

In April 2013, the Fund's General Shareholders Meeting approved the distribution of a gross dividend of RON 0.04089 per share, payable to shareholders with effect from 28 June 2013, which represented the distributable profits of the 2012 financial year. Out of this amount, by 30 June 2013, the shareholders had collected approximately 27% of the RON 536,437,206 distribution.

As at 30 June 2013, *accrued expenses* mainly included investment management and administration fees payable to the Fund Manager of RON 10,685,154 (1 January 2013: RON 8,862,463).

As at 30 June 2013, *other taxes and fees payables* included mainly tax on dividends payable to shareholders related to the financial year 2012, in amount of RON 20,073,311.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements for the half year ended 30 June 2013 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 FSA, 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.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 FSA, approved by CNVM Order 13/2011.

The Fund did not change any accounting policies during the half year ended 30 June 2013.

4. FINANCING SOURCES

Shares

As at 30 June 2013, 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 365,254,622 shares were unpaid.

The shareholding structure as at 30 June 2013 was the following:

| No | Shareholder Type | % of subscribed share capital | % of paid-up share capital | % of voting rights |
|--------------|-------------------------------------|-------------------------------|----------------------------|--------------------|
| 1 | Foreign institutional shareholders | 56.141% | 57.670% | 59.358% |
| 2 | Romanian institutional shareholders | 9.274% | 9.526% | 9.805% |
| 3 | Foreign private individuals | 5.863% | 6.023% | 6.199% |
| 4 | Romanian private individuals | 23.279% | 23.912% | 24.613% |
| 5 | Ministry of Public Finance | 2.674% | 0.024% | 0.025% |
| 6 | Treasury shares | 2.769% | 2.845% | 0.000% |
| Total | | 100.000% | 100.000% | 100.000% |

The total number of shareholders as at 30 June 2013 was 8,228.

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), and during 2012 some of the paid capital being transferred to the unpaid share capital.

During the first six months of 2013, the paid-up capital of the Fund increased by RON 357,420, from RON 13,412,780,166 to RON 13,413,137,586, 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 35,742 shares in Romgaz following a share capital increase by that company relating to the value of the land for which Romgaz obtained title deeds.

Treasury Shares

The Fund's General Shareholders Meeting in September 2010 approved a buyback programme of up to 10% of the Fund's share capital at prices ranging between 0.2 - 1.5 RON, which was valid until March 2012. The buyback programme started in May 2011 and by 30 September 2011 the Fund completed this programme by acquiring 240,304,801 shares equivalent to 1.74% of the Fund subscribed share capital for a total acquisition cost of RON 120,268,583.

At the General Shareholders Meeting on April 2012, the shareholders approved to cancel the treasury shares and to reduce the share capital, but the registration of the shareholders' decision with Trade Register was blocked at the request of one shareholder. In the litigation started against this shareholder, the Court irrevocably ruled in favour of the Fund, but the registration procedure with Trade Register is in progress.

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

The Bucharest Court announced on 5 March 2013 a decision in favour of the Fund and rejected the request of the minority shareholder, ordering the Trade Register to register the shareholder resolution and to publish it in Official Gazette.

The second buy-back programme started on 12 April 2013 and by 30 June 2013 the Fund had acquired 147,016,000 shares at a total cost of RON 96,050,678 (shares already settled as at 30 June 2013: 141,266,000). None of the shares had been cancelled by 30 June 2013.

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, as subsequently amended („Law 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, Buzzești Street, 7th Floor, District 1, Bucharest.

When established, the Fund was an entity controlled by the Romanian state represented by the Ministry of Public Finance, the stake of the state decreasing below the control threshold, as the compensation process in accordance with Law 247/2005 continued.

The Fund undertakes its activities in accordance with Law 297/2005, 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 2012 | 30 June 2013 |
|---|--------------------|---------------------|
| Gross profit | 574,269,841 | 514,633,081 |
| Income from provisions and impairment adjustments - Non taxable | (5,579,540) | (1,064,269) |
| Income from dividends from Romania entities - Non taxable | (614,233,747) | (604,121,072) |
| Expenses with provisions and impairment adjustments - Non deductible | 47,695,097 | 1,612,406 |
| Other non-deductible expenses | 579,099 | 576,273 |
| Taxable profit / (Fiscal loss) for the current period | 2,730,750 | (88,363,581) |
| Tax losses carried forward | - | (3,264,077) |
| Taxable profit / (Fiscal loss) taking into account tax losses carried forward from previous year | 2,730,750 | (91,627,658) |
| Current income tax (16%) | (436,920) | - |
| Prior year income tax adjustment | 23,214 | - |
| Income tax expense | (413,706) | - |

This is a translation from the official Romanian version.

6. DIVIDEND INCOME

| Company | 30 June 2012 | 30 June 2013 |
|---|---------------------|---------------------|
| OMV Petrom SA | 353,125,036 | 318,951,645 |
| Romgaz SA | 140,639,003 | 158,941,766 |
| Transgaz SA | 52,515,091 | 37,568,760 |
| GDF Suez Energy Romania SA | - | 22,800,000 |
| Electrica Distributie Muntenia Nord SA | 1,801,112 | 16,206,229 |
| Complexul Energetic Oltenia SA | - | 10,343,620 |
| CN Aeroporturi Bucuresti SA | 9,415,274 | 9,135,228 |
| Conpet SA | 6,612,533 | 8,403,049 |
| Electrica Furnizare SA | - | 7,778,895 |
| CN Administratia Porturilor Maritime SA | 6,570,224 | 5,355,572 |
| Transelectrica SA | 10,884,733 | 3,997,666 |
| Nuclearelectrica SA | - | 2,326,200 |
| CN Administratia Canalelor Navigabile SA | 525,946 | 856,672 |
| Aeroportul International Timisoara - Traian Vuia SA | 1,687,638 | 672,674 |
| Erste Group Bank AG | - | 656,048 |
| CN Administratia Porturilor Dunarii Fluviale SA | 693,950 | 473,250 |
| CN Administratia Porturilor Dunarii Maritime SA | 200,775 | 227,764 |
| Oil Terminal SA | 138,868 | 35,229 |
| Alcom SA | - | 24,392 |
| Ciocirlia SA | 2,525 | 22,393 |
| IOR SA | 691 | 68 |
| Alro SA | 19,375,860 | - |
| Complexul Energetic Rovinari SA | 6,457,434 | - |
| Raiffeisen Bank International AG | 3,849,941 | - |
| BRD - Group Societe Generale SA | 3,559,220 | - |
| Complexul Energetic Craiova SA | 27,834 | - |
| TOTAL | 618,083,688 | 604,777,120 |

This is a translation from the official Romanian version.

7. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2013 the Fund was involved in certain litigations, either as defendant or claimant. The Fund discloses in the financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

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

In one of these cases, on 10 October 2012 the Bucharest Court of Appeal rejected the appeal filed by the Fund and upheld the decision of the Bucharest Court to partly admit a claim to annul certain resolutions from the 6 September 2010 GSM relating to (inter alia) approval of a new Constitutive Act and the first appointment of FTIML as the administrator of the Fund. This decision is irrevocable and it was implemented by Trade Registry, without any changes in the management of the Fund considering that:

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

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

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

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

2. Other contingencies of the Fund included:

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

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

Until 30 June 2013, the Fund recovered from World Trade Center Bucharest SA USD 510,131, EUR 148,701, RON 8,724,888.

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

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

8. SUBSEQUENT EVENTS**Selection of a new depositary bank**

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

As a result, in July 2013 the Fund began a tender process to select a new provider of depositary services and the winning tenderer is expected to be announced soon, with handover effective from November 2013.

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

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

Informative Data

| I. Data regarding the financial result | No Row | No of units 1 | Amounts (RON) 2 |
|---|-------------------|--------------------------|----------------------------|
| Units that incurred profit | 01 | 1 | 514,633,081 |
| Units that incurred losses | 02 | - | - |

| III. Average number of employees | No row | 30 June 2012 | 30 June 2013 |
|--|-------------------|---------------------|---------------------|
| A | B | 1 | 2 |
| Average number of employees | 24 | 1 | - |
| Effective number of employees at the end of period | 25 | 1 | - |

| IV. Interest, dividends and royalties paid during the reporting period. Subsidies collected and overdue receivables | No row | Amounts |
|--|-------------------|----------------|
| A | B | 1 |
| Gross dividends income paid by Romanian juridical persons to non-residents, of which: | 34 | 55,279,831 |
| - taxes owed to the state budget | 35 | 7,774,021 |
| Gross services income paid by Romanian juridical persons to non-residents, of which: | 45 | 1,366,296 |
| - taxes owed to the state budget | 46 | 209,855 |
| Gross services income paid by Romanian juridical persons to non-residents in EU member states, of which: | 47 | 1,366,296 |
| - taxes owed to the state budget | 48 | 209,855 |

This is a translation from the official Romanian version.

| VIII. Other information | No row | 30 June 2012 | 30 June 2013 |
|--|------------|-----------------------|-----------------------|
| A | B | 1 | 2 |
| Financial assets, gross values (row 67 + 76), of which: | 66 | 13,825,052,573 | 13,526,514,408 |
| Shares held in subsidiaries, investments in associates, other non-current investments and bonds, gross values (row 68 to 75), of which: | 67 | 13,825,052,573 | 13,526,514,408 |
| - listed shares issued by residents | 68 | 6,923,850,194 | 6,609,952,465 |
| - unlisted shares issued by residents | 69 | 6,685,559,490 | 6,700,919,054 |
| - shares issued by non-residents | 74 | 215,642,889 | 215,642,889 |
| Trade receivables, advances to suppliers and other similar accounts, gross values (account 4092 + 411 + 413 + 418), of which: | 79 | 1,979 | 1,979 |
| - trade receivables not collected in due time (from account 4092 + from account 411 + from account 413) | 81 | 1,979 | 1,979 |
| Receivables from social security and state budget (account 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 84 to 88), of which: | 83 | 38,305 | 475,230 |
| - receivables from social securities (account 431 + 437 + 4382) | 84 | 38,305 | 38,305 |
| - fiscal receivables from state budget (account 441 + 4424 + 4428 + 444 + 446) | 85 | - | 436,920 |
| - other receivables from state budget (account 4482) | 88 | - | 5 |
| Other receivables (account 452 + 456 + 4582 + 461 + 471 + 473), of which: | 91 | 174,947,424 | 106,583,098 |
| - settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 4582) | 92 | 4,790,234 | 4,432,814 |
| - other receivables from individuals and legal entities, other than receivables from public institutions, (from account 461 + from account 471 + from account 473) | 93 | 170,157,190 | 102,150,284 |
| Interest receivable (account 5187), of which | 95 | 264,785 | 614,710 |
| - from non-residents | 96 | - | - |
| Short term investments, in gross amounts (account 501 + 503 + 505 + 506 + 507 + from the account 508) (row 99 to 107), of which: | 98 | 139,843,896 | 466,791,788 |
| - treasury bonds issued by residents | 102 | 139,843,896 | 466,791,788 |
| Petty cash in RON and currency (row 110 + 111), of which: | 109 | 3,298 | 829 |
| - in RON (account 5311) | 110 | 3,298 | 829 |
| Bank accounts, in RON and currency (row 113 + 115), of which: | 112 | 926,381,700 | 868,519,840 |
| - in RON (account 5121), of which: | 113 | 926,375,386 | 868,518,746 |
| Bank accounts in RON opened with non-residents banks | 114 | - | - |
| - in currency (account 5124), of which: | 115 | 6,314 | 1,094 |
| Bank accounts in currency opened with non-residents banks | 116 | - | - |

This is a translation from the official Romanian version.

| VIII. Other information | No row | 30 June 2012 | 30 June 2013 |
|---|------------|-----------------------|-----------------------|
| A | | 1 | 2 |
| Liabilities (row 121 + 124 + 127 + 130 + 133 + 136 + 139 + 142 + 145 + 148 + 151 + 152 + 156 + 158 + 159 + 164 + 165 + 166 + 172), of which: | 120 | 425,887,371 | 435,216,922 |
| Trade payables, advances from clients and other similar accounts, gross values (account 401 + 403 + 404 + 405 + 408 + 419), of which: | 156 | 9,234,700 | 12,187,554 |
| - external trade payables, advances from foreign clients and other similar accounts, gross values (from account 401 + from account 403 + from account 404 + from account 405 + from account 408 + from account 419) | 157 | 15,573 | 59,507 |
| Liabilities to employees and similar accounts (account 421 + 423 + 424 + 426 + 427 + 4281) | 158 | 31,750 | 64,274 |
| Liabilities to social security and state budget (account 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (row 160 to 163), of which: | 159 | 19,385,953 | 21,572,487 |
| - liabilities to social securities (account 431 + 437 + 4381) | 160 | 18,968 | 26,719 |
| - fiscal liabilities to state budget (account 441 + 4423+ 4428 + 444 + 446) | 161 | 19,366,985 | 21,545,768 |
| Other liabilities (account 452 + 456 +457 + 4581+ 462 + 472 + 473 + 478 + 269 + 509), | 166 | 397,234,968 | 401,392,607 |
| - settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 457 + 4581) | 167 | 397,077,166 | 397,793,660 |
| - other liabilities from individuals and juridical persons, other than liabilities to public institutions, (from account 462 + from account 472 + from account 473) | 168 | 157,802 | 3,598,947 |
| Subscribed paid in share capital (account 1012), of which: | 174 | 13,412,780,166 | 13,413,137,586 |
| - listed shares | 175 | 13,412,780,166 | 13,413,137,586 |
| Subscribed paid in share capital (account 1012) (row 180 + 183 + 187 to 189) | 179 | 13,412,780,166 | 13,413,137,586 |
| - share capital owned by public institutions, of which: | 180 | 795,803 | 3,253,221 |
| - public institution with Central subordination | 181 | 795,803 | 3,253,221 |
| - owned by companies with private capital | 187 | 7,968,667,947 | 9,087,763,030 |
| - owned by individuals | 188 | 5,104,107,960 | 4,015,269,805 |
| - owned by other entities | 189 | 339,208,456 | 306,851,530 |
| Brevets and licences (from account 205) | 190 | 5,139 | 5,139 |

This is a translation from the official Romanian version.

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

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

Oana Truța
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

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

| Item | 31 December 2012 | | | | 30 June 2013 | | | | Differences |
|---|--------------------|----------------------|------------------|--------------------------|--------------------|----------------------|-------------------|--------------------------|-----------------------|
| | % of the net asset | % of the total asset | Currency | Lei | % of the net asset | % of the total asset | Currency | Lei | |
| I. Total assets | 100.2527% | 100.0000% | | 15,017,064,409.30 | 103.0234% | 100.0000% | | 15,451,917,184.40 | 434,852,775.10 |
| 1 Securities and money market instruments, out of which: | 40.8826% | 40.7796% | - | 6,123,898,146.23 | 37.8141% | 36.7045% | - | 5,671,546,202.28 | (452,351,943.95) |
| 1.1 securities and money market instruments admitted or traded on a regulated market from Romania, out of which: | 39.8068% | 39.7065% | - | 5,962,749,939.79 | 37.0037% | 35.9178% | - | 5,549,996,065.15 | (412,753,874.64) |
| 1.1.1 listed shares traded in the last 30 trading days | 39.5731% | 39.4733% | - | 5,927,734,779.24 | 36.5772% | 35.5038% | - | 5,486,013,923.50 | (441,720,855.74) |
| 1.1.2 listed shares not traded in the last 30 trading days | 0.2337% | 0.2332% | - | 35,015,160.55 | 0.1568% | 0.1522% | - | 23,523,589.15 | (11,491,571.40) |
| 1.1.3 Government bonds | 0.0000% | 0.0000% | - | - | 0.2698% | 0.2618% | - | 40,458,552.50 | 40,458,552.50 |
| 1.2 securities and money market instruments admitted or traded on a regulated market from a member state, out of which: | 1.0758% | 1.0731% | EUR36,387,261.12 | 161,148,206.44 | 0.8104% | 0.7866% | EUR 27,260,728.70 | 121,550,137.13 | (39,598,069.31) |
| 1.2.1 listed shares traded in the last trading 30 days | 1.0758% | 1.0731% | EUR36,387,261.12 | 161,148,206.44 | 0.8104% | 0.7866% | EUR 27,260,728.70 | 121,550,137.13 | (39,598,069.31) |
| 1.2.2 listed shares not traded in the last trading 30 days | - | - | - | - | - | - | - | - | - |
| 1.3 securities and money market instruments admitted on a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the 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: | 54.1836% | 54.0470% | - | 8,116,277,279.82 | 56.1286% | 54.4815% | - | 8,418,438,004.74 | 302,160,724.92 |
| - shares not admitted at trading | 54.1836% | 54.0470% | - | 8,116,277,279.82 | 56.1286% | 54.4815% | - | 8,418,438,004.74 | 302,160,724.92 |
| 4 Bank deposits, out of which: | 2.1183% | 2.1130% | - | 317,309,451.54 | 5.7198% | 5.5518% | - | 857,857,352.95 | 540,547,901.41 |
| 4.1 bank deposits made with credit institutions from Romania | 2.1183% | 2.1130% | - | 317,309,451.54 | 5.7198% | 5.5518% | - | 857,857,352.95 | 540,547,901.41 |
| - in lei | - | - | - | - | 5.7198% | 5.5518% | - | 857,857,082.26 | 857,857,082.26 |
| - in euro | - | - | - | - | 0.0000% | 0.0000% | EUR 60.71 | 270.69 | 270.69 |
| 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: | 0.0124% | 0.0124% | - | 1,857,627.12 | 0.0752% | 0.0730% | - | 11,278,025.52 | 9,420,398.40 |
| - in lei | 0.0124% | 0.0123% | - | 1,851,973.75 | 0.0752% | 0.0730% | - | 11,277,202.44 | 9,425,228.69 |
| - in euro | 0.0000% | 0.0000% | EUR 1,276.53 | 5,653.37 | 0.0000% | 0.0000% | EUR 6.00 | 26.75 | (5,626.62) |
| - in USD | 0.0000% | 0.0000% | - | - | 0.0000% | 0.0000% | USD 233.18 | 796.33 | 796.33 |
| 7 Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which: | 3.0358% | 3.0281% | - | 454,732,856.81 | 2.8425% | 2.7591% | - | 426,333,235.28 | (28,399,621.53) |
| - Treasury bills with original maturities of less than 1 year | 3.0358% | 3.0281% | - | 454,732,856.81 | 2.8425% | 2.7591% | - | 426,333,235.28 | (28,399,621.53) |
| 8 Participation titles of UCITS and/or of OCIU (A.O.P.C./ O.P.C.V.M.) | - | - | - | - | - | - | - | - | - |
| 9 Other assets out of which: | 0.0200% | 0.0199% | - | 2,989,047.78 | 0.4431% | 0.4301% | - | 66,464,363.63 | 63,475,315.85 |
| - net dividend receivable from Romanian companies | 0.0053% | 0.0053% | - | 799,994.00 | 0.3580% | 0.3475% | - | 53,692,077.67 | 52,892,083.67 |
| - the value of bonus shares from Banca Transilvania following the share capital increase from the incorporation of current year profits and retained earnings | - | - | - | - | 0.0730% | 0.0709% | - | 10,955,536.86 | 10,955,536.86 |
| - receivables related to transactions under settlement | - | - | - | - | 0.0016% | 0.0016% | - | 242,290.50 | 242,290.50 |
| - dividend withholding tax to be recovered from Austrian Tax Authorities | 0.0054% | 0.0054% | EUR 181,517.91 | 803,888.37 | 0.0009% | 0.0009% | EUR 31,761.60 | 141,618.62 | (662,269.75) |
| - tax on dividends to be recovered from the State Budget | 0.0013% | 0.0013% | - | 198,044.00 | 0.0000% | 0.0000% | - | - | (198,044.00) |
| - tax on profit to be recovered from the State Budget | 0.0029% | 0.0029% | - | 436,920.00 | 0.0029% | 0.0028% | - | 436,920.00 | - |
| - receivables from penalties levied for late payment of dividends | 0.0024% | 0.0024% | - | 360,106.88 | 0.0000% | 0.0000% | - | - | (360,106.88) |
| - intangible assets | - | - | - | - | 0.0054% | 0.0052% | - | 805,486.32 | 805,486.32 |
| - other debts | 0.0003% | 0.0003% | - | 39,482.51 | 0.0003% | 0.0003% | - | 39,482.51 | - |
| - advance payments intangible assets | 0.0022% | 0.0022% | - | 323,413.45 | 0.0000% | 0.0000% | - | - | (323,413.45) |
| - prepaid expenses | 0.0002% | 0.0002% | - | 27,198.57 | 0.0010% | 0.0010% | - | 150,951.15 | 123,752.58 |
| II. Total liabilities | 0.2528% | 0.2521% | | 37,862,403.66 | 3.0232% | 2.9345% | | 453,439,099.93 | 415,576,696.27 |
| 1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.) | 0.0592% | 0.0590% | - | 8,862,463.06 | 0.0712% | 0.0692% | - | 10,685,154.21 | 1,822,691.15 |
| 2 Liabilities related to the fees payable to the depositary bank | 0.0010% | 0.0010% | - | 144,251.80 | 0.0009% | 0.0009% | - | 141,091.47 | (3,160.33) |
| 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. | 0.0082% | 0.0082% | - | 1,230,482.00 | 0.0083% | 0.0081% | - | 1,250,361.25 | 19,879.25 |
| 8 Audit fees | - | - | - | - | 0.0008% | 0.0008% | - | 120,412.92 | 120,412.92 |
| 9 Other Liabilities, out of which: | 0.1844% | 0.1840% | - | 27,625,206.80 | 2.9419% | 2.8556% | - | 441,242,080.08 | 413,616,873.28 |
| - payable dividends | 0.0633% | 0.0631% | - | 9,481,720.07 | 2.6522% | 2.5744% | - | 397,793,659.92 | 388,311,939.85 |
| - tax on dividends | 0.0000% | 0.0000% | - | 0.00 | 0.1338% | 0.1299% | - | 20,073,311.00 | 20,073,311.00 |
| - provisions for risks and expenses | 0.1121% | 0.1119% | - | 16,798,225.40 | 0.1179% | 0.1179% | - | 18,222,178.20 | 1,423,952.80 |
| - payables related to buybacks under settlement | - | - | - | - | 0.0240% | 0.0233% | - | 3,598,946.78 | 3,598,946.78 |
| - salaries and related contributions | 0.0004% | 0.0004% | - | 56,768.00 | 0.0007% | 0.0007% | - | 103,234.00 | 46,466.00 |
| - other liabilities out of which: | 0.0086% | 0.0086% | - | 1,288,493.33 | 0.0097% | 0.0094% | - | 1,450,750.18 | 162,256.85 |
| - in lei | 0.0071% | 0.0071% | - | 1,065,905.54 | 0.0093% | 0.0090% | - | 1,391,243.22 | 325,337.68 |
| - in EUR | 0.0015% | 0.0015% | EUR 50,260.30 | 222,587.79 | - | - | - | - | (222,587.79) |
| - in USD | - | - | - | - | 0.0004% | 0.0004% | USD 17,424.66 | 59,506.96 | 59,506.96 |
| III. Net Asset Value (I - II) | 100.0000% | 99.7479% | | 14,979,202,005.64 | 100.0000% | 97.0655% | | 14,998,478,084.47 | 19,276,078.83 |

S.C. FONDUL PROPRIETATEA S.A.

Unitary Net Asset Value

| Item | 30 June 2013 | 31 December 2012 | Differences |
|------------------------------|-------------------|-------------------|---------------|
| Net Asset Value | 14,998,478,084.47 | 14,979,202,005.64 | 19,276,078.82 |
| Number of outstanding shares | 13,025,816,785 | 13,172,475,365 | (146,658,580) |
| Unitary net asset value | 1.1514 | 1.1371 | 0.0143 |

DETAILED STATEMENT OF INVESTMENTS AS AT 30 JUNE 2013

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

1.1 listed shares traded in the last 30 trading days

| Issuer | Symbol | Date of the last trading session | No. of shares held | Nominal value | Share value | Total value | Stake in the issuer's capital | Stake in Fondul Proprietatea total asset | Stake in Fondul Proprietatea net asset | Evaluation method |
|--------------------------------|--------|----------------------------------|--------------------|---------------|-------------|-------------------------|-------------------------------|--|--|-------------------|
| Alro Slatina SA | ALR | 26/Jun/2013 | 72,884,714 | 0.5 | 1.5300 | 111,513,612.42 | 10.21% | 0.7217% | 0.7435% | Closing price |
| Banca Transilvania SA | TLV | 28/Jun/2013 | 55,823,515 | 1 | 1.2310 | 68,718,746.97 | 2.93% | 0.4447% | 0.4582% | Closing price |
| BRD-Groupe Societe Generale SA | BRD | 28/Jun/2013 | 25,387,456 | 1 | 7.4850 | 190,025,108.16 | 3.64% | 1.2298% | 1.2670% | Closing price |
| Conpet SA | COTE | 26/Jun/2013 | 2,571,461 | 3.3 | 33.7500 | 86,786,808.75 | 29.70% | 0.5617% | 0.5786% | Closing price |
| IOR SA | IORB | 28/Jun/2013 | 2,622,273 | 0.1 | 0.4000 | 1,048,909.20 | 2.81% | 0.0068% | 0.0070% | Closing price |
| Oil Terminal SA | OIL | 27/Jun/2013 | 49,216,526 | 0.1 | 0.1330 | 6,545,797.96 | 8.45% | 0.0424% | 0.0436% | Closing price |
| OMV Petrom SA | SNP | 28/Jun/2013 | 10,758,648,186 | 0.1 | 0.4212 | 4,531,542,615.94 | 18.99% | 29.3267% | 30.2133% | Closing price |
| Primcom SA | PRIB | 19/Jun/2013 | 1,561,981 | 2.5 | 13.4000 | 20,930,545.40 | 75.48% | 0.1355% | 0.1396% | Closing price |
| Romaero SA | RORX | 19/Jun/2013 | 1,311,691 | 2.5 | 16.5000 | 21,642,901.50 | 20.99% | 0.1401% | 0.1443% | Closing price |
| Transelectrica SA | TEL | 28/Jun/2013 | 9,895,212 | 10 | 13.1000 | 129,627,277.20 | 13.49% | 0.8389% | 0.8643% | Closing price |
| Transgaz SA | TGN | 28/Jun/2013 | 1,764,620 | 10 | 180.0000 | 317,631,600.00 | 14.98% | 2.0556% | 2.1178% | Closing price |
| Total | | | | | | 5,486,013,923.50 | | 35.5038% | 36.5772% | |

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

| Issuer | Symbol | Date of the last trading session | No. of shares held | Nominal value | Share value | Total value | Stake in the issuer's capital | Stake in Fondul Proprietatea total asset | Stake in Fondul Proprietatea net asset | Evaluation method |
|--------------------------|--------|----------------------------------|--------------------|---------------|-------------|----------------------|-------------------------------|--|--|---|
| Alcom SA | ALCQ | 28/Mar/2013 | 89,249 | 2.5 | 76.7732 | 6,851,931.33 | 71.89% | 0.0443% | 0.0457% | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| Comercial Cluj SA | COCL | 6/Aug/2010 | 256,116 | 2.5 | 4.0115 | 1,027,409.33 | 11.36% | 0.0066% | 0.0069% | Shareholders equity/share |
| Forsev SA | FORS | 26/Nov/2009 | 954,376 | 2.5 | 7.5835 | 7,237,510.40 | 28.14% | 0.0468% | 0.0483% | Shareholders equity/share |
| Mecon SA | MECP | 23/Oct/2012 | 60,054 | 11.6 | 1.3000 | 78,070.20 | 12.51% | 0.0005% | 0.0005% | Fair value/share: Last trading price |
| Palace SA | PACY | 22/Apr/2013 | 5,832,482 | 0.1 | 0.3484 | 2,032,036.73 | 15.42% | 0.0132% | 0.0135% | Shareholders equity/share |
| Resib SA | RESI | 3/Jun/2004 | 894,600 | 0.10 | 0.0000 | 0.00 | 2.87% | 0.0000% | 0.0000% | Priced at zero (negative equity) |
| Romplumb SA | ROMR | 5/Oct/2001 | 1,595,520 | 2.5 | 0.0000 | 0.00 | 33.26% | 0.0000% | 0.0000% | Priced at zero (company in insolvency) |
| Severnav SA | SEVE | 23/Apr/2013 | 1,971,566 | 2.5 | 2.3000 | 4,534,601.80 | 39.10% | 0.0293% | 0.0302% | Fair value/share: Last trading price |
| Telerom Proiect INPPT SA | TEBV | 27/Mar/2013 | 673,862 | 0.11 | 0.0000 | 0.00 | 68.63% | 0.0000% | 0.0000% | Priced at zero (negative equity) |
| Transilvania-Com SA | TRVC | 15/Aug/2007 | 77,234 | 2.5 | 21.4470 | 1,656,437.60 | 39.99% | 0.0107% | 0.0110% | Shareholders equity/share |
| Turdapan SA | TUSB | 29/Dec/2010 | 155,855 | 2.5 | 0.6775 | 105,591.76 | 44.06% | 0.0007% | 0.0007% | Shareholders equity/share |
| Total | | | | | | 23,523,589.15 | | 0.1522% | 0.1568% | |

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

| Issuer | Symbol | Date of the last trading session | No. of shares held | Nominal value * | Share value | Total value in Euro | Total value in LEI | Stake in the issuer's capital | Stake in Fondul Proprietatea total asset | Stake in Fondul Proprietatea net asset | Evaluation method |
|----------------------------------|--------|----------------------------------|--------------------|-----------------|-------------|----------------------|-----------------------|-------------------------------|--|--|-------------------|
| ERSTE GROUP BANK AG | EBS | 28/Jun/2013 | 397,020 | EUR 34.3300 | EUR 20.5050 | 8,140,895.10 | 36,298,623.07 | 0.10% | 0.2349% | 0.2420% | Closing price |
| RAIFFEISEN BANK INTERNATIONAL AG | RBI | 28/Jun/2013 | 853,564 | EUR 53.0500 | EUR 22.4000 | 19,119,833.60 | 85,251,514.06 | 0.43% | 0.5517% | 0.5684% | Closing price |
| Total | | | | | | 27,260,728.70 | 121,550,137.13 | | 0.7866% | 0.8104% | |

* = shareholders equity / share as at 30 June 2013

S.C. FONDUL PROPRIETATEA S.A.
Instruments mentioned at art. 187 letter a) of the Regulation no.15/2004 (unlisted shares)

| Issuer | No. of shares held | Date of acquisition * | Acquisition price (total price of acquisition of shares) | Share value | Total value | Stake in the issuer's capital | Stake in Fondul Proprietatea total asset | Stake in Fondul Proprietatea net asset | Company status | Evaluation method |
|---|--------------------|-----------------------|--|----------------|-------------------------|-------------------------------|--|--|---------------------------------|---|
| Aeroportul International Mihail Kogalniceanu - Constanta SA | 23,159 | 19/Jul/2005 | 1,490,898 | 203.2355 | 4,706,730.94 | 20.00% | 0.0305% | 0.0314% | Unlisted companies, in function | Shareholders equity/share |
| Aeroportul International Timisoara - Traian Vuia SA | 32,016 | 19/Jul/2005 | 2,652,588 | 193.9870 | 6,210,687.79 | 20.00% | 0.0402% | 0.0414% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| Celuloza si Otel SA (former Remat Timis) | 3,814 | 19/Jul/2005 | 230,675 | 287.8975 | 1,098,041.07 | 8.62% | 0.0071% | 0.0073% | Unlisted companies, in function | Shareholders equity/share |
| Cetatea SA | 354,468 | 19/Jul/2005 | 118,840 | 1.0859 | 384,916.80 | 20.43% | 0.0025% | 0.0026% | Unlisted companies, in function | Shareholders equity/share |
| Ciocarla SA | 5,298 | 19/Jul/2005 | 37,125 | 70.6207 | 374,148.47 | 1.68% | 0.0024% | 0.0025% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Administratia Porturilor Dunarii Fluviale SA | 27,554 | 19/Jul/2005 | 675,810 | 128.4952 | 3,540,556.74 | 20.00% | 0.0229% | 0.0236% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Administratia Canalelor Navigabile SA | 203,160 | 19/Jul/2005 | 15,194,209 | 79.8313 | 16,218,526.91 | 20.00% | 0.1050% | 0.1081% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Administratia Porturilor Dunarii Maritime SA | 21,237 | 19/Jul/2005 | 1,351,671 | 0.0000 | 0.00 | 20.00% | 0.0000% | 0.0000% | Unlisted companies, in function | Fair value/share: NIL |
| CN Administratia Porturilor Maritime SA | 2,651,113 | 19/Jul/2005 | 65,441,294 | 25.0479 | 66,404,813.31 | 19.99% | 0.4298% | 0.4427% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| CN Aeroporturi Bucuresti SA ** | 2,875,443 | 5/Feb/2010 | 131,168,263 | 94.5941 | 271,999,942.69 | 20.00% | 1.7603% | 1.8135% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Complexul Energetic Oltenia SA**** | 27,361,036 | 31/May/2012 | 32,1625 | 879,999,320.35 | 21.53% | 5.6951% | 5.8673% | 5.8673% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Comsig SA | 75,655 | 19/Jul/2005 | 132,633 | 21.5321 | 1,629,011.03 | 69.94% | 0.0105% | 0.0109% | Unlisted companies, in function | Shareholders equity/share |
| E.ON Gaz Distributie SA | 13,557,204 | 19/Jul/2005 | 38,468,154 | 13.0319 | 176,676,126.81 | 12.00% | 1.1434% | 1.1780% | Unlisted companies, in function | Shareholders equity/share |
| E.ON Energie Romania SA | 9,903,524 | 19/Jul/2005 | 45,765,358 | 6.5765 | 65,130,525.59 | 13.39% | 0.4215% | 0.4342% | Unlisted companies, in function | Shareholders equity/share |
| E.ON Moldova Distributie SA | 10,994,457 | 19/Jul/2005 | 131,073,011 | 29.4694 | 324,000,051.12 | 22.00% | 2.0968% | 2.1602% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Electrica Distributie Muntenia Nord SA | 7,796,022 | 19/Jul/2005 | 165,221,141 | 35.6443 | 277,883,746.97 | 21.99% | 1.7984% | 1.8527% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| Electrica Distributie Transilvania Nord SA | 8,167,813 | 19/Jul/2005 | 113,299,904 | 24.5689 | 200,674,180.82 | 22.00% | 1.2987% | 1.3380% | Unlisted companies, in function | Shareholders equity/share |
| Electrica Distributie Transilvania Sud SA | 9,327,282 | 19/Jul/2005 | 125,918,629 | 22.8032 | 212,691,876.90 | 21.99% | 1.3765% | 1.4181% | Unlisted companies, in function | Shareholders equity/share |
| Electroconstructia Elco Cluj SA | 322,530 | 19/Jul/2005 | 319,656 | 1.6925 | 545,882.03 | 7.61% | 0.0035% | 0.0036% | Unlisted companies, in function | Shareholders equity/share |
| ENEL Distributie Banat SA | 9,220,644 | 19/Jul/2005 | 141,578,929 | 52.6866 | 485,804,382.17 | 24.12% | 3.1440% | 3.2390% | Unlisted companies, in function | Shareholders equity/share |
| ENEL Distributie Dobrogea SA | 6,753,127 | 19/Jul/2005 | 114,760,053 | 48.0081 | 324,204,796.33 | 24.09% | 2.0982% | 2.1616% | Unlisted companies, in function | Shareholders equity/share |
| Enel Distributie Muntenia SA | 3,256,396 | 19/Jul/2005 | 107,277,263 | 133.3407 | 434,210,122.12 | 12.00% | 2.8101% | 2.8950% | Unlisted companies, in function | Shareholders equity/share |
| Enel Energie Muntenia SA | 444,054 | 19/Jul/2005 | 2,833,769 | 103.3027 | 45,871,977.15 | 12.00% | 0.2969% | 0.3058% | Unlisted companies, in function | Shareholders equity/share |
| ENEL Energie SA | 1,680,000 | 19/Jul/2005 | 26,124,808 | 32.3173 | 54,293,064.00 | 12.00% | 0.3514% | 0.3620% | Unlisted companies, in function | Shareholders equity/share |
| GDF Suez Energy Romania | 2,381,863 | 19/Jul/2005 | 62,522,462 | 145.3435 | 346,188,304.94 | 12.00% | 2.2404% | 2.3082% | Unlisted companies, in function | Fair value / share (Shareholders' equity as per IFRS separate financial statements adjusted with dividends declared/ share) |
| Hidroelectrica SA | 89,261,778 | 19/Jul/2005 | 3,106,503,426 | 22.4172 | 2,000,999,129.78 | 19.94% | 12.9498% | 13.3413% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Nuclearelectrica SA | 24,676,222 | 19/Jul/2005 | 967,926,936 | 26.2601 | 648,000,057.34 | 9.72% | 4.1937% | 4.3204% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Plafar SA | 132,784 | 28/Jun/2007 | 3,160,329 | 39.2487 | 5,211,599.38 | 48.99% | 0.0337% | 0.0347% | Unlisted companies, in function | Shareholders equity/share |
| Posta Romana SA | 14,871,947 | 19/Jul/2005 | 84,664,380 | 5.4345 | 80,821,595.97 | 25.00% | 0.5231% | 0.5389% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Romgaz SA | 5,778,596 | 19/Jul/2005 | 416,658,864 | 231.4829 | 1,337,646,160.01 | 14.99% | 8.6568% | 8.9185% | Unlisted companies, in function | Fair value / share (Shareholders' equity adjusted with dividends declared/ share) |
| Salubriserv SA | 43,263 | 19/Jul/2005 | 207,601 | 248.6356 | 10,756,721.96 | 17.48% | 0.0696% | 0.0717% | Unlisted companies, in function | Shareholders equity/share |
| Societatea Nationala a Sarrii SA | 2,005,884 | 28/Jun/2007 | 76,347,715 | 48.8339 | 97,955,138.67 | 48.99% | 0.6339% | 0.6531% | Unlisted companies, in function | Fair value (Shareholder equity adjusted with dividends declared/ share) |
| World Trade Hotel SA | 17,912 | 19/Jul/2005 | 17,912 | 0.8335 | 14,929.65 | 19.90% | 0.0001% | 0.0001% | Unlisted companies, in function | Shareholders equity/share |
| Zirom SA | 3,624,346 | 28/Jun/2007 | 36,030,702 | 10.0131 | 36,290,938.93 | 100.00% | 0.2349% | 0.2420% | Unlisted companies, in function | Fair value / share (Value as per independent valuator's report) |
| Electrica Furnizare SA *** | 1,366,412 | 22/Jul/2011 | 17,819,672 | 0.0000 | 0.00 | 22.00% | 0.0000% | 0.0000% | Unlisted companies, in function | Fair value/share: NIL |
| BAT Service SA | 194,022 | 19/Jul/2005 | 656,686 | 0.0000 | 0.00 | 33.00% | 0.0000% | 0.0000% | Dissolution | Priced at zero |
| Carbid Fox SA | 10,191,630 | 19/Jul/2005 | 927,357 | 0.0000 | 0.00 | 7.96% | 0.0000% | 0.0000% | Bankruptcy | Priced at zero |
| FECNE SA | 778,442 | 19/Jul/2005 | 0 | 0.0000 | 0.00 | 12.12% | 0.0000% | 0.0000% | Bankruptcy | Priced at zero |
| Gerovital Cosmetics SA | 1,350,988 | 19/Jul/2005 | 340,996 | 0.0000 | 0.00 | 9.76% | 0.0000% | 0.0000% | Dissolution | Priced at zero |
| Petrotel - Lukoil SA | 2,152,291 | 19/Jul/2005 | 2,787,316 | 0.0000 | 0.00 | 1.78% | 0.0000% | 0.0000% | Unlisted companies, in function | Priced at zero (negative equity) |
| Simtex SA | 132,859 | 28/Jun/2007 | 3,059,858 | 0.0000 | 0.00 | 30.00% | 0.0000% | 0.0000% | Bankruptcy | Priced at zero |
| World Trade Center Bucuresti SA | 198,860 | 19/Jul/2005 | 42,459 | 0.0000 | 0.00 | 19.90% | 0.0000% | 0.0000% | Insolvency | Priced at zero |
| Total | | | 6,680,894,164 | | 8,418,438,004.74 | | 54.4815% | 56.1286% | | |

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 Banca - Aurel Vlaicu" S.A.

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

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

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

S.C. FONDUL PROPRIETATEA S.A.

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

Treasury bills with discount

| Series and number of the bond | No of bonds | Date of acquisition | Maturity date | Initial value | Daily interest | Cumulative interest | Current value | Stake in Fondul Proprietatea total asset | Stake in Fondul Proprietatea net asset | Intermediary Bank | Evaluation method |
|-------------------------------|-------------|---------------------|---------------|---------------|----------------|---------------------|-----------------------|--|--|-----------------------------|--|
| RO1213CTN0P5 | 4,245 | 7/Nov/2012 | 6/Nov/2013 | 39,991,975.20 | 6,752.82 | 1,593,664.43 | 41,585,639.63 | 0.2691% | 0.2773% | ING Bank | Acquisition price cumulated with the related interest since the acquisition date |
| RO1213CTN0P5 | 1,139 | 4/Feb/2013 | 6/Nov/2013 | 10,918,749.80 | 1,713.64 | 251,904.65 | 11,170,654.45 | 0.0723% | 0.0745% | BRD Groupe Societe Generale | |
| RO1213CTN0R1 | 2,000 | 5/Dec/2012 | 4/Dec/2013 | 18,805,520.00 | 3,281.54 | 682,560.00 | 19,488,080.00 | 0.1261% | 0.1299% | RBS Bank | |
| RO1313CTN039 | 1,818 | 23/Jan/2013 | 24/Jul/2013 | 17,685,085.86 | 2,719.31 | 432,370.05 | 18,117,455.91 | 0.1173% | 0.1208% | ING Bank | |
| RO1314CTN029 | 2,215 | 17/Jan/2013 | 15/Jan/2014 | 20,996,172.83 | 3,178.59 | 524,466.90 | 21,520,639.73 | 0.1393% | 0.1435% | Raiffeisen Bank | |
| RO1314CTN029 | 2,500 | 27/Jun/2013 | 15/Jan/2014 | 24,377,625.75 | 3,081.06 | 12,324.24 | 24,389,949.99 | 0.1578% | 0.1626% | Raiffeisen Bank | |
| RO1314CTN045 | 5,278 | 6/Feb/2013 | 5/Feb/2014 | 49,996,224.46 | 7,647.74 | 1,108,921.58 | 51,105,146.04 | 0.3307% | 0.3407% | ING Bank | |
| RO1314CTN060 | 2,300 | 8/Apr/2013 | 12/Mar/2014 | 21,988,411.01 | 2,992.87 | 251,400.81 | 22,239,811.82 | 0.1439% | 0.1483% | RBS Bank | |
| RO1314CTN060 | 4,500 | 27/Jun/2013 | 12/Mar/2014 | 43,639,537.50 | 5,273.11 | 21,092.44 | 43,660,629.94 | 0.2826% | 0.2911% | CITI Bank | |
| RO1213CTN0F6 | 2,520 | 31/May/2013 | 7/Aug/2013 | 24,999,310.98 | 2,951.31 | 91,490.58 | 25,090,801.56 | 0.1624% | 0.1673% | Raiffeisen Bank | |
| RO1213CTN0N0 | 2,530 | 31/May/2013 | 11/Sep/2013 | 24,996,054.91 | 2,950.92 | 91,478.62 | 25,087,533.53 | 0.1624% | 0.1673% | Raiffeisen Bank | |
| RO1213CTN0N0 | 2,500 | 20/Jun/2013 | 11/Sep/2013 | 24,768,722.00 | 2,786.48 | 30,651.30 | 24,799,373.30 | 0.1605% | 0.1653% | CITI Bank | |
| RO1313CTN088 | 1,105 | 18/Jun/2013 | 27/Nov/2013 | 10,842,634.61 | 1,280.03 | 16,640.43 | 10,859,275.04 | 0.0703% | 0.0724% | Raiffeisen Bank | |
| RO1313CTN088 | 3,776 | 18/Jun/2013 | 27/Nov/2013 | 37,051,392.13 | 4,374.12 | 56,863.60 | 37,108,255.73 | 0.2402% | 0.2474% | Raiffeisen Bank | |
| RO1313CTN088 | 5,100 | 14/Jun/2013 | 27/Nov/2013 | 50,008,443.69 | 5,973.23 | 101,544.92 | 50,109,988.61 | 0.3243% | 0.3341% | Raiffeisen Bank | |
| Total | | | | | | | 426,333,235.28 | 2.7591% | 2.8425% | | |

Government bonds

| Issuer | ISIN code | Date of the last trading session | No. of bonds | Date of acquisition | Coupon date | Due Date | Initial Value | Daily interest | Cumulated interest | Cumulated discount | Market price | Current value | Stake in FP total assets | Stake in FP net asset | Evaluation method |
|----------------------------|--------------|----------------------------------|--------------|---------------------|--------------|--------------|---------------|----------------|--------------------|--------------------|--------------|----------------------|--------------------------|-----------------------|-----------------------------|
| Ministry of Public Finance | RO1013DBN023 | 22-apr.-2013 | 3,820 | 4-apr.-2013 | 25-iul.-2012 | 25-iul.-2013 | 40,004,421.85 | 6,541.10 | 2,230,513.70 | - | 10,007.34 | 40,458,552.50 | 0.2618% | 0.2698% | Closing price (Gross price) |
| Total | | | | | | | | | | | | 40,458,552.50 | 0.2618% | 0.2698% | |

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 |
|-----------------------------|---------------|---------------|--------------------|----------------|---------------------|-----------------------|--|--|--|
| BRD Groupe Societe Generale | 18/Jun/2013 | 18/Jul/2013 | RON 65,000,000.00 | RON 6,951.39 | RON 90,368.06 | RON 65,090,368.06 | 0.4212% | 0.4340% | Term deposit value cumulated with the related interest |
| CITI Bank | 26/Jun/2013 | 10/Jul/2013 | RON 67,000,000.00 | RON 7,444.44 | RON 37,222.22 | RON 67,037,222.22 | 0.4338% | 0.4470% | |
| ING Bank | 27/Jun/2013 | 1/Jul/2013 | RON 20,000,000.00 | RON 2,250.00 | RON 9,000.00 | RON 20,009,000.00 | 0.1295% | 0.1334% | |
| ING Bank | 28/Jun/2013 | 1/Jul/2013 | RON 37,000,000.00 | RON 4,111.11 | RON 12,333.33 | RON 37,012,333.33 | 0.2395% | 0.2468% | |
| Raiffeisen Bank | 10/Jun/2013 | 24/Jul/2013 | RON 22,000,000.00 | RON 2,138.89 | RON 44,916.67 | RON 22,044,916.67 | 0.1427% | 0.1470% | |
| Raiffeisen Bank | 28/Jun/2013 | 29/Jul/2013 | RON 50,000,000.00 | RON 5,277.78 | RON 15,833.33 | RON 50,015,833.33 | 0.3237% | 0.3335% | |
| Raiffeisen Bank | 28/Jun/2013 | 28/Aug/2013 | RON 40,000,000.00 | RON 4,277.78 | RON 12,833.33 | RON 40,012,833.33 | 0.2590% | 0.2668% | |
| RBS Bank | 28/Jun/2013 | 29/Jul/2013 | RON 50,000,000.00 | RON 5,625.00 | RON 16,875.00 | RON 50,016,875.00 | 0.3237% | 0.3335% | |
| Unicredit Tiriac Bank | 18/Jun/2013 | 2/Jul/2013 | RON 65,000,000.00 | RON 7,493.06 | RON 97,409.72 | RON 65,097,409.72 | 0.4213% | 0.4340% | |
| Unicredit Tiriac Bank | 25/Jun/2013 | 2/Jul/2013 | RON 14,000,000.00 | RON 1,652.78 | RON 9,916.67 | RON 14,009,916.67 | 0.0907% | 0.0934% | |
| Unicredit Tiriac Bank | 10/Jun/2013 | 24/Jul/2013 | RON 40,000,000.00 | RON 4,722.22 | RON 99,166.67 | RON 40,099,166.67 | 0.2595% | 0.2674% | |
| Unicredit Tiriac Bank | 28/Jun/2013 | 29/Jul/2013 | RON 50,000,000.00 | RON 5,902.78 | RON 17,708.33 | RON 50,017,708.33 | 0.3237% | 0.3335% | |
| ING Bank | 28/Jun/2013 | 1/Jul/2013 | RON 12,927,778.67 | RON 377.06 | RON 1,131.18 | RON 12,928,909.85 | 0.0837% | 0.0862% | |
| ING Bank | 28/Jun/2013 | 1/Jul/2013 | EUR 60.71 | EUR - | EUR - | RON 270.69 | 0.0000% | 0.0000% | |
| BRD Groupe Societe Generale | 28/Jun/2013 | 1/Jul/2013 | RON 324,314,593.58 | RON 49,998.50 | RON 149,995.50 | RON 324,464,589.08 | 2.0998% | 2.1633% | |
| TOTAL | | | | | | 857,857,352.95 | 5.5518% | 5.7198% | |

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

| | Year T-2/ 31 Dec 2011 | Year T-1 / 31 Dec 2012 | Year T/ 30 June 2013 |
|-----------|-----------------------|------------------------|----------------------|
| Net Asset | 14,465,379,292.28 | 14,979,202,005.64 | 14,998,478,084.47 |
| NAV/share | 1.0788 | 1.1371 | 1.1514 |

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

Oana Truța
Legal representative

Marius Nechifor
Compliance Officer

ING Bank N.V. Amsterdam – Bucharest Branch

Cristina Bulata
Director Settlements & Trade Commercial Banking

Mihaela Savu
Economist

Annex 3

S.C. FONDUL PROPRIETATEA S.A.

**CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2013**

Contents

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

| | <i>Note</i> | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|--|-------------|--|--|
| Gross dividend income | 5 | 608,717,630 | 622,681,966 |
| Interest income | | 20,735,383 | 13,962,145 |
| Reversal of impairment losses on receivables in respect of equity contributions | | 357,420 | 5,211,070 |
| Gain/ (Loss) on disposal of equity investments | 9 | 131,864,230 | 17,677,975 |
| Impairment losses on dividends receivable | | - | (46,209,651) |
| Impairment losses on other assets | | (188,453) | (878,300) |
| Net foreign exchange gains / (losses) | | (1,240) | (246,847) |
| Other operating income | | 381,092 | 2,318,684 |
| Net operating income | | 761,866,062 | 614,517,042 |
| Personnel expenses | | (404,875) | (317,645) |
| Other operating expenses | 6 | (39,294,636) | (30,306,865) |
| Operating expenses | | (39,699,511) | (30,624,510) |
| Profit before income tax | | 722,166,551 | 583,892,532 |
| Income tax expense | 7 | (47,268,283) | (5,777,703) |
| Profit for the period | | 674,898,268 | 578,114,829 |
| Other comprehensive income | | | |
| Net change in fair value of available-for-sale equity investments | 9 | (236,631,711) | 795,110,055 |
| Deferred tax on other comprehensive income | 7 | 37,861,074 | (127,217,609) |
| Decrease in fair value reserve following the disposal of available-for-sale equity investments | | (131,280,494) | - |
| Total other comprehensive income | | (330,051,131) | 667,892,446 |
| Total comprehensive income for the period | | 344,847,137 | 1,246,007,275 |
| Basic and diluted earnings per share | | 0.0490 | 0.0420 |

The financial statements were authorised for issue on 14 August 2013 by:

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

The notes on pages 61 to 75 are an integral part of these financial statements.

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

| | <i>Note</i> | 30 June 2013 | 31 December 2012 |
|---|-------------|-----------------------|-------------------------|
| Assets | | | |
| Cash and current accounts | | 11,278,026 | 1,857,628 |
| Deposits with banks | | 857,857,353 | 317,309,452 |
| Treasury bills | | 426,333,235 | 454,732,857 |
| Government bonds | | 40,458,553 | - |
| Dividends receivable | 8 | 53,692,078 | 799,994 |
| Equity investments | 9 | 10,762,170,216 | 11,269,744,338 |
| Deferred tax assets | 10 | 383,026,738 | 363,487,628 |
| Other assets | | 1,816,748 | 2,189,053 |
| Total assets | | 12,536,632,947 | 12,410,120,950 |
| Liabilities | | | |
| Other liabilities | 11 | 435,216,922 | 21,064,179 |
| Total liabilities | | 435,216,922 | 21,064,179 |
| Equity | | | |
| Share capital | 12 | 13,778,392,208 | 13,778,392,208 |
| Fair value reserve on available-for-sale financial assets | 12 | 2,164,268,312 | 2,494,319,443 |
| Other reserves | | 278,451,031 | 278,451,031 |
| Treasury shares | 12 | (216,319,260) | (120,268,583) |
| Accumulated losses | | (3,903,376,266) | (4,041,837,328) |
| Total equity | | 12,101,416,025 | 12,389,056,771 |
| Total liabilities and equity | | 12,536,632,947 | 12,410,120,950 |

The notes on pages 61 to 75 are an integral part of these financial statements.

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

| | Share capital | Fair value reserves on available-for-sale financial assets | Other reserves | Treasury shares | Accumulated losses | Total attributable to the equity holders of the Fund |
|--|-----------------------|--|--------------------|----------------------|------------------------|--|
| Balance at 31 December 2012 | 13,778,392,208 | 2,494,319,443 | 278,451,031 | (120,268,583) | (4,041,837,328) | 12,389,056,771 |
| Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 674,898,268 | 674,898,268 |
| Other comprehensive income | | | | | | |
| Net change in fair value of available-for-sale equity investments | - | (236,631,711) | - | - | - | (236,631,711) |
| Decrease in fair value following the disposal of available-for-sale equity investments | - | (131,280,494) | - | - | - | (131,280,494) |
| Income tax on income and expense recognised directly in equity | - | 37,861,074 | - | - | - | 37,861,074 |
| Total other comprehensive income | - | (330,051,131) | - | - | - | (330,051,131) |
| Total comprehensive income for the period | - | (330,051,131) | - | - | 674,898,268 | 344,847,137 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Buybacks | - | - | - | (96,050,677) | - | (96,050,677) |
| Dividends declared | - | - | - | - | (536,437,206) | (536,437,206) |
| Total transactions with owners recorded directly in equity | - | - | - | (96,050,677) | (536,437,206) | (632,487,883) |
| Balance at 30 June 2013 | 13,778,392,208 | 2,164,268,312 | 278,451,031 | (216,319,260) | (3,903,376,266) | 12,101,416,025 |

The notes on pages 61 to 75 are an integral part of these financial statements.

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

| | Share capital | Fair value reserves on available-for-sale financial assets | Other reserves | Treasury shares | Accumulated losses | Total attributable to the equity holders of the Fund |
|---|-----------------------|--|--------------------|----------------------|------------------------|--|
| Balance at 31 December 2011 | 13,778,392,208 | 1,240,275,189 | 250,102,759 | (120,268,583) | (3,430,868,209) | 11,717,633,364 |
| Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 578,114,829 | 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 61 to 75 are an integral part of these financial statements.

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

| | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|--|--|--|
| Cash flows from operating activities | | |
| Proceeds from sale of equity instruments | 247,472,530 | 187,727,409 |
| Acquisition of treasury bills and bonds, net | (13,011,273) | 60,022,509 |
| Interest received | 22,232,638 | 10,627,085 |
| Dividends received (net of withholding tax) | 552,530,255 | 523,518,329 |
| Realised foreign exchange loss on cash and cash equivalents | (3,350) | (234,675) |
| Interest and penalties received in relation with the dividends late payments | 259,644 | 1,755,785 |
| Subscriptions to share capital increase of portfolio companies | (997,910) | - |
| Other receipts | - | 158,362 |
| Salaries and related taxes paid | (358,409) | (285,895) |
| Suppliers and other taxes and fees paid | (37,183,785) | (48,207,031) |
| Acquisition of equity investments | - | (62,217) |
| Net cash flows from operating activities | 770,940,340 | 735,019,662 |
| Cash flows from financing activities | | |
| Dividends paid (including related taxes) | (127,853,911) | (106,027,816) |
| Acquisition of treasury shares | (92,451,731) | - |
| Net cash flows used in financing activities | (220,305,642) | (106,027,816) |
| Net decrease in cash and cash equivalents | 550,634,698 | 628,991,846 |
| Cash and cash equivalents at the beginning of the period | 317,885,971 | 297,393,152 |
| Cash and cash equivalents at the end of the period | 868,520,669 | 926,384,998 |
| | 30 June 2013 | 30 June 2012 |
| Cash | 11,278,026 | 30,967,073 |
| Bank deposits with original maturities of less than three months | 857,242,643 | 895,417,925 |
| | 868,520,669 | 926,384,998 |

The notes on pages 61 to 75 are an integral part of these financial statements.

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

1. General information

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

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

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

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

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

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

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

2. Basis of preparation

(a) Statement of compliance

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

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

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

2. Basis of preparation (continued)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates

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

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

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

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

3. Significant accounting policies

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

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

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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 2013 | | | | | | |
| Cash and current accounts | 11,278,026 | - | - | - | 11,278,026 | 11,278,026 |
| Deposits with banks | 857,857,353 | - | - | - | 857,857,353 | 857,857,353 |
| Treasury bills | - | - | 426,333,235 | - | 426,333,235 | 426,333,235 |
| Government bonds | - | - | 40,458,553 | - | 40,458,553 | 40,458,553 |
| Dividends receivable | 53,692,078 | - | - | - | 53,692,078 | 53,692,078 |
| Equity investments at fair value | - | - | 5,563,941,704 | - | 5,563,941,704 | 5,563,941,704 |
| Equity investments at cost | - | - | 5,198,228,512 | - | 5,198,228,512 | Not available |
| Other receivables | 1,816,748 | - | - | - | 1,816,748 | 1,816,748 |
| Other liabilities | - | - | - | (435,216,922) | (435,216,922) | (435,216,922) |
| | 924,644,205 | - | 11,228,962,004 | (435,216,922) | 11,718,389,287 | Not available |

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4. Financial assets and financial liabilities (continued)

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

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

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

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5. Gross dividend income

| | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|---|--|--|
| OMV Petrom SA | 318,951,645 | 353,125,036 |
| Romgaz SA | 158,941,766 | 140,639,003 |
| Transgaz SA | 37,568,760 | 52,515,091 |
| GDF Suez Energy Romania SA | 22,800,000 | - |
| Electrica Distributie Muntenia Nord SA | 16,206,229 | 1,801,112 |
| Complexul Energetic Oltenia SA | 12,313,834 | - |
| CN Aeroporturi Bucuresti SA | 9,135,228 | 9,415,274 |
| Conpet SA | 8,403,049 | 6,612,533 |
| Electrica Furnizare SA | 9,260,589 | - |
| CN Administratia Porturilor Maritime SA | 5,355,572 | 6,570,224 |
| Transelectrica SA | 3,997,666 | 10,884,733 |
| Nuclearelectrica SA | 2,769,286 | - |
| CN Administratia Canalelor Navigabile SA | 856,672 | 525,946 |
| Aeroportul International Timisoara - Traian Vuia SA | 672,674 | 1,687,638 |
| Alro SA | - | 23,066,500 |
| Complexul Energetic Rovinari SA | - | 6,457,434 |
| Raiffeisen Bank International AG | - | 4,052,568 |
| BRD - Group Societe General SA | - | 4,237,166 |
| Others | 1,484,660 | 1,091,708 |
| | 608,717,630 | 622,681,966 |

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 2013 | 6 months ended 30 June 2012 |
|--|--|--|
| Investment management and administration fee | 20,486,420 | 17,066,876 |
| Financial Supervisory Authority fees | 7,571,459 | 7,841,677 |
| Depositary fee | 910,838 | 900,385 |
| Third party services | 9,537,619 | 3,807,271 |
| Other operating expenses | 788,300 | 690,656 |
| | 39,294,636 | 30,306,865 |

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

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7. Income tax

| | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|--|--|--|
| Current tax expense | | |
| Current tax (16%) | - | 436,920 |
| Dividend withholding tax | 3,940,511 | 4,598,279 |
| Prior year income tax adjustment | - | (23,214) |
| | 3,940,511 | 5,011,985 |
| Deferred tax expense | | |
| Net (loss)/ gain from equity investments | 57,465,945 | 765,718 |
| Fiscal loss carried forward | (14,138,173) | - |
| | 43,327,772 | 765,718 |
| Total income tax expense | 47,268,283 | 5,777,703 |

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

| | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|---|--|--|
| Reconciliation of effective tax rate | | |
| Profit for the period | 674,898,268 | 578,114,829 |
| Income tax expense | 47,268,283 | 5,777,703 |
| Profit excluding income tax | 722,166,551 | 583,892,532 |

| | | |
|--|--------------------|-------------------|
| Income tax using the standard tax rate (16%) | 115,546,648 | 93,422,805 |
| Effect of: | | |
| Lower tax rate on dividend income | (93,377,746) | (94,584,953) |
| Decrease of fair value reserve following the disposal of available-for-sale equity investments | 25,005,808 | - |
| Other non-taxable income | (57,187) | (833,771) |
| Other non-deductible expenses | 116,946 | 7,594,326 |
| Austrian dividend withholding tax non deductible from fiscal point of view | 33,814 | 202,510 |
| Prior year profit tax correction | - | (23,214) |
| Total income tax expense | 47,268,283 | 5,777,703 |

| | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|--|--|--|
| Tax expense/(income) recognised directly in equity: | | |
| On equity investments carried at fair value | (37,861,074) | 127,217,609 |

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8. Dividends receivables

| | 30 June 2013 | 31 December 2012 |
|--|---------------------|---------------------|
| Dividends receivable | | |
| Hidroelectrica SA | 46,209,651 | 46,209,651 |
| Electrica Distributie Muntenia Nord SA | 16,206,229 | - |
| Complexul Energetic Oltenia SA | 10,343,621 | - |
| CN Aeroporturi Bucuresti SA | 9,135,228 | - |
| Conpet SA | 8,403,049 | - |
| Electrica Furnizare SA | 7,778,895 | - |
| CN Administratia Canalelor Navigabile SA | 856,672 | - |
| Other dividends receivable | 1,614,548 | 1,446,159 |
| | 100,547,893 | 47,655,810 |
| Impairment loss allowance | | |
| Hidroelectrica S.A. | (46,209,651) | (46,209,651) |
| Other dividends receivable | (646,164) | (646,165) |
| | (46,855,815) | (46,855,816) |
| | 53,692,078 | 799,994 |

9. Equity investments

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

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

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

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

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

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

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9. Equity investments (continued)

At 30 June 2013 and 31 December 2012, 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 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 | (190,099,153) | - | (190,099,153) |
| 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 |
| | Equity investments at fair value | Equity investments at cost | Total equity investments |
| 31 December 2012 | 6,071,338,958 | 5,198,405,380 | 11,269,744,338 |
| Shares contributions in kind by State | - | 357,420 | 357,420 |
| Cash contributions to portfolio companies share capital increases | - | 997,910 | 997,910 |
| Disposals | (270,765,543) | (1,532,198) | (272,297,741) |
| Changes in fair value | (236,631,711) | - | (236,631,711) |
| 30 June 2013 | 5,563,941,704 | 5,198,228,512 | 10,762,170,216 |

During the first six months of 2013, the Fund sold its entire holdings in Carom - Broker de Asigurare SA and Mecanoenergetica SA, and finalised the disposal of its holding in Commetex SA.

In May 2013, the Fund disposed of 632,480,000 shares in OMV Petrom SA, accounting for approximately 1.1% of company's share capital. Following this transaction, the Fund's holding in OMV Petrom SA decreased below the significant influence threshold of 20%.

In the first half of 2013, the Fund received 35,742 shares in Romgaz (having a nominal value of RON 357,420) following a share capital increases by that company, accounted for as contributions in kind to the share capital of the Fund.

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

Hidroelectrica's Insolvency

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

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9. Equity investments (continued)

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

| | 30 June 2013 | 31 December 2012 |
|--|-----------------------|-------------------------|
| Equity investments at fair value | | |
| OMV Petrom S.A. | 4,531,542,616 | 4,876,542,833 |
| Transgaz S.A. | 317,631,600 | 384,687,160 |
| BRD - Groupe Societe Generale S.A. | 190,025,108 | 205,892,268 |
| Alro Slatina S.A. | 111,513,612 | 145,769,428 |
| Transelectrica S.A. | 129,627,277 | 125,570,240 |
| Raiffeisen Bank International AG | 85,251,514 | 118,905,477 |
| Conpet S.A. | 86,786,809 | 92,958,315 |
| Erste Group Bank AG | 36,298,623 | 42,242,729 |
| Other | 75,264,544 | 78,770,507 |
| | 5,563,941,704 | 6,071,338,958 |
| Equity investments at cost | | |
| Hidroelectrica S.A. | 2,001,000,000 | 2,001,000,000 |
| Complexul Energetic Oltenia S.A. | 670,084,812 | 670,084,812 |
| Nuclearelectrica S.A. | 581,846,011 | 581,846,011 |
| Romgaz S.A. | 416,658,864 | 416,301,444 |
| Electrica Distributie Muntenia Nord S.A. | 165,223,950 | 165,223,950 |
| Enel Distributie Banat S.A. | 141,578,929 | 141,578,929 |
| Aeroportul International Henri Coanda Bucuresti S.A. | 131,168,262 | 131,168,262 |
| E.ON Moldova Distributie S.A. | 131,073,011 | 131,073,011 |
| Electrica Distributie Transilvania Sud S.A. | 125,918,628 | 125,918,628 |
| Electrica Distributie Transilvania Nord S.A. | 115,755,059 | 115,755,059 |
| Enel Distributie Dobrogea S.A. | 114,760,052 | 114,760,052 |
| Enel Distributie Muntenia S.A. | 107,277,263 | 107,277,263 |
| Posta Romana S.A. | 80,822,000 | 80,822,000 |
| Other | 415,061,671 | 415,595,959 |
| | 5,198,228,512 | 5,198,405,380 |
| Total equity investments | 10,762,170,216 | 11,269,744,338 |

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.

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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 2013:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------------|----------|----------|----------------------|
| Equity investments at fair value | 5,563,941,704 | - | - | 5,563,941,704 |
| Treasury bills | 426,333,235 | - | - | 426,333,235 |
| Government bonds | 40,458,553 | - | - | 40,458,553 |
| | 6,030,733,492 | - | - | 6,030,733,492 |

At 31 December 2012:

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

As at 30 June 2013, the equity investments classified as available for sale included equity investments valued at cost less impairment in amount of RON 5,198,228,512 (31 December 2012: RON 5,198,405,380).

10. Deferred tax assets

| | 30 June 2013 | 31 December 2012 |
|---|----------------------|----------------------|
| <i>Temporary differences deductible (taxable)</i> | | |
| Impairment losses on equity investments | 5,035,085,650 | 5,237,961,506 |
| Changes in fair values of equity investments | (2,732,796,200) | (2,969,427,906) |
| Fiscal loss carried forward | 91,627,658 | 3,264,075 |
| | 2,393,917,108 | 2,271,797,675 |
| Deferred tax assets at 16% | 383,026,738 | 363,487,628 |
| Total deferred tax assets | 383,026,738 | 363,487,628 |

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

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11. Other liabilities

| | 30 June 2013 | 31 December 2012 |
|---|---------------------|-------------------------|
| Dividends payable | 397,793,660 | 9,481,720 |
| Tax on dividends | 20,073,311 | - |
| Investment Management and Administration fees | 10,685,154 | 8,862,463 |
| Payables for buy backs | 3,598,947 | - |
| Financial Supervisory Authority commission | 1,250,361 | 1,230,482 |
| Other liabilities | 1,815,489 | 1,489,514 |
| | 435,216,922 | 21,064,179 |

12. Shareholders' equity

(a) Share capital

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

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

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

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

By 30 June 2013, the State's share in Fund's issued capital was 2.67% (31 December 2012: 2.68%) out of which only 0.022% was paid.

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

The fair value reserves of RON 2,164,268,313 at 30 June 2013 (31 December 2012: RON 2,494,319,443) comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

(c) Treasury shares

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

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

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12. Shareholders' equity (continued)

(c) Treasury shares (continued)

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

The second buy-back programme started on 12 April 2013 and by 30 June 2013 the Fund had acquired 147,016,000 shares at a total cost of RON 96,050,678 (shares already settled as at 30 June 2013: 141,266,000). None of the shares had been cancelled by 30 June 2013.

(d) Dividends

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

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

13. Contingencies

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

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

In one of these cases, on 10 October 2012 the Bucharest Court of Appeal rejected the appeal filed by the Fund and upheld the decision of the Bucharest Court to partly admit a claim to annul certain resolutions from the 6 September 2010 GSM relating to (inter alia) approval of a new Constitutive Act and the first appointment of FTIML as the administrator of the Fund. This decision is irrevocable and it was implemented by Trade Registry, without any changes in the management of the Fund considering that:

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

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

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13. Contingencies (continued)

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

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

2. Other contingencies of the Fund included:

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

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

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

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

Until 30 June 2013, the Fund recovered from World Trade Center Bucharest SA USD 510,131, EUR 148,701, RON 8,724,888.

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

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

14. Related parties

(a) Key management

| | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|----------------------------------|--|--|
| Salaries | | |
| Members of the Board of Nominees | 329,052 | 253,507 |

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

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

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14. Related parties (continued)

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

| Transactions | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|---------------------------|--|--|
| Investment management fee | 16,209,506 | 13,503,854 |
| Administration fee | 4,276,914 | 3,563,022 |
| Rental expense | 51,749 | 51,953 |
| Operating cost | 13,898 | 45,739 |
| | 20,552,067 | 17,164,568 |

During the first six months of 2013, the Fund recorded also an amount of RON 758,703 representing expenses incurred by the Fund Manager on its behalf (30 June 2012: RON 508,920). The recharge of these expenses to the Fund followed the provisions of the Investment Management Agreement, and was subject to Board of Nominee approval.

As at 30 June 2013, the Fund owed an amount of RON 11,374,001 to the Fund Manager (31 December 2012: RON 9,146,226).

(b) Subsidiaries

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

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

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

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

| | 6 months ended 30 June 2013 | 6 months ended 30 June 2012 |
|--|--|--|
| Gross dividend income | | |
| Alcom | 24,392 | - |
| Dividends received | | |
| Alcom | 24,392 | - |
| | 30 June 2013 | 31 December 2012 |
| Dividends receivable | | |
| Carom - Broker de Asigurare S.A. Bucuresti | 10,158 | 10,158 |
| | 10,158 | 10,158 |
| Impairment loss allowance | | |
| Carom - Broker de Asigurare S.A. Bucuresti | (10,158) | (10,158) |
| | (10,158) | (10,158) |
| | - | - |

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

14. Related parties (continued)

(c) Associates

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

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

15. Subsequent events

Zirom's share capital increase

In June 2013, at the Ordinary General Shareholders Meeting of Zirom SA approved the increase of company's share capital by issuing 1,111,575 new shares, with a nominal value of 10 RON per share. In July 2013, the Fund subscribed the total value of above-mentioned shares, in amount of RON 11,115,750. The funds from the share capital increase will be used to finance Zirom Forging project, partially financed with EU funds.

Selection of a new depositary bank

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

As a result, in July 2013 the Fund began a tender process to select a new provider of depositary services and the winning tenderer is expected to be announced soon, with handover effective from November 2013.

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 2013 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, Oana Truța, 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 2013 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 2013, 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**

Oana Truța
Legal Representative

Mihaela Moleavin
Financial Reporting Manager

Annex 5

Documents of the changes in administration and the management structures for the Fund in the first half of 2013

Decision no. 13 / 23 April 2013

The Board of Nominees of SC Fondul Proprietatea SA (“the Fund”), appointed by Resolution of the Ordinary General Meeting of Shareholders (“OGM”) no. 9 of 6 September 2010, OGM Resolution no. 3 of 4 April 2012, OGM Resolution no. 4 of 4 April 2012, and OGM Resolution no. 5 of 4 April 2012,

Convened on 23 April 2013, duly and statutorily, in the presence of the following members:

Sorin Mihai MÎNDRUȚESCU – Chairman

Steven Cornelis van GRONINGEN – Member

Julian Rupert Francis HEALY – Member

Piotr RYMASYEWSKI – Member

Preamble

Whereas Mr. Cristian Bușu has resigned from his position of member of the Board of Nominees by notice no. 1211/22 April 2013;

Considering the provisions of Article 16 (5) of the Fund’s Articles of Association: “In case of vacancy of the seat of one or more members of the Board of Nominees, the general meeting of the shareholders shall be immediately convoked 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 the Fund Manager, the auditor and will be filed with the Trade Registry”;

And casting the following votes:

Sorin Mihai MÎNDRUȚESCU - for

Steven Cornelis van GRONINGEN – for

Julian Rupert Francis HEALY – for

Piotr RYMASZEWSKI - for

Now, the Board of Nominees, with unanimity of vote:

DECIDE

Article 1 – To appoint Mr. Mark Henry Gitenstein, United States citizen, born on 7 March 1946 in Alabama, United States of America, identified with Passport no. 472398190 issued by the United States Department of State on 10 June 2010 and valid until 9 June 2020, as interim member within the Board of Nominees.

Article 2 – The appointment of Mr. Mark Henry Gitenstein shall be effective upon the registration of this herein decision with the Trade Registry.

Article 3 - Franklin Templeton Investment Management Limited United Bucharest Branch shall take all necessary steps for enforcing this Decision.

This herein decision was signed today, 23 April 2013, in two (2) original counterparts, both in Romanian and English. In case of any discrepancies between these two versions, the Romanian one shall prevail.

Mr. Sorin Mihai MÎNDRUȚESCU
Chairman

Mr./ Julian Rupert Francis HEALY
Member

Mr. Steven Cornelis van GRONINGEN
Member

Mr. Piotr RYMASZEWSKI
Member

Drafted by
Valeriu IONITA
Technical secretary

< GAIN FROM OUR PERSPECTIVE >



**Franklin Templeton Investment
Management Limited Bucharest
Branch**
Premium Point
78-80 Buzesti Street, 1st District
Bucharest 011017
Romania

**FONDUL
PROPRIETATEA**

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