

## QUARTERLY REPORT

For the quarter ended  
30 September 2012

Prepared in accordance with CNVM  
Regulation no 1/2006

(This is a translation from the official  
Romanian version)

**FONDUL**  
PROPRIETATEA



**S.C. Fondul Proprietatea S.A.**



**FRANKLIN TEMPLETON**  
**INVESTMENTS**

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## Company Information

### The Company

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

### Stock Data (as at 30 September 2012)

BVB <sup>1</sup> Symbol	FP
Market Price <sup>2</sup>	RON 0.5280
Price Range <sup>3</sup>	RON 0.4590 - RON 0.5400
NAV/ Share <sup>4</sup>	RON 0.9476
Discount	44.3%
Par Value /Share	RON 1.0000
Shares in issue	13,778,392,208
Shares corresponding to paid in capital	13,412,780,166

### Shareholder Structure<sup>5</sup> (as at 30 September 2012)

Shareholder Categories	% of subscribed share capital	% of voting rights
Foreign institutional shareholders	50.916%	53.258%
Romanian private individuals	28.922%	30.253%
Romanian institutional shareholders	9.439%	9.873%
Foreign private individuals	6.320%	6.610%
Ministry of Public Finance	0.006%	0.006%
Treasury shares <sup>6</sup>	1.744%	-
Unpaid shares <sup>7</sup>	2.653%	-

There were 9,673 shareholders on 30 September 2012.

### Contact Details

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<sup>1</sup> Bucharest Stock Exchange (“BVB”)

<sup>2</sup> Source: BVB, closing price as at 30 September 2012

<sup>3</sup> Source: BVB, closing prices for the period 1 July -30 September 2012

<sup>4</sup> As at 30 September 2012

<sup>5</sup> Source: Central Depository

<sup>6</sup> 240,304,801 shares acquired by the Fund through buy backs

<sup>7</sup> Shares unpaid by Romanian State represented by the Ministry of Public Finance

## Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the results of the Fund for the quarter ended 30 September 2012, with an unaudited net profit of RON 0.7 million (for the quarter ended 30 September 2011: net losses of RON 7.9 million) and total shareholders' equity of RON 12,377.8 million (30 June 2012: RON 12,176.4 million). For the nine-month period ended 30 September 2012 the net profit was RON 574.6 million (for the nine-month period ended 30 September 2011 there was a net profit of RON 535.3 million).

The Fund reported a net asset value ("NAV") of RON 12,710.7 million as at 30 September 2012 or RON 0.9476 per share (an increase of 1.7% since 30 June 2012).

The positive trend of the Fund's NAV in the third quarter of 2012 was correlated with the overall conditions on the Bucharest Stock Exchange ("BVB"), which led to an increase in the valuation of the listed holdings in the Fund's portfolio.

For the quarter ended 30 September 2012, the BVB underperformed (in EUR terms) most of the largest markets in Central Europe, as shown in the table below:

% change in Quarter ended 30 September 2012	In local currency	In EUR
BET-XT (Romania)	7.3%	5.2%
ATX (Austria)	5.8%	5.8%
BUX (Hungary)	7.2%	7.7%
PX (Czech Republic)	5.8%	7.5%
WIG20 (Poland)	4.2%	7.1%

The discount of the share price to NAV was 44.3% as at 30 September 2012. In the third quarter of 2012, the discount ranged between 42.9% and 60.7%.

The following table gives a summary of the financial position of the Fund for the quarter ended 30 September 2012 ("Q3 2012"), for the quarter ended 30 September 2011 ("Q3 2011") and for the half-year ended 30 June 2012 ("H1 2012"):

	Note	Q3 2012	Q3 2011	H1 2012	Change%	
					Q3 2012 vs. Q3 2011	Q3 2012 vs. H1 2012
Total Shareholders' Equity (RON million)	a	12,377.8	11,328.4	12,176.4	+9.3%	+1.7%
Net Asset Value (RON million)	b	12,710.7	14,616.2	12,497.4	-13.0%	+1.7%
Net Asset Value per Share (RON)	b	0.9476	1.0902	0.9317	-13.1%	+1.7%
Net Asset Value Total Return	c	+1.7%	-7.2%	-10.8%		
Share Price (RON)		0.5280	0.4400	0.4565	+20.0%	+15.7%
Share Price Total Return	c	+15.7%	-17.8%	+14.9%		
Share Price – High	d	0.5400	0.5360	0.6050		
Share Price – Low	d	0.4590	0.4300	0.4270		
Gross Dividends Declared (RON per share)		-	-	0.03854		
Share Price Discount to Net Asset Value		44.3%	59.6%	51.0%		

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

**Notes:**

- (a) Prepared on the basis of Romanian Accounting Regulations
- (b) Prepared on the basis of CNVM Regulations
- (c) Calculated with dividend reinvested, where applicable
- (d) Closing prices quoted by the BVB

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

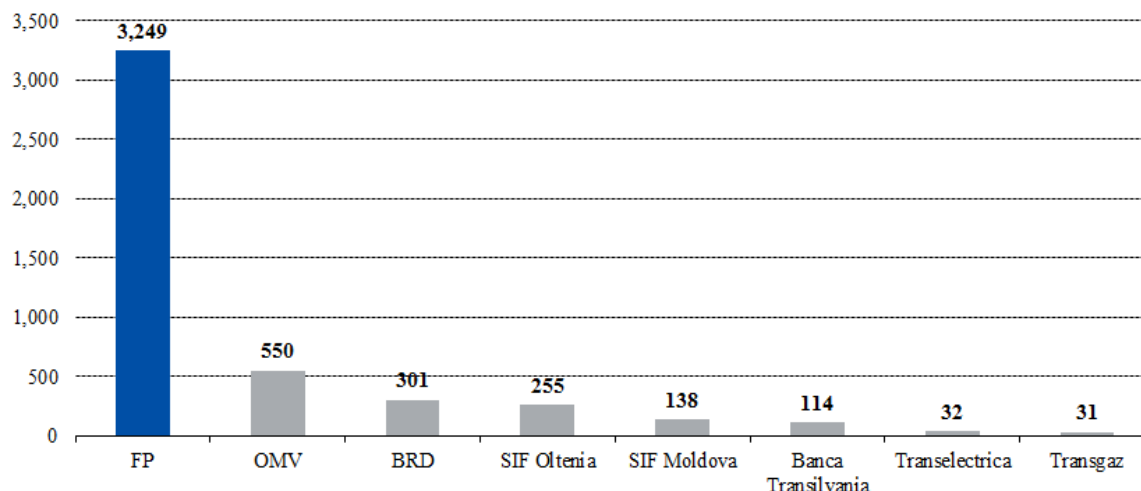
	<b>CNVM Regulations*</b>	<b>Romanian Accounting Regulations</b>
Listed securities	Valued at closing quoted market prices	Valued at cost less adjustments for impairment
Unlisted or illiquid listed securities	Valued as per latest issued financial statements of the security (proportionally with the stake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

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

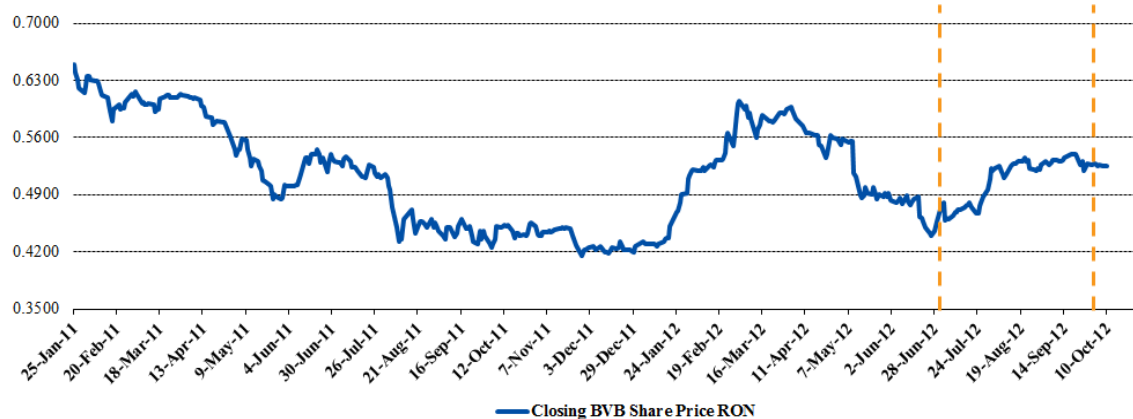
## Significant Events

### BVB Trading

Average Daily Turnover for the third quarter ended 30 September 2012 (EUR thousands)



Fund's Share Price History (RON/share)



Source: BVB

### Investor Relations Update

The Fund Manager continued to raise the Fund's profile and visibility among a wider institutional investor base and to update current shareholders on the latest development of the Fund and underlying holdings during the 3<sup>rd</sup> quarter of 2012. The series of events included road-shows to Poland and Sweden, as well as 10 conference calls and meetings in Bucharest with current shareholders and investors. We also organised the second annual Romanian Institutional Investors Day in Bucharest, and presented the equity story of Fondul Proprietatea in individual meetings with investment analysts and portfolio managers during two regional emerging and frontier markets conferences: the 1<sup>st</sup> Frontier Market Conference organized by Citi in London, UK and the 9<sup>th</sup> Annual Emerging Europe Conference organised by UniCredit in Warsaw, Poland. Additionally, in August we held our usual Semi-Annual Conference Call with analysts and investors to discuss the Fund's financial results for the first half of 2012.

In order to increase the transparency and disclosure about the Fund's underlying holdings, the Fund Manager continues to add new information to the Fund's website regarding the underlying portfolio companies. Investor reports, press releases, company reports, detailed financial statements, annual reports, and auditors' reports for the largest portfolio companies will continue to be published on the our website to facilitate a deeper understanding of the intrinsic value of the Fund's management strategy and activity. ([www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)).

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

## Secondary Listing Update

As underlined in our Semi-Annual Report published in August 2012, in order to achieve a successful secondary listing 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 depository systems of the two markets so that trades in the shares can be settled between trading platforms.

The Fund Manager and the Consortium (J.P. Morgan and UniCredit Group as co-managers and KBC Securities as co-advisor) have sent numerous inquiries to CNVM regarding the status of the regulatory changes required for the establishment of the link between the Romanian Central Depository and the Polish Securities Depository. As of 30 September 2012, CNVM has not made any progress on publishing the required regulations, and this will affect our initially envisaged timeframe for the secondary listing. We will update shareholders and investors on the needed steps to proceed with the project.

Please see the Subsequent Events section for updates.

## Share Cancellation and Buy-Back Programme

As at 30 September 2012, the registration of the two shareholder decisions regarding the cancellation of the repurchased shares and the second buy-back programme have been blocked by litigations started by a shareholder of the Fund. The effects of these shareholders decisions are suspended. The cancellation of the repurchased shares will take effect 60 days from the date of publication of the Extraordinary General Meeting of Shareholders ("EGM") Decision in the Official Gazette Part IV. The second buy-back programme can commence after the Extraordinary General Meeting of Shareholders Decision is published in Official Gazette Part IV.

The next hearing of the Bucharest Court of Appeal in the court case regarding the blocking of the registration with the Trade Register of EGM Resolution no. 3 of 25 April 2012 for the approval of the share capital decrease of the Fund following the cancellation of 240,304,801 own shares will be determined in the few weeks. The next hearing in front of the Bucharest Court in the court case regarding the blocking of the registration with the Trade Register of the EGM Resolution no. 4 of 25 April 2012 for the approval of the buyback programme has been set for 16 November 2012.

Following a favourable decision from the Court, the Fund Manager is prepared to start the buy-back programme immediately after the registration of the shareholder decision and the subsequent publication in the Official Gazette.

## 2011 Dividend Distribution Update

By 30 September 2012, shareholders had collected almost 98% of the total gross dividend distribution of RON 507.7 million (or RON 0.03854 per share) approved by shareholders on 25 April 2012.

## Subsequent Events

### Main updates on litigations started by a shareholder

On 10 October 2012, the Fund Manager announced that the Bucharest Court of Appeal rejected the appeal filed by the Fund in the file no. 47039/3/2010, initiated by a shareholder of the Fund, and upheld the Bucharest Court's decision issued on 22 December 2011. The decision issued by the Bucharest Court of Appeal is irrevocable.

The appeal related to the decision of the Bucharest Court was as follows:

- The Bucharest Court partly admitted the claimant's request to annul the Extraordinary General Shareholders' Meeting Resolutions no. 1, 2, 8, and 9 from 6 September 2010 based on a technical procedural argument alleging a breach by the previous management of the Fund of the formalities required for the calling of the meeting. These resolutions relate to the approval of a new Constitutive Act, the formal acknowledgement of the appointment of Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch as Sole Administrator of the Fund, the revocation of the previous Directorate and Supervisory Board, and the appointment of the first members of the Board of Nominees.
- The Bucharest Court rejected the claimant's request to annul the Ordinary General Shareholders' Meeting Resolution no. 3 from 6 September 2010. This resolution relates to the listing of the Fund on the Bucharest Stock Exchange.

Nevertheless, for the avoidance of any doubt, the Fund Manager notes that the version of the Constitutive Act to which the Court decision relates is not the one currently in force. New versions of the Constitutive Act were approved by the majority of the Fund's shareholders during the General Shareholders' Meetings ("GSM") held on 29 November 2010, 23 November 2011 and the 4 April 2012.

Furthermore, new resolutions at the 25 April 2012 GSM specifically reiterated the shareholders' approval of the objects of all the resolutions to which this Court decision relates; these resolutions were proposed by a shareholder and approved by a majority of over 96%.

Accordingly, the Fund Manager is bound to observe the current Constitutive Act and the shareholders' resolutions, and consequently will continue to manage the Fund in accordance with its management agreement, in collaboration with the Board of Nominees.

For the avoidance of any doubt, please find note that Trade Register confirmed the Fund Manager's continued appointment as Sole Director of Fondul Proprietatea. The Trade Register's registrations are binding on all parties.

### Main updates on inherited litigations

In November the High Court of Cassation and Justice rejected the second appeal filed by Fondul Proprietatea in the file no. 16743/3/2009 against the decision issued by the Bucharest Court of Appeal in the file regarding Nuclearelectrica, the Ministry of Economy, Trade and Business Environment and the Office of State Ownership and Privatization in Industry.

In this file the Fund has sued Nuclearelectrica and the Ministry of Economy and Commerce (now the Ministry of Economy, Trade and Business Environment) and asked the court to record the transfer in the Nuclearelectrica's shareholders register of a total of 20,077,953 shares from the Ministry portfolio to the Fund portfolio in order to update the initial stake of the Fund in Nuclearelectrica, taking into account the share capital increases that took place between 1 February 2006 and 13 November 2007. The litigation was solved at the first stage by the Bucharest Court with the Court ruling against the Fund. The Fund has appealed the decision of the Court and the Bucharest Court of Appeal ruled against the Fund. The Fund filed the second appeal asking High Court of Cassation and Justice to issue the final and irrevocable decision. On The next hearing was set for 1 November 2012, the High



Court of Cassation and Justice irrevocable ruled against the Fund and decided that the Fund has no right to receive additional shares issued by Nuclearelectrica.

On August 2011 for safety reasons, given that the decision issued by the first court in this case is enforceable, the Fund has blocked a total of 340,796,918 shares, in amount of RON 340,796,918 computed based on the valuation report issued in October 2007 by an independent evaluator (Finevex S.R.L. Constanta) for the shares presumed to be owned by the Fund in Nuclearelectrica. The Fund considered that in fact the Ministry of Public Finance has not contributed to the share capital of the Fund with this amount. After As a result of the courts will issue an irrevocable decision issued by High Court of Cassation and Justice regarding this case the Fund will propose the shareholders measures in order to solve the issue of unpaid share capital, if it is the case.

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

### **Secondary Listing Updates**

On 15 October the Fund Manager called the General Meeting of Shareholders for 23 November 2012 proposing to have on the agenda the extension of the deadline for the authorisation of Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch to perform the activities mentioned in Extraordinary General Meeting of Shareholders no. 11 on 27 June 2012, in relation to the secondary listing of the Company on the Warsaw Stock Exchange, until 30 June 2013.

## Analysis of the Activity of the Fund

### Analysis of the Portfolio of the Fund

#### Net Asset Value

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

All NAV reports are submitted to the BVB and CNVM and published on the Fund’s website at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro).

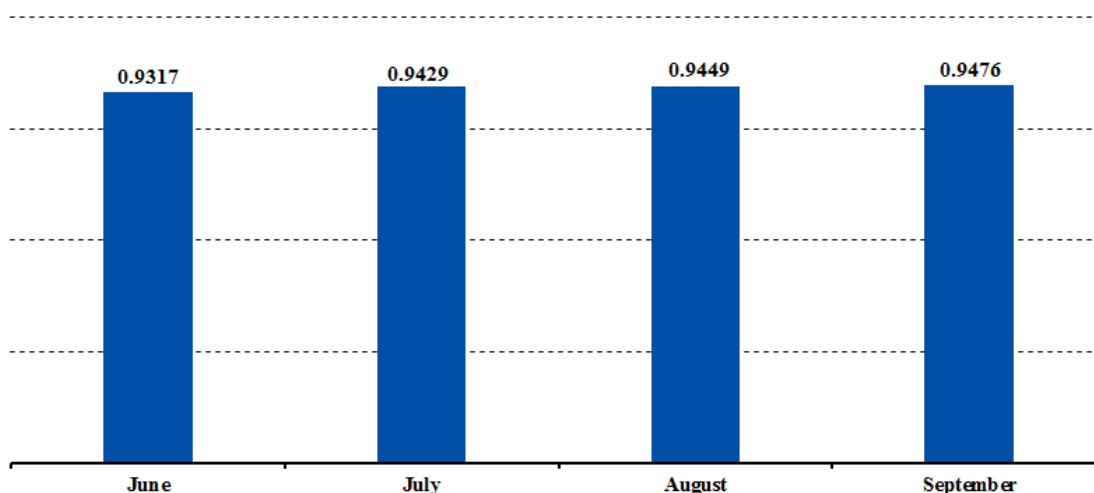
#### NAV Methodology

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

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

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

#### NAV/share (RON/share)



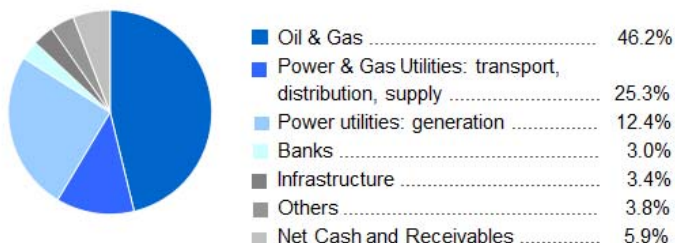
Source: FTIML

The Fund’s NAV per share increase of 1.7%, between 30 June 2012 and 30 September 2012, to RON 0.9476, was principally due to the increase in the share prices of the listed securities, mainly OMV Petrom which rose by 1.6% (its individual impact on total NAV was RON 206.2 million and on NAV per share was RON 0.0154).

### Investment Strategy and Portfolio Analysis

The Fund’s investment objective is long-term capital appreciation, primarily through investments in Romanian equities and equity-linked securities. The equity exposure amounted to 94% of the Fund’s NAV as at 30 September 2012. As at that date, the portfolio included holdings in 69 companies (25 listed and 44 unlisted), a combination of privately held and state-owned enterprises.

#### Portfolio Structure - by Sector



- The portfolio remained heavily weighted in the power, oil and gas sectors (approx. 83.9% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables included bank deposits, current bank accounts, treasury bills, dividend receivables, as well as other current assets, net of all liabilities and provisions

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

#### Portfolio Structure - by Country



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

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

#### Portfolio Structure – Equity Investments - Listed Versus Unlisted



- The largest unlisted company was Romgaz (20.5% of the total value of unlisted companies in the portfolio).
- The largest listed company was OMV Petrom (79.3% of the total value of listed companies in the portfolio).

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

**Top 20 Equity Investments**

No	Name	Fund's Stake (%)	Value as at	% of NAV
			30 September 2012 (RON million)	
1	OMV Petrom SA	20.10%	4,477.9	35.2%
2	Romgaz SA	14.99%	1,296.3	10.2%
3	Complexul Energetic Oltenia SA	21.53%	1,075.1	8.5%
4	Nuclearelectrica SA	9.72%	497.6	3.9%
5	ENEL Distributie Banat SA	24.12%	445.5	3.5%
6	E.ON Moldova Distributie SA	22.00%	399.8	3.1%
7	ENEL Distributie Muntenia SA	12.00%	344.0	2.7%
8	GDF Suez Energy Romania	12.00%	339.6	2.7%
9	Transgaz SA	14.98%	335.3	2.6%
10	CN Aeroporturi Bucuresti SA	20.00%	322.4	2.5%
11	ENEL Distributie Dobrogea SA	24.09%	301.4	2.4%
12	Electrica Distributie Muntenia Nord SA	21.99%	274.9	2.2%
13	Electrica Distributie Transilvania Sud SA	21.99%	202.6	1.6%
14	Electrica Distributie Transilvania Nord SA	22.00%	189.0	1.5%
15	BRD – Groupe Societe Generale	3.64%	183.0	1.4%
16	Alro SA	10.21%	163.3	1.3%
17	E.ON Gaz Distributie SA	11.99%	143.3	1.1%
18	Transelectrica SA	13.49%	119.7	0.9%
19	Raiffeisen Bank International	0.43%	109.1	0.9%
20	Societatea Nationala a Sarii SA	48.99%	98.0	0.8%
	<b>Top 20 portfolio holdings</b>		<b>11,317.8</b>	<b>89.0%</b>
	<b>Total financial assets (portfolio holdings)</b>		<b>11,961.6</b>	<b>94.1%</b>
	<b>Net cash and receivables</b>		<b>749.1</b>	<b>5.9%</b>
	<b>Total NAV</b>		<b>12,710.7</b>	<b>100.0%</b>

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

## Key Portfolio Developments in the Period

### Acquisitions and Disposals

In July 2012, the Fund sold its entire holding in Comcereal Fundulea S.A. on the open market.

July 2012, Banca Transilvania completed as well the registration of the share capital increase (from incorporation of reserves and earnings) with the Trade Register. Subsequently, the 3,804,610 bonus shares received by the Fund were reflected as part of its portfolio (previously, these shares were reflected in the other current assets category in the Fund's NAV report).

### Plafar

In June 2012, the Company was removed from the insolvency procedure initiated in 2009, at the request of the company's Board of Directors. This resolution was registered with the Trade Register on 26 September 2012

### Legislation Changes

On 19 July 2012, the Electricity and Gas Law (Law no. 123/2012) entered into force. The main provisions of the law cover the functioning of the Romanian Energy Regulatory Authority; the ownership unbundling; the electricity price liberalisation (deadline for liberalisation for the non-household consumers is end December 2013 and deadline for liberalisation of household consumers is end December 2017); and the gas price liberalisation (deadline for liberalisation for the non-household consumers is end December 2014 and deadline for liberalisation of household consumers is end December 2018).

### Calendar of gradual elimination of regulated gas prices

Starting date	Non-household consumers		
	Convergence degree (%)	Internal production price (RON/MWh)	Final price increase (%)
01/12/2012	35	49	5
01/04/2013	40	55.3	5
01/07/2013	47	63.4	5
01/10/2013	51	68.3	3
<b>Annual Price Increase 2013 (%)</b>		<b>18</b>	
01/01/2014	55	72	4
01/04/2014	71	89.4	5
01/07/2014	91	109	5
01/10/2014	100	119	4
<b>Annual Price Increase 2014 (%)</b>		<b>18</b>	

Starting date	Household consumers		
	Convergence degree (%)	Internal production price (RON/MWh)	Final price increase (%)
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
<b>Annual Price Increase 2013 (%)</b>		<b>10</b>	
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
<b>Annual Price Increase 2014 (%)</b>		<b>10</b>	

Starting date	Household consumers		
	Convergence degree (%)	Internal production price (RON/MWh)	Final price increase (%)
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
<b>Annual Price Increase 2015 (%)</b>		<b>12</b>	
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
<b>Annual Price Increase 2016 (%)</b>		<b>12</b>	
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
<b>Annual Price Increase 2017 (%)</b>		<b>12</b>	
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
<b>Annual Price Increase 2018 (%)</b>		<b>12</b>	

#### Calendar of gradual elimination of regulated electricity prices

Starting date	Non-household consumers – % acquisition from the competitive market	Household consumers – % acquisition from the competitive market
01/09/2012	15	0
01/01/2013	30	0
01/04/2013	45	0
01/07/2013	65	10
01/09/2013	85	10
01/01/2014	100	20
01/07/2014	100	30
01/01/2015	100	40
01/07/2015	100	50
01/01/2016	100	60
01/07/2016	100	70
01/01/2017	100	80
01/07/2017		90
31/12/2017		100

#### Implementation of Government Ordinance 109/2011 regarding corporate governance in state owned enterprises provisions

None of the state owned companies in Fund's portfolio have fully implemented the Government Ordinance 109/2011 regarding corporate governance in State Owned enterprises provisions regarding the selection of the professional management.

## Update on the Top 20 Portfolio Companies

### Alro

RON million	2010	2011	H1 2011	H1 2012
Turnover	1,812.2	2,241.4	1,136.5	1,061.7
Operating profit	289.4	368.4	965.5	994.1
Net profit	159.8	228.3	177.4	15.2
Dividends	159.8	225.9		

August: On 13 August, the company announced that they concluded the negotiations with Hidroelectrica for electricity prices: Hidroelectrica will supply 3 TWh/year until 2018 and the formula for the electricity price will be based on a series of factors including the aluminium price on the London Stock Exchange and the OPCOM market.

### BRD – Groupe Societe Generale

RON million	2010*	2011*	H1 2011**	H1 2012**
Net Banking Income	3,585.0	3,268.0	1,520.6	1,433.7
Gross Operating Income	2,110.0	1,808.0	831.3	761.5
Net Risk Cost	883.0	1,253.0	0.4	0.7
Net profit	1,009.0	498.0	0.3	0.01
Dividends	125.0	116.3		

\*based on consolidated IFRS financial statements

\*\*based on separate IFRS financial statements

November: Mr Philippe Lhotte took over, as the bank's new CEO after receiving the approval of the National Bank of Romania. Prior to this appointment, Mr Lhotte assumed the CEO and Chairman positions of SG Expressbank AD, a subsidiary of Societe Generale in Bulgaria.

### CN Aeroporturi Bucuresti

RON million	2010	2011	H1 2011	H1 2012
Turnover	396.8	474.3	214.8	242.6
Operating profit	54.2	88.5	57.4	45.1
Net profit	42.5	52.6	47.8	30.3
Dividends	38.3	47.1		

### Complexul Energetic Oltenia

RON million	2010*	2011*	H1 2012**
Operating revenues	3,165.8	4,026.5	406.3
Operating profit	(25.0)	348.0	10.6
Net profit	(126.6)	179.9	24.5

\* 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

\*\* based on statutory financial statements for the period 31 May - 30 June 2012

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

The Ministry of Economy, Commerce and Business Environment has contracted Kienbaum International, a reputable recruitment company, for the selection process for the CEO and Supervisory Board members of CE Oltenia.

**E.ON Gaz Distributie SA**

RON million	2010	2011
Turnover	794.2	800.5
Operating profit	195.8	264.8
Net profit	159.6	230.5

**E.ON Moldova Distributie**

RON million	2010	2011
Turnover	626.2	636.1
Operating profit	190.1	22.1
Net profit	165.4	7.2

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

**Electrica Distributie Muntenia Nord (“EDMN”)**

RON million	2010	2011	H1 2011	H1 2012
Total revenues	659.1	712.8	349.9	353.6
Operating profit	27.1	72.4	43.9	38.5
Net profit	26.7	67.4	39.8	35.4

October: The General Shareholders Meeting mandated the Board of Directors to appoint Mr. Darius Dumitru Mesca as General Manager. This mandate given was not in compliance with the Companies Law and OUG 109/2011 provisions. Mr. Darius Dumitru Mesca is a former State Secretary in the Ministry of Economy, Commerce and Business Environment and Councillor of the Prahova County Council President.

**Electrica Distributie Transilvania Nord (“EDTN”)**

RON million	2010	2011	H1 2011	H1 2012
Total revenues	545.3	570.1	289.0	295.6
Operating profit	13.9	40.2	41.9	40.9
Net profit	8.5	29.1	35.6	32.4

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

RON million	2010	2011	H1 2011	H1 2012
Total revenues	593.0	638.8	321.9	317.9
Operating profit	21.5	27.8	11.6	18.4
Net profit	11.9	19.6	7.1	9.9

**ENEL Distributie Banat (“EDB”)**

RON million	2010	2011	H1 2011	H1 2012
Turnover	556.0	585.8	289.9	292.5
Operating profit	159.7	238.3	125.1	85.7
Net profit	148.4	220.5	114.5	77.6
Dividends	83.6	-		



**ENEL Distributie Dobrogea (“EDD”)**

RON million	2010	2011	H1 2011	H1 2012
Turnover	408.0	459.0	220.4	225.4
Operating profit	107.2	126.4	65.1	45.0
Net profit	99.6	108.9	57.2	42.3
Dividends	56.2	-		

**ENEL Distributie Muntenia (“EDM”)**

RON million	2010	2011	H1 2011	H1 2012
Turnover	733.8	705.9	348.5	395.1
Operating profit	76.0	51.6	30.2	43.6
Net profit	105.1	50.5	27.6	91.1

**GDF Suez Energy Romania**

RON million	2010*	2011*	H1 2011**	H1 2012**
Turnover	3,593.0	3,862.4	2,275.8	2,538.2
Operating profit	322.0	298.6	4.3	122.2
Net profit	271.0	261.9	6.0	102.4

\*As per consolidated financial statements

\*\* As per non-audited statutory financial statements

September: Following ANRE’s order<sup>8</sup> no. 31/2012, starting 15 September 2012 gas prices for industrial consumers have been increased by approximately 10%, while gas prices paid by households customers have been increased by around 5%. This is the first increase in gas prices for households customers since 2009.

**Nuclearelectrica**

RON million	2010	2011	H1 2011	H1 2012
Sales	1,540.3	1,588.4	754.1	772.3
Operating profit	155.9	162.6	44.2	58.8
Net profit / (net loss)	13.1	95.0	82.7	(33.7)

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

August: According to the latest letter of intent to the IMF, the Government will expedite the IPO of Nuclearelectrica, but will miss the agreed deadline of end-2012 by one quarter.

September: On 28 September, two broker consortia submitted bids to intermediate Nuclearelectrica’s IPO. The first consortium includes Wood & Company Financial Services SA and SSIF Intercapital Invest SA, and the second comprises SSIF Swiss Capital SA and SC BT Securities SA.

October: SSIF Swiss Capital SA and SC BT Securities SA were selected to complete the IPO of Nuclearelectrica in 2013.

**OMV Petrom**

RON million (IFRS)	2010*	2011*	H1 2011**	H1 2012**
Sales	18,615.7	22,613.7	7,570.0	8,781.0
Operating profit	2,985.5	4,935.8	5,080.7	6,875.4
Net profit	2,189.7	3,758.6	1,875.9	2,030.8
Dividends	1,002.6	1,756.0		

\*As per consolidated financial statements

\*\* As per statutory financial statements

<sup>8</sup> ANRE order no 31 issued on the 30 August 2012

June: OMV Petrom announced the sale of Petrom LPG, its gas bottling and distribution activities, to Crimbo Gas International. The decision is part of the company's strategy to optimise its refining and marketing portfolio. Gas cylinder and auto gas marketing activities will continue through the Petrom and OMV fuel distribution network. The company did not disclose the value of this transaction.

June: OMV Petrom announced the completion of the investment project aimed at upgrading the crude vacuum distillation unit at the Petrobrazi refinery, at a total cost of approximately EUR 100 million. Following this investment, the refinery is now able to produce the entire domestic crude production of OMV Petrom. At the same time, yields for middle distillates are expected to increase and energy consumption is expected to decrease.

July: The company announced a change in the Executive Board: Mr Cristian Secosan replaced Mr Hilmar Kroat-Reder and took over responsibilities for the Gas and Power division. Prior to joining OMV Petrom, Mr Secosan was the General Manager of Siemens Romania. He also has previous experience in various management positions with multinationals active in Romania, such as ABB, Alstom and E.ON.

August: OMV Petrom announced results for the second quarter and the first half of 2012. The main highlights of the report for the first half of the year include an increase in sales of 19% to RON 12.2 billion, an increase in EBIT of 12% to RON 2.7 billion and an increase of 10% in net income to RON 2.7 billion, equivalent to an ROE of 19%, up from 18.6% for the same period of 2011.

#### **Raiffeissen Bank International**

EUR million	2010	2011	H1 2011	H1 2012
Net revenue	6,764.7	7,024.4	3,546.0	3,544.0
Net interest income	3,577.9	3,667.1	1,782.0	1,717.0
Consolidated profit	1,087.4	967.6	615.0	701.0

#### **Romgaz**

RON million	2010	2011	H1 2011	H1 2012
Sales	3,574.2	4,211.1	1,996.2	2,197.2
Operating profit	905.6	1,264.5	607.9	681.0
Net profit	651.2	1,031.7	488.0	557.7
Dividends	720.1	938.0		

August: Three new members were appointed to the company's Board of Directors, namely Mr Gelu Stefan Diaconu, Counselor of the Minister of Economy, Commerce and Business Environment, Mr Stefan Cosmeanu, Secretary of State at the Ministry of Economy and Mr Emil Corin Cindrea, who was also appointed as the new General Manager of Romgaz. These appointments followed resignations of three previous members. All appointments were done on an interim basis, until the implementation of provisions from Emergency Government Ordinance 109/2011, regarding the selection and appointment of new Board Members in State owned companies.

September: Some highlights from the company's results for the first half of 2012 include an increase in sales of 7.1% to RON 2.36 billion an increase in EBIT of 12% to RON 681 million and an increase in net income of 14.3% to RON 557.75 million.

#### **Societatea Nationala a Sarii SA**

RON million	2010	2011	H1 2011	H1 2012
Turnover	245.3	250.2	123.6	123.3
Operating profit	12.2	5.2	14.6	12.1
Net profit	5.9	1.4	10.8	11.4
Dividends	0.8	0.2		

**Transelectrica**

RON million	2010	2011	H1 2011	H1 2012
Turnover	2,545.7	3,113.1	1,341.6	1,447.1
Operating profit	79.6	159.5	1,159.8	1,393.0
Net profit	9.6	90.9	178.6	22.6
Dividends	8.5	80.6		

July: On 5 July 2012, Transelectrica announced that Moody's Investors Service had downgraded the company's rating from Baa3 to Ba1. The downgrade of a company's share to 'speculative grade' is motivated, amongst other reasons, by the reduced likelihood of a government's intervention when a company runs into problems, as recently seen with Hidroelectrica's insolvency.

July: the company signed an agreement with the Ministry of Economy, Commerce and Business Environment for a non-refundable financing deal worth RON 50 million for modernising the power grid.

July: Shareholders have approved the change of the management system, and have adopted the dual system with a supervisory board and directorate. The members of the supervisory board have not yet been appointed, but a shareholders meeting has been called.

October: On 24 October 2012, the Board of Directors of the company decided to dismiss the general manager and appoint new person in that position. New general manager used to work for McKinsey in the past and was a member in the Board of Directors of the company since 2010. The board gave no explanations for the dismissal of the ex-general manager.

**Transgaz**

RON million	2010	2011	H1 2011	H1 2012
Turnover	1,313.0	1,343.3	712.6	718.3
Operating profit	443.7	442.5	434.7	492.3
Net profit	376.4	379.5	255.3	210.4
Dividends	338.7	350.4		

July: Mr Ioan Rusu was appointed to the company's Board, effective until the implementation of the provisions of Emergency Government Ordinance no. 109/2011 on corporate governance in state owned companies.

October: The Government approved the structure of the secondary public offering for a 15% stake.

## Changes affecting the capital of the Fund

### The paid-up share capital

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

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

### The share capital decrease

On 25 April 2012, during the Extraordinary General Meeting of Shareholders the shareholders of the Fund approved the share capital decrease of the Fund. According to Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 the shareholders approved the decrease of the subscribed registered share capital of the Fund from RON 13,778,392,208 to RON 13,538,087,407, pursuant to the cancellation of 240,304,801 own shares acquired by the Fund. After the share capital decrease the subscribed share capital of the Fund will be RON 13,538,087,407 being divided into 13,538,087,407 shares, with a nominal value of RON 1 / share. The subscribed share capital decrease will take place based on Article 207 paragraph 1 letter c) of Law 31/1990. The subscribed share capital decrease will be effective after two months calculated from the day when Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 is published in the Official Gazette, Part IV, if CNVM approves the changing of Article 7 of the Constitutive Act.

A shareholder of the Fund has started a case against the Fund trying to block the publication of the Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 in the Official Gazette. The share capital decrease approved by Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 is suspended.

On 9 October 2012, the Bucharest Court ruled against the Fund and decided to reject the request of registration with Trade Register. On 24 October 2012 the Fund appealed the first court decision. The Bucharest Court of Appeal set the first hearing for 14 November 2012.

## Financial Analysis

The unaudited Balance Sheet and Income Statement for the nine-month period ended 30 September 2012 prepared in compliance with Romanian Accounting Regulations are included in full in Annex 1 to this Report.

This section provides a commentary on the principal elements of the Fund's financial position and results in the quarter ended 30 September 2012.

### Balance Sheet

	31 December 2011	30 June 2012	30 September 2012
	Audited	Unaudited	Unaudited
	RON million	RON million	RON million
Intangible assets	-	-	0.1
Financial assets	10,627.9	11,428.1	11,628.7
<b>Non-current assets - total</b>	<b>10,627.9</b>	<b>11,428.1</b>	<b>11,628.8</b>
<b>Current assets - total</b>	<b>549.2</b>	<b>1,188.9</b>	<b>790.3</b>
Prepaid expenses	-	0.1	0.1
Payables within one year	42.2	425.9	26.7
<b>Total assets less current liabilities</b>	<b>11,134.9</b>	<b>12,191.2</b>	<b>12,392.5</b>
Provisions	14.2	14.8	14.7
<b>Shareholders' equity</b>	<b>11,120.7</b>	<b>12,176.4</b>	<b>12,377.8</b>

As at 30 September 2012, **intangible assets** included the advances for the software licences paid to the provider of the Fund's new specialised accounting and reporting software.

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

On 20 June 2012, the Court admitted the request filed by Hidroelectrica for opening the insolvency procedure. As at the date of this report, the Fund was not in a position to perform a reasonable assessment of the fair value of the Fund's holding in Hidroelectrica, necessary for a proper performance of the impairment test in order to assess a potential impairment adjustment

Consequently, the carrying value of the equity investment in Hidroelectrica in this financial report is RON 3,106.5 million, and it does not reflect any impairment adjustment that might have been necessary if performance of the impairment test had been possible. The assessment of the fair value of the Fund's holding in Hidroelectrica is expected to be completed by the end of the year.

In the third quarter of 2012, the value of the financial assets increased by RON 200.6 million, mainly due to the reversal of the impairment adjustments for listed equity investments recorded during the quarter, principally for OMV Petrom (by RON 206.2 million).

The fall in **current assets** of RON 398.6 million and in **payables** of RON 399.2 million in the third quarter of 2012, were mainly accounted for by the payment of the 2011 dividend and related taxes.

## Income Statement

	Quarter 3 2011 Unaudited RON million	9 month period ended 30 September 2011 Unaudited RON million	Quarter 3 2012 Unaudited RON million	9 month period ended 30 September 2012 Unaudited RON million
<b>Revenues from current activity, out of which:</b>	<b>2.3</b>	<b>595.9</b>	<b>13.5</b>	<b>861.3</b>
Revenues from financial assets	(3.7)	509.5	0.9	619.0
Interest income	5.4	34.5	10.5	24.5
Reversal of impairment adjustments & provisions	-	28.8	0.1	5.6
Revenues from disposal of financial assets	0.2	9.9	0.3	208.1
Revenues from foreign exchange differences	0.1	1.5	-	0.1
Other income from current activity	0.3	11.7	1.7	4.0
<b>Expenses from current activity, out of which:</b>	<b>11.0</b>	<b>59.4</b>	<b>12.8</b>	<b>286.3</b>
Expenses from disposal of financial assets	0.2	4.1	0.2	195.0
Expenses from foreign exchange differences	0.3	0.9	-	0.3
Depreciation, provisions, losses from receivables and sundry debtors	-	11.7	-	47.7
Commissions and fees	4.4	13.4	3.3	12.4
Other expenses from current activity*	6.1	29.3	9.3	30.9
<b>Gross profit / (loss)</b>	<b>(8.7)</b>	<b>536.5</b>	<b>0.7</b>	<b>575.0</b>
Corporate income tax expense	(0.8)	1.2	-	0.4
<b>Net profit / (loss)</b>	<b>(7.9)</b>	<b>535.3</b>	<b>0.7</b>	<b>574.6</b>

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

**Revenues from financial assets** represent dividend income earned from the Fund's portfolio companies. In Romania, companies typically declare dividends in the second quarter of the year, which explains the lack of dividend income in the third quarter.

The dividend income recorded in the third quarter of 2012 represents the 2005 dividends due by two companies which are currently part of Enel Group (Enel Distributie Muntenia SA and Enel Energie Muntenia SA). The litigation against these companies for the recovery of the above-mentioned dividends and the related penalties for late payment was irrevocably found in the Fund's favour in September 2012.

The RON 3.7 million negative figure recorded in the third quarter of 2011 represented the reversal of an element of dividend accrual recorded in the second quarter of 2011.

**Interest income** arises from deposits held with banks and from treasury bills. The significantly higher level of income in the third quarter of 2012 as compared to the same period in 2011 is a reflection of the higher level of interest yielding assets held during 2012.

In the third quarter of 2012, **other income from current activity** included penalties levied by the Fund for late payment of the 2005 dividends due by the above mentioned companies which are currently part of the Enel Group (Enel Distributie Muntenia SA and Enel Energie Muntenia SA).

**Commissions and fees** in the third quarter of 2012 mainly included CNVM's 0.1% per annum fee, calculated on the basis of the Fund's NAV, amounting to RON 2.9 million and the depositary bank's fees of RON 0.4 million. The decrease was due to the decrease of the NAV during the third quarter of 2012 as compared to the same period of 2011.

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

	Quarter 3 2011 Unaudited RON million	9 month period Ended 30 September 2011 Unaudited RON million	Quarter 3 2012 Unaudited RON million	9 month period Ended 30 September 2012 Unaudited RON million
FTIML investment management and administration fees	4.8	25.0	8.4	25.5
Salaries	0.2	0.7	0.2	0.6
Stamp duties for litigations	-	0.1	-	-
Other expenses	1.1	3.5	0.7	4.8
<b>Other expenses from current activity</b>	<b>6.1</b>	<b>29.3</b>	<b>9.3</b>	<b>30.9</b>

During the third quarter of 2012, other expenses from current activity increased by RON 3.2 million compared to the same period of 2011. This was mainly due to the change in the calculation methodology for FTIML's investment management and administration fees, following the switch from annual to quarterly calculation and payment of these fees to the Fund Manager starting from 1 January 2012.

In 2011, the management fee of 0.379% and the administration fee of 0.1% per annum were paid annually, based on the average capitalisation of the Fund in the last 90 trading sessions of the year. During 2011, at each quarter end, the fees accounted for were an estimate whereas in 2012 the calculation is an actual fee (computed based on the average capitalisation of the Fund in the respective quarter).

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

### Analysis of 2012 Income Statement by Quarters

Although this report covers the quarter ended 30 September 2012, given that the Fund reports on a quarterly basis, the following table has been prepared to show also the actual results for the nine-month period ended 30 September 2012.

	Q1 2012 Unaudited RON million	Q2 2012 Unaudited RON million	Q3 2012 Unaudited RON million	9 month period ended 30 September 2012 Unaudited RON million
<b>Revenues from current activity, out of which:</b>	<b>13.4</b>	<b>834.4</b>	<b>13.5</b>	<b>861.3</b>
Revenues from financial assets	-	618.1	0.9	619.0
Interest income	7.0	7.0	10.5	24.5
Reversal of impairment adjustments & provisions	5.0	0.5	0.1	5.6
Revenues from disposal of financial assets	0.1	207.7	0.3	208.1
Revenues from foreign exchange differences	-	0.1	-	0.1
Other income from current activity	1.3	1.0	1.7	4.0
<b>Expenses from current activity, out of which:</b>	<b>14.9</b>	<b>258.6</b>	<b>12.8</b>	<b>286.3</b>
Expenses from disposal of financial assets	0.1	194.7	0.2	195.0
Expenses from foreign exchange differences	-	0.3	-	0.3
Depreciation, provisions, losses from receivables and sundry debtors	-	47.7	-	47.7
Commissions and fees	4.4	4.7	3.3	12.4
Other expenses from current activity *	10.4	11.2	9.3	30.9
<b>Gross profit / (Loss)</b>	<b>(1.5)</b>	<b>575.8</b>	<b>0.7</b>	<b>575.0</b>
Corporate income tax expense	-	0.4	-	0.4
<b>Net profit / (Loss)</b>	<b>(1.5)</b>	<b>575.4</b>	<b>0.7</b>	<b>574.6</b>

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



## Financial Ratios

				30 September 2012
<b>1.</b>	<b>Current Liquidity ratio</b>			
	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$		=	29.6
<b>2.</b>	<b>Debt-to-Equity ratio (%)</b>			
	$\frac{\text{Borrowings*}}{\text{Shareholders' Equity}}$	x 100	=	-
	*The Fund had no borrowings at the end of the period, therefore this ratio is nil			
<b>3.</b>	<b>Debt Turnover ratio (number of days)</b>			
	$\frac{\text{Average balance of debtors}}{\text{Turnover or sales}}$	x 365	=	n.a.
	This ratio is not applicable to an investment fund and cannot be calculated.			
<b>4.</b>	<b>Turnover of Non-current Assets</b>			
	$\frac{\text{Gross turnover*}}{\text{Non-current assets}}$		=	0.07
	*Total Revenues from current activity have been used in computation of this ratio. This ratio has no real significance for an investment fund.			

### Signatures:

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

Oana Truța  
Legal Representative  
14 November 2012

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

## Annex 1

**S.C. FONDUL PROPRIETATEA S.A.**  
**BALANCE SHEET, INCOME STATEMENT**  
**AND INFORMATIVE DATA**  
**AS AT 30 SEPTEMBER 2012**

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

**(This is a translation from the official Romanian version)**

**S.C. FONDUL PROPRIETATEA S.A.**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2012**  
**FORM CODE 10**

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

**Type of financial statement: SI****County:** Bucharest**Legal entity:** S.C. Fondul Proprietatea S.A.**Address:** Bucharest, District I,

78-80, Buzești Street, 7th Floor

**Telephone:** 021/200 96 00, fax: 021/200 96 31**Trade Register no.:** J40/21901/2005**Ownership type:** 22**Main activity:**

(CAEN group): 643

**CAEN class:** 6430**Sole Registration Code:** 18253260

A	Row	Balance	
		1 January 2012 Audited	30 September 2012 Unaudited
B	1	2	
<b>A. NON-CURRENT ASSETS</b>			
<b>I. INTANGIBLE ASSETS</b>			
	5. Advances and intangible assets in progress (acc. 233+234-2933)	-	161,169
	<b>TOTAL: (rows. 01 to 05)</b>	-	<b>161,169</b>
<b>III. FINANCIAL ASSETS</b>			
	1. Shares held in subsidiaries (acc. 261 - 2961)	59,670,661	62,882,969
	3. Investments in associates (acc. 263 - 2963)	3,303,427,753	4,477,853,275
	5. Investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	7,264,779,666	7,087,940,718
	<b>TOTAL: (rows 12 to 17)</b>	<b>10,627,878,080</b>	<b>11,628,676,962</b>
	<b>NON-CURRENT ASSETS - TOTAL</b> (rows 06 + 11 + 18)	<b>10,627,878,080</b>	<b>11,628,838,131</b>
<b>B. CURRENT ASSETS</b>			
<b>II. RECEIVABLES</b>			
	1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491)	1,476	658
	4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	55,884,511	18,690,490
	<b>TOTAL: (rows 24 to 28)</b>	<b>55,885,987</b>	<b>18,691,148</b>
<b>III. SHORT TERM INVESTMENTS</b>			
	2. Other short term investments (acc. 5031 +5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 +5113 +5114)	195,919,673	262,932,640
	<b>TOTAL: (rows 30 to 31)</b>	<b>195,919,673</b>	<b>262,932,640</b>
<b>IV. CASH AND BANK ACCOUNTS</b>			
	(acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	297,393,152	508,714,901
	<b>CURRENT ASSETS - TOTAL</b> (rows 23 + 29 + 32 + 33)	<b>549,198,812</b>	<b>790,338,689</b>
<b>C. PREPAID EXPENSES</b>			
	(acc. 471)	28,412	64,826

	Row	Balance	
		1 January 2012 Audited	30 September 2012 Unaudited
A	B	1	2
<b>D. PAYABLES WITHIN ONE YEAR</b>			
3. Advance from customers (acc. 419)	38	50,000	160,000
4. Trade payables (acc. 401 + 404 + 408)	39	27,540,485	8,620,062
8. Other payables, including tax and social security payables (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	43	14,616,288	17,906,056
<b>TOTAL: (rows 36 to 43)</b>	<b>44</b>	<b>42,206,773</b>	<b>26,686,118</b>
<b>E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES</b> (rows 34 + 35 - 44 - 60.2)	<b>45</b>	<b>507,020,451</b>	<b>763,717,397</b>
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES</b> (rows 19 + 45)	<b>46</b>	<b>11,134,898,531</b>	<b>12,392,555,528</b>
<b>H. PROVISIONS</b>			
2. Provisions for taxes (acc. 1516)	57	14,138,306	14,747,045
3. Other provisions (acc. 1511+1512+1513+1514+1518)	58	59,523	-
<b>TOTAL PROVISIONS (rows 56 +57 + 58)</b>	<b>59</b>	<b>14,197,829</b>	<b>14,747,045</b>
<b>J. SHARE CAPITAL AND RESERVES</b>			
<b>I. SHARE CAPITAL (rows 62 to 63)</b> out of which:	<b>61</b>	<b>13,778,392,208</b>	<b>13,778,392,208</b>
- subscribed unpaid share capital (acc. 1011)	62	370,823,112	365,612,042
- subscribed paid in capital (acc. 1012)	63	13,407,569,096	13,412,780,166
<b>IV. RESERVES (rows 68-69+70+71+72+73+74)</b>	<b>67</b>	<b>(3,128,333,293)</b>	<b>(1,938,120,749)</b>
1. Legal reserves (acc. 1061)	68	129,803,202	129,803,202
2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i> )	69	3,378,542,766	2,192,134,832
4. Reserves for financial assets received free of charge (acc.1065)	71	106,715	3,911,325
7. Other reserves (acc.1068)	74	120,299,556	120,299,556
<b>TREASURY SHARES (acc.109 – <i>debit balance</i>)</b>	<b>75</b>	<b>120,268,583</b>	<b>120,268,583</b>
<b>V. RETAINED EARNINGS (acc. 117)</b>			
Credit balance	78	74,364,048	83,251,853
<b>VI. RESULT FOR THE YEAR (acc. 121)</b>			
Credit balance	80	543,825,216	574,553,754
<b>Profit allocation (acc. 129 – <i>debit balance</i>)</b>	<b>82</b>	<b>27,278,894</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b> (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82)	<b>83</b>	<b>11,120,700,702</b>	<b>12,377,808,483</b>

**S.C. FONDUL PROPRIETATEA S.A.**  
**INCOME STATEMENT**  
**30 SEPTEMBER 2012**  
**FORM CODE 20**

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

A	Row B	30 September 2011 Unaudited 1	30 September 2012 Unaudited 2
<b>A. REVENUES FROM CURRENT ACTIVITY – TOTAL</b> (rows 02 to 11)	<b>01</b>	<b>595,878,982</b>	<b>861,228,006</b>
1. Revenues from financial assets (acc.761)	02	509,465,353	618,971,284
4. Revenues from disposal of financial assets (acc.758(part)+764)	05	9,941,406	208,134,752
6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786)	07	28,780,922	5,639,063
7. Revenues from foreign exchange differences (acc.765)	08	1,552,347	129,315
8. Interest income (acc.766)	09	34,567,562	24,422,824
10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815)	11	11,571,392	3,930,768
<b>B. EXPENSES FROM CURRENT ACTIVITY – TOTAL</b> (rows 13 to 20)	<b>12</b>	<b>59,337,359</b>	<b>286,302,414</b>
12. Expenses from disposal of financial assets (acc. 658(part) +664)	14	4,191,330	195,055,419
13. Expenses from foreign exchange differences (acc. 665)	15	874,115	327,250
14. Interest expenses (acc.666)	16	13	-
15. Commissions and fees (acc.622)	17	13,276,470	12,402,162
16. Expenses for bank services and similar expenses (acc.627)	18	50,939	58,508
17. Depreciation and amortisation, provisions, losses from receivables and sundry debtors (acc.654+681+686)	19	11,705,864	47,696,689
<b>18. Other expenses from current activity</b> (rows 21+22+23+26+27)	<b>20</b>	<b>29,238,628</b>	<b>30,762,386</b>
a. Materials expenses (acc.602+603+604)	21	332	-
<b>c. Salary expenses (rows 24+25), of which:</b>	<b>23</b>	<b>678,425</b>	<b>547,858</b>
c1. Salaries (acc.621+641+642 +644)	24	552,346	441,170
c2. Social security contributions (acc. 645)	25	126,079	106,688
d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+ 667 +668)	26	28,438,310	30,153,250
e. Other taxes, duties and similar expenses (acc. 635)	27	121,561	61,278
<b>C. CURRENT RESULT</b>			
- Profit (row 01 - 12)	28	536,541,623	574,925,592
- Loss (row 12-01)	29	-	-
<b>19. TOTAL REVENUE (rows 01+30)</b>	<b>34</b>	<b>595,878,982</b>	<b>861,228,006</b>
<b>20. TOTAL EXPENSES (rows 12+31)</b>	<b>35</b>	<b>59,337,359</b>	<b>286,302,414</b>
<b>G. GROSS PROFIT:</b>			
- Profit (row 34 - 35)	36	536,541,623	574,925,592
- Loss (row 35 - 34)	37	-	-
<b>21. INCOME TAX EXPENSE</b>			
- Income tax expense (acc.691)	38	1,244,712	371,838
<b>H. RESULT FOR THE YEAR</b>			
- Profit (row 36-38-39)	40	535,296,911	574,553,754
- Loss (row 37 + 38 + 39) or (row 38 + 39 – 36)	41	-	-

**S.C. FONDUL PROPRIETATEA S.A.**  
**INFORMATIVE DATA**  
**AS AT 30 SEPTEMBER 2012**  
**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	574,553,754
Units that incurred losses	02	-	-

II. Data regarding the overdue payments A	No row B	Total Col.2+3 1	Of which:	
			For the current activity 2	For the investment activity 3
<b>Overdue Liabilities – total (row 04+08+14 to 18+22), of which:</b>	<b>03</b>	<b>11,760</b>	<b>11,760</b>	-
<b>Overdue Suppliers – total (row 05 to 07), of which:</b>	<b>04</b>	<b>11,760</b>	<b>11,760</b>	-
- over 1 year	07	11,760	11,760	-

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

IV. Payments of interest, dividends and royalties A	No row B	Amounts 1	
Gross dividends income paid by Romanian juridical persons to non-residents, of which:	33		292,456,344
- taxes owed to the state budget	34		37,769,562

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

This is a translation from the official Romanian version.

<b>VIII. Other information</b>	<b>No row</b>	<b>30 September 2011</b>	<b>30 September 2012</b>
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
<b>Advances for intangible assets (account 234)</b>	<b>56</b>	<b>-</b>	<b>161,169</b>
<b>Financial assets, gross values (row 59 + 68), of which:</b>	<b>58</b>	<b>13,999,775,819</b>	<b>13,828,686,653</b>
<b>Shares held in subsidiaries, investments in associates, other non-current investments and bonds, gross values (row 60 to 67), of which:</b>	<b>59</b>	<b>13,999,775,819</b>	<b>13,828,686,653</b>
- listed shares issued by residents	<b>60</b>	6,933,108,220	6,927,484,274
- unlisted shares issued by residents	<b>61</b>	6,679,028,401	6,685,559,490
- shares issued by non-residents	<b>66</b>	387,639,198	215,642,889
<b>Trade receivables, advances to suppliers and other similar accounts, gross values (account 4092 + 411 + 413 + 418), of which:</b>	<b>71</b>	<b>2,377</b>	<b>2,147</b>
- trade receivables not collected in due time (from account 4092 + from account 411 + from account 413)	<b>73</b>	2,377	2,147
<b>Receivables from social security and state budget (account 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 76 to 80), of which:</b>	<b>75</b>	<b>838,170</b>	<b>80,464</b>
- receivables from social securities (account 431 + 437 + 4382)	<b>76</b>	38,305	38,305
-fiscal receivables related to state budget (account 441 + 4424 + 4428 + 444 + 446)	<b>77</b>	799,865	41,868
-other receivables related to state budget (account 4482)	<b>80</b>	-	291
<b>Other receivables (account 453 + 456 + 4582 + 461 + 471 + 473), (row 84 to 85) of which:</b>	<b>83</b>	<b>221,659,246</b>	<b>68,568,522</b>
- settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 453 + 456 + 4582)	<b>84</b>	11,705,864	4,790,234
- other receivables from individuals and legal entities, other than receivables from public institutions, (from account 461 + from account 471 + from account 473)	<b>85</b>	209,953,382	63,778,288
<b>Interest receivable (account 5187), of which</b>	<b>86</b>	<b>427,654</b>	<b>2,630,679</b>
- from non-residents	<b>87</b>	-	-
<b>Short term investments, in gross amounts (account 501 + 503+ 505 + 506 + 507+ from the account 508) (row 89 to 97), of which:</b>	<b>88</b>	<b>48,648,994</b>	<b>262,932,640</b>
- treasury bonds issued by residents	<b>92</b>	48,648,994	262,932,640
<b>Petty cash in RON and currency (row 100 + 101), of which:</b>	<b>99</b>	<b>420</b>	<b>2,606</b>
- in RON (account 5311)	<b>100</b>	420	2,606
<b>Bank accounts, in RON and currency (row 103 + 105), of which:</b>	<b>102</b>	<b>308,772,335</b>	<b>508,712,295</b>
- in RON (account 5121), of which:	<b>103</b>	308,738,254	508,706,793
- in currency (account 5124), of which:	<b>105</b>	34,081	5,502

This is a translation from the official Romanian version.

VIII. Other information	No row	30 September 2011	30 September 2012
A		1	2
<b>Liabilities ( row 111 + 114 + 117 + 120 + 123 + 126 + 129 + 132 + 135 + 138 + 141+ 142 + 145 + 146 + 148 + 149 + 154 + 155 + 156 + 161), of which:</b>	<b>110</b>	<b>54,585,884</b>	<b>26,686,118</b>
<b>Trade payables, advances from clients and other similar accounts, gross values (account 401 + 403 + 404 + 405 + 408 + 419), of which:</b>	<b>146</b>	<b>28,103,236</b>	<b>8,780,062</b>
- external trade payables, advances from foreign clients and other similar accounts, gross values (from account 401 + from account 403 + from account 404 + from account 405 + from account 408 + from account 419)	147	7,520,332	-
<b>Liabilities to employees and similar accounts (account 421 + 423 + 424 + 426 + 427 + 4281)</b>	<b>148</b>	<b>31,750</b>	<b>31,750</b>
<b>Liabilities to social security and state budget (account 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (row 150 to 153), of which:</b>	<b>149</b>	<b>1,665,406</b>	<b>1,809,666</b>
- liabilities to social securities (account 431 + 437 + 4381)	150	18,968	29,715
- fiscal liabilities to state budget (account 441 + 4423+ 4428 + 444 + 446)	151	1,646,438	1,779,951
<b>Other liabilities (account 452 + 456 +457 + 4581+ 462 + 472 + 473 + 269 + 509), (row 157 to 160), of which:</b>	<b>156</b>	<b>24,785,492</b>	<b>16,064,640</b>
- settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 457 + 4581)	157	18,050,449	16,064,640
- other liabilities from individuals and juridical persons, other than liabilities to public institutions, (from account 462 + from account 472 + from account 473)	158	6,354,956	-
- liabilities related to financial assets and short investments under settlement (account 269+509)	160	380,087	-
<b>Subscribed paid in share capital (account 1012) (row 163 to 166), of which:</b>	<b>162</b>	<b>13,405,864,536</b>	<b>13,412,780,166</b>
- listed shares	163	13,405,864,536	13,412,780,166
Brevets and licences (from account 205)	167	5,139	5,139

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

Oana Truta  
Legal Representative

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

This is a translation from the official Romanian version.



## Annex 2

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

Item	31 December 2011				30 September 2012				Differences Lei
	% of the net asset	% of the total asset	Currency	Lei	% of the net asset	% of the total asset	Currency	Lei	
<b>I. Total assets</b>	<b>100.3899%</b>	<b>100.0000%</b>		<b>14,521,783,892.18</b>	<b>100.3260%</b>	<b>100.0000%</b>		<b>12,752,126,023.02</b>	<b>(1,769,657,869.16)</b>
1 <b>Securities and money market instruments, out of which:</b>	<b>33.3346%</b>	<b>33.2051%</b>		<b>4,821,970,639.06</b>	<b>44.3979%</b>	<b>44.2536%</b>		<b>5,643,280,521.65</b>	<b>821,309,882.59</b>
1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	32.1860%	32.0609%	-	4,655,820,846.69	43.2940%	43.1534%	-	5,502,972,273.02	847,151,426.33
1.1.1 listed shares traded in the last 30 days	32.0562%	31.9317%	-	4,637,045,277.22	43.1652%	43.0250%	-	5,486,598,871.29	849,553,594.07
1.1.2 listed shares not traded in the last 30 days	0.1298%	0.1293%	-	18,775,569.47	0.1288%	0.1284%	-	16,373,401.73	(2,402,167.74)
1.2. securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	1.1486%	1.1441%	EUR 38,463,298.34	166,149,792.37	1.1039%	1.1003%	EUR 30,951,953.64	140,308,248.63	(25,841,543.74)
1.2.1 listed shares traded in the last 30 days	1.1486%	1.1441%	EUR 38,463,298.34	166,149,792.37	1.1039%	1.1003%	EUR 30,951,953.64	140,308,248.63	(25,841,543.74)
1.2.2 listed shares not traded in the last 30 days	-	-	-	-	-	-	-	-	-
1.3. securities and money market instruments admitted on a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the National Commission of Securities (C.N.V.M.)	-	-	-	-	-	-	-	-	-
2 New issued securities	-	-	-	-	-	-	-	-	-
3 Other securities and money market instruments mentioned at art. 187 letter a) of the Regulation no.15/2004, out of which:	63.2585%	63.0128%	-	9,150,586,029.52	49.7084%	49.5469%	-	6,318,280,816.45	(2,832,305,213.07)
- shares not admitted at trading	63.2585%	63.0128%	-	9,150,586,029.52	49.7084%	49.5469%	-	6,318,280,816.45	(2,832,305,213.07)
4 Bank deposits, out of which:	2.0487%	2.0408%	-	296,356,800.71	4.0057%	3.9927%	-	509,153,124.21	212,796,323.50
4.1. bank deposits made with credit institutions from Romania	2.0487%	2.0408%	-	296,356,800.71	4.0057%	3.9927%	-	509,153,124.21	212,796,323.50
4.2. bank deposits made with credit institutions from an EU state	-	-	-	-	-	-	-	-	-
4.3. bank deposits made with credit institutions from a non-EU state	-	-	-	-	-	-	-	-	-
5 Derivatives financial instruments traded on a regulated market	-	-	-	-	-	-	-	-	-
6 Current accounts and petty cash out of which:	0.0132%	0.0132%		1,912,807.55	0.0172%	0.0172%		2,192,455.74	279,648.19
- in RON	0.0130%	0.0129%	-	1,879,010.52	0.0172%	0.0171%	-	2,186,953.83	307,943.31
- in EUR	0.0002%	0.0002%	EUR 7,823.93	33,797.03	0.0000%	0.0000%	EUR 1,213.72	5,501.91	(28,295.12)
7 Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which:	1.3544%	1.3491%	-	195,919,672.51	2.0686%	2.0619%	-	262,932,640.02	67,012,967.51
- Treasury bills with original maturities of less than 1 year	1.3544%	1.3491%	-	195,919,672.51	2.0686%	2.0619%	-	262,932,640.02	67,012,967.51
8 Participation titles of UCITS and/or of OCIU (A.O.P.C./ O.P.C.V.M.)	-	-	-	-	-	-	-	-	-
9 Other assets out of which:	0.3805%	0.3790%		55,037,942.83	0.1281%	0.1277%		16,286,464.95	(38,751,477.88)
- net dividend receivable from Romanian companies	0.3628%	0.3614%	-	52,479,297.52	0.0966%	0.0963%	-	12,274,434.71	(40,204,862.81)
- dividend withholding tax to be recovered from Austrian Tax Authorities	0.0119%	0.0119%	EUR 399,879.07	1,727,357.62	0.0065%	0.0065%	EUR 181,517.91	822,838.84	(904,518.78)
- tax on profit to be recovered from the State Budget	0.0020%	0.0020%	-	291,912.00	0.0003%	0.0003%	-	41,868.00	(250,044.00)
- receivables from penalties levied for late payment of dividends	0.0033%	0.0032%	-	470,403.53	0.0027%	0.0027%	-	341,454.96	(128,948.57)
- other receivable	0.0003%	0.0003%	-	40,559.85	0.0003%	0.0002%	-	2,579,873.13	2,539,313.28
- advance payments intangible assets	0.0000%	0.0000%	-	-	0.0013%	0.0013%	-	161,169.12	161,169.12
- prepaid expenses	0.0002%	0.0002%	-	28,412.31	0.0005%	0.0005%	-	64,826.19	36,413.88
<b>II. Total liabilities</b>	<b>0.3899%</b>	<b>0.3884%</b>		<b>56,404,599.90</b>	<b>0.3260%</b>	<b>0.3249%</b>		<b>41,433,162.38</b>	<b>(14,971,437.52)</b>
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1879%	0.1872%	-	27,179,316.02	0.0661%	0.0658%	-	8,395,748.42	(18,783,567.60)
2 Liabilities related to the fees payable to the depositary bank	0.0009%	0.0009%	-	126,531.42	0.0010%	0.0010%	-	130,151.74	3,620.32
3 Liabilities related to the fees payable to intermediaries	-	-	-	-	-	-	-	-	-
4 Liabilities related to commissions and other bank services	-	-	-	-	-	-	-	-	-
5 Interest payable	-	-	-	-	-	-	-	-	-
6 Issuance expense	-	-	-	-	-	-	-	-	-
7 Liabilities in relation with the fees/commissions to C.N.V.M.	0.0083%	0.0083%	-	1,200,075.00	0.0083%	0.0083%	-	1,056,232.00	(143,843.00)
8 Audit fees	-	-	-	-	0.0000%	0.0000%	-	-	-
9 Other Liabilities, out of which:	0.1929%	0.1921%		27,898,677.46	0.2506%	0.2498%		31,851,030.22	3,952,352.76
- payable dividends	0.0846%	0.0843%	-	12,238,494.26	0.1264%	0.1260%	-	16,064,639.69	3,826,145.43
- tax on dividends	0.0078%	0.0078%	-	1,134,221.99	0.0056%	0.0056%	-	710,129.00	(424,092.99)
- provisions for risks and expenses	0.0982%	0.0978%	-	14,197,829.40	0.1160%	0.1156%	-	14,747,044.40	549,215.00
- salaries and related contributions	0.0002%	0.0002%	-	25,018.00	0.0006%	0.0006%	-	75,055.00	50,037.00
- VAT payable to the State Budget	-	-	-	-	0.0000%	0.0000%	-	-	-
- other liabilities out of which:	0.0021%	0.0021%		303,113.81	0.0020%	0.0020%		254,162.13	(48,951.68)
- in RON	0.0021%	0.0021%	-	303,113.81	0.0020%	0.0020%	-	254,162.13	(48,951.68)
- in EUR	0.0000%	0.0000%	-	-	0.0000%	0.0000%	EUR -	0.00	0.00
<b>III. Net Asset Value (I - II)</b>	<b>100.0000%</b>	<b>99.6116%</b>		<b>14,465,379,292.28</b>	<b>100.0000%</b>	<b>99.6751%</b>		<b>12,710,692,860.64</b>	<b>(1,754,686,431.64)</b>

## Unitary Net Asset Value

Item	30 September 2012	31 December 2011	Differences
Net Asset Value	12,710,692,860.64	14,465,379,292.28	(1,754,686,431.64)
Number of outstanding shares	13,412,780,166	13,407,569,096	5,211,070
Unitary net asset value	0.9476	1.0788	(0.1312)

## DETAILED STATEMENT OF INVESTMENTS AS AT 30 SEPTEMBER 2012

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

## 1.1 listed shares traded in the last 30 days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alro Slatina SA	ALR	27/Sep/2012	72,884,714	0.5	2.2400	163,261,759.36	10.2100%	1.2803%	1.2844%	Closing price
Conpet SA	COTE	25/Sep/2012	2,571,461	3.3	35.7000	91,801,157.70	29.7000%	0.7199%	0.7222%	Closing price
Ior SA	IORB	27/Sep/2012	2,622,273	0.1	0.4500	1,180,022.85	2.8100%	0.0093%	0.0093%	Closing price
Mecon SA	MECP	13/Sep/2012	60,054	11.6	6.0000	360,324.00	12.5100%	0.0028%	0.0028%	Closing price
Oil Terminal SA	OIL	28/Sep/2012	49,216,526	0.1	0.1551	7,633,483.18	8.4500%	0.0599%	0.0601%	Closing price
Palace SA	PACY	27/Sep/2012	5,832,482	0.1	0.2600	1,516,445.32	15.4200%	0.0119%	0.0119%	Closing price
Romaero SA	RORX	28/Sep/2012	1,311,691	2.5	12.0000	15,740,292.00	20.9900%	0.1234%	0.1238%	Closing price
OMV Petrom SA	SNP	28/Sep/2012	11,391,130,186	0.1	0.3931	4,477,853,276.12	20.1000%	35.1146%	35.2290%	Closing price
Primcom SA	PRIB	25/Sep/2012	1,561,981	2.5	16.0000	24,991,696.00	75.4800%	0.1960%	0.1966%	Closing price
Telerom Proiect INPPT SA	TEBV	27/Sep/2012	673,862	0.11	2.5000	1,684,655.00	68.6300%	0.0132%	0.0133%	Closing price
Transelectrica SA	TEL	28/Sep/2012	9,895,212	10	12.1000	119,732,065.20	13.4900%	0.9389%	0.9420%	Closing price
Transgaz SA	TGN	28/Sep/2012	1,764,620	10	190.0000	335,277,800.00	14.9800%	2.6292%	2.6378%	Closing price
BRD-Groupe Societe Generale SA	BRD	28/Sep/2012	25,387,456	1	7.2100	183,043,557.76	3.6400%	1.4354%	1.4401%	Closing price
Banca Transilvania SA	TLV	28/Sep/2012	55,823,515	1	1.1200	62,522,336.80	2.9300%	0.4903%	0.4919%	Closing price
<b>Total</b>						<b>5,486,598,871.29</b>		<b>43.0250%</b>	<b>43.1652%</b>	

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

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom SA	ALCQ	23/Jul/2012	89,249	2.5	76.3394	6,813,215.11	71.8900%	0.0534%	0.0536%	Shareholders equity/share
Comcereal Cluj SA	COCL	6/Aug/2010	256,116	2.5	4.2853	1,097,533.89	11.3600%	0.0086%	0.0086%	Shareholders equity/share
Forsev SA	FORS	26/Nov/2009	954,376	2.5	6.6116	6,309,952.36	28.1400%	0.0495%	0.0496%	Shareholders equity/share
Mecanoenergetica SA	MEGU	31/Aug/2012	1,620,975	0.3	0.0700	113,468.25	10.0700%	0.0009%	0.0009%	Fair value/share: Last trading price
Resib SA	RESI	3/Jun/2004	894,600	0.10	0.0000	0.00	2.8700%	0.0000%	0.0000%	Priced at zero (negative equity)
Romplumb SA	ROMR	5/Oct/2001	1,595,520	2.5	0.0000	0.00	33.2600%	0.0000%	0.0000%	Priced at zero (company in insolvency)
Severnav SA	SEVE	17/Jul/2012	1,971,566	2.5	0.1780	350,938.75	39.1000%	0.0028%	0.0028%	Fair value/share: Last trading price
Transilvania-Com SA	TRVC	15/Aug/2007	77,234	2.5	20.4933	1,582,779.53	39.9900%	0.0124%	0.0125%	Shareholders equity/share
Turdapan SA	TUSB	29/Dec/2010	155,855	2.5	0.6770	105,513.84	44.0600%	0.0008%	0.0008%	Shareholders equity/share
<b>Total</b>						<b>16,373,401.73</b>		<b>0.1284%</b>	<b>0.1288%</b>	

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/Sep/2012	397,020	EUR 31.9970	EUR 17.3650	6,894,252.30	31,252,302.74	0.1000%	0.2451%	0.2459%	Closing price
RAIFFEISEN BANK INTERNATIONAL AG	RBI	28/Sep/2012	853,564	EUR 51.1980	EUR 28.1850	24,057,701.34	109,055,945.89	0.4300%	0.8552%	0.8580%	Closing price
<b>Total</b>						<b>30,951,953.64</b>	<b>140,308,248.63</b>		<b>1.1003%</b>	<b>1.1039%</b>	

\* = shareholders equity / share as at 30 September 2012

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

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	19/Jul/2005	1,490,898	214.1274	4,958,976.46	20.0000%	0.0389%	0.0390%	Unlisted companies, in function	Shareholders equity/share
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	198.5121	6,355,563.39	20.0000%	0.0498%	0.0500%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Carom - Broker Asigurare SA	17,500	19/Jul/2005	1,161,986	60.6045	1,060,578.75	70.0000%	0.0083%	0.0083%	Unlisted companies, in function	Shareholders equity/share
Celuloza si Otel SA (former Remat Timis)	3,814	19/Jul/2005	230,675	270.4939	1,031,663.73	8.6200%	0.0081%	0.0081%	Unlisted companies, in function	Shareholders equity/share
Cetatea SA	354,468	19/Jul/2005	118,840	1.1474	406,716.58	20.4300%	0.0032%	0.0032%	Unlisted companies, in function	Shareholders equity/share
Ciocarla SA	5,298	19/Jul/2005	37,125	72.8696	386,063.14	1.6800%	0.0030%	0.0030%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	127.4849	3,512,718.93	20.0000%	0.0275%	0.0276%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	76.5186	15,545,518.78	20.0000%	0.1219%	0.1223%	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	20.0000%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
CN Administratia Porturilor Maritime SA	1,369,125	19/Jul/2005	52,621,414	49.2519	67,432,007.59	19.9900%	0.5288%	0.5305%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	112.1258	322,411,346.73	20.0000%	2.5283%	2.5365%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Commetex SA	67,533	19/Jul/2005	193,500	3.2000	216,105.60	15.9900%	0.0017%	0.0017%	Unlisted companies, in function	Fair value / share (Selling price)
Complexul Energetic Oltenia SA****	27,361,036	31/May/2012	670,084,812	39.2920	1,075,069,826.51	21.5300%	8.4305%	8.4580%	Unlisted companies, in function	Fair value/ share (Shareholders equity as per IFRS financial statements/share)
Comsig SA	75,655	19/Jul/2005	132,633	23.0794	1,746,072.01	69.9400%	0.0137%	0.0137%	Unlisted companies, in function	Shareholders equity/share
E.ON Gaz Distributie SA	13,158,040	19/Jul/2005	37,470,244	10.8906	143,298,950.42	11.9900%	1.1237%	1.1274%	Unlisted companies, in function	Shareholders equity/share
E.ON Energie Romania SA (former E.ON Gaz Romania SA)	9,903,524	19/Jul/2005	45,765,358	6.9106	68,439,292.95	13.3900%	0.5367%	0.5384%	Unlisted companies, in function	Shareholders equity/share
E.ON Moldova Distributie SA	10,994,457	19/Jul/2005	131,073,011	36.3614	399,773,848.76	22.0000%	3.1350%	3.1452%	Unlisted companies, in function	Shareholders equity/share
Electrica Distributie Muntenia Nord SA	7,796,022	19/Jul/2005	165,221,141	35.2638	274,917,360.60	21.9900%	2.1559%	2.1629%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	23.1392	188,996,658.57	22.0000%	1.4821%	1.4869%	Unlisted companies, in function	Shareholders equity/share
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	21.7228	202,614,681.43	21.9900%	1.5889%	1.5940%	Unlisted companies, in function	Shareholders equity/share
Electroconstructia Elco Cluj SA	322,530	19/Jul/2005	319,656	1.6750	540,237.75	7.6100%	0.0042%	0.0043%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	48.3105	445,453,921.96	24.1200%	3.4932%	3.5046%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	44.6374	301,442,031.15	24.0900%	2.3639%	2.3716%	Unlisted companies, in function	Shareholders equity/share
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	105.6497	344,037,260.48	12.0000%	2.6979%	2.7067%	Unlisted companies, in function	Shareholders equity/share
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	83.7404	37,185,259.58	12.0000%	0.2916%	0.2926%	Unlisted companies, in function	Shareholders equity/share
ENEL Energie SA	1,680,000	19/Jul/2005	26,124,808	8.6566	14,543,088.00	12.0000%	0.1140%	0.1144%	Unlisted companies, in function	Shareholders equity/share
GDF Suez Energy Romania (former Distrigaz Sud)	2,127,879	19/Jul/2005	59,982,622	159.6123	339,635,661.31	12.0000%	2.6634%	2.6720%	Unlisted companies, in function	Shareholders equity/share
Nuclearelectrica SA	24,676,222	19/Jul/2005	967,926,936	20.1662	497,625,628.10	9.7200%	3.9023%	3.9150%	Unlisted companies, in function	Adjusted shareholders equity/share
Plafar SA	132,784	28/Jun/2007	3,160,329	39.2487	5,211,599.38	48.9900%	0.0409%	0.0410%	Unlisted companies, in function	Shareholders equity/share
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	6.4831	96,416,319.60	25.0000%	0.7561%	0.7585%	Unlisted companies, in function	Shareholders equity/share
Romgaz SA	5,742,854	19/Jul/2005	416,301,444	225.7258	1,296,310,313.43	14.9900%	10.1654%	10.1986%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Salubriserv SA	43,263	19/Jul/2005	207,601	252.3518	10,917,495.92	17.4800%	0.0856%	0.0859%	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	48.9900%	0.7681%	0.7707%	Unlisted companies, in function	Shareholders equity/share
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.8753	15,678.37	19.9000%	0.0001%	0.0001%	Unlisted companies, in function	Shareholders equity/share
Zirom SA	3,624,346	28/Jun/2007	36,030,702	14.5729	52,817,231.82	100.0000%	0.4142%	0.4155%	Unlisted companies, in function	Shareholders equity/share
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	0.0000	0.00	22.0000%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
BAT Service SA	194,022	19/Jul/2005	656,686	0.0000	0.00	33.0000%	0.0000%	0.0000%	Dissolution	Priced at zero
Carbid Fox SA	10,191,630	19/Jul/2005	927,357	0.0000	0.00	7.9600%	0.0000%	0.0000%	Bankruptcy	Priced at zero
FECNE SA	778,442	19/Jul/2005	0	0.0000	0.00	12.1200%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.7600%	0.0000%	0.0000%	Dissolution	Priced at zero
Hidroelectrica SA	89,261,778	19/Jul/2005	3,106,503,426	0.0000	0.00	19.9400%	0.0000%	0.0000%	Insolvency	Priced at zero
Petrotel - Lukoil SA	2,152,291	19/Jul/2005	2,787,316	0.0000	0.00	1.7800%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (negative equity)
Simtex SA	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.0000%	0.0000%	0.0000%	Bankruptcy	Priced at zero
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	0.0000	0.00	19.9000%	0.0000%	0.0000%	Insolvency	Priced at zero
<b>Total</b>			<b>6,665,534,600</b>		<b>6,318,280,816.45</b>		<b>49.5469%</b>	<b>49.7084%</b>		

## Legend:

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

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

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

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

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

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

## Treasury Bills with discount

Series and number of the bond	No of bonds	Date of acquisition	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Intermediary Bank	Evaluation method
RO1213CTN0G4	2,603	16/Aug/2012	24/Apr/2013	24,999,680.54	4,104.86	188,823.49	25,188,504.03	0.1975%	0.1982%	ING Bank	Acquisition price cumulated with the related interest since the acquisition date
RO1112CTN118	2,000	31/Jul/2012	12/Nov/2012	19,706,806.60	2,819.17	174,788.37	19,881,594.97	0.1559%	0.1564%	Banca Comerciala Romana	
RO1213CTN015	2,500	12/Jul/2012	9/Jan/2013	24,345,149.25	3,617.96	293,054.76	24,638,204.01	0.1932%	0.1938%	Banca Comerciala Romana	
RO1213CTN023	2,500	27/Jul/2012	16/Jan/2013	24,379,078.50	3,589.14	236,883.35	24,615,961.85	0.1930%	0.1937%	Raiffeisen Bank	
RO1213CTN023	2,200	22/Aug/2012	16/Jan/2013	21,495,308.12	3,433.28	137,331.12	21,632,639.24	0.1696%	0.1702%	Raiffeisen Bank	
RO1213CTN056	2,581	12/Jul/2012	13/Feb/2013	25,001,450.13	3,743.29	303,206.20	25,304,656.33	0.1984%	0.1991%	Raiffeisen Bank	
RO1213CTN010	5,207	5/Sep/2012	7/May/2013	49,997,822.28	8,492.53	220,805.82	50,218,628.10	0.3938%	0.3951%	ING Bank	
RO1213CTN023	1,950	27/Sep/2012	16/Jan/2013	19,171,920.50	2,955.67	11,822.68	19,183,743.19	0.1504%	0.1509%	ING Bank	
RO1213CTN010	2,600	5/Sep/2012	7/May/2013	24,983,984.63	4,164.00	108,263.93	25,092,248.56	0.1968%	0.1974%	Citi Bank	
RO1213CTN0K6	2,819	12/Sep/2012	14/May/2013	27,090,871.90	4,504.62	85,587.84	27,176,459.74	0.2131%	0.2138%	ING Bank	
<b>Total</b>							<b>262,932,640.02</b>	<b>2.0619%</b>	<b>2.0686%</b>		

## Term deposits

Name of the bank	Starting date	Maturity date	Initial value	Daily Interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Banca Comerciala Romana	20/Aug/2012	5/Dec/2012	RON 25,000,000.00	RON 3,819.44	RON 160,416.67	RON 25,160,416.67	0.1973%	0.1979%	Term deposit value cumulated with the related interest
Banca Comerciala Romana	25/Sep/2012	12/Oct/2012	RON 25,000,000.00	RON 16,454.25	RON 22,083.33	RON 25,022,083.33	0.1962%	0.1969%	
Banca Comerciala Romana	12/Sep/2012	12/Dec/2012	RON 40,000,000.00	RON 6,000.00	RON 114,000.00	RON 40,114,000.00	0.3146%	0.3156%	
BRD Groupe Societe Generale	26/Jul/2012	26/Oct/2012	RON 25,000,000.00	RON 3,472.22	RON 232,638.89	RON 25,232,638.89	0.1979%	0.1985%	
BRD Groupe Societe Generale	20/Aug/2012	20/Nov/2012	RON 25,000,000.00	RON 3,645.83	RON 153,125.00	RON 25,153,125.00	0.1972%	0.1979%	
BRD Groupe Societe Generale	30/Jul/2012	20/Dec/2012	RON 50,000,000.00	RON 7,152.78	RON 450,625.00	RON 50,450,625.00	0.3956%	0.3969%	
CITI Bank	24/Sep/2012	1/Oct/2012	RON 15,000,000.00	RON 1,812.50	RON 12,687.50	RON 15,012,687.50	0.1177%	0.1181%	
ING Bank	24/Sep/2012	1/Oct/2012	RON 20,000,000.00	RON 2,361.11	RON 16,527.78	RON 20,016,527.78	0.1570%	0.1575%	
ING Bank	5/Sep/2012	21/Dec/2012	RON 25,000,000.00	RON 3,194.44	RON 83,055.56	RON 25,083,055.56	0.1967%	0.1973%	
Raiffeisen Bank	3/Aug/2012	3/Oct/2012	RON 28,000,000.00	RON 3,888.89	RON 229,444.44	RON 28,229,444.44	0.2214%	0.2221%	
Raiffeisen Bank	30/Jul/2012	21/Dec/2012	RON 50,000,000.00	RON 7,291.67	RON 459,375.00	RON 50,459,375.00	0.3957%	0.3970%	
Raiffeisen Bank	27/Sep/2012	21/Dec/2012	RON 25,000,000.00	RON 3,645.83	RON 14,583.33	RON 25,014,583.33	0.1962%	0.1968%	
RBS	24/Sep/2012	1/Oct/2012	RON 15,000,000.00	RON 1,750.00	RON 12,250.00	RON 15,012,250.00	0.1177%	0.1181%	
RBS	29/Aug/2012	16/Nov/2012	RON 20,000,000.00	RON 2,611.11	RON 86,166.67	RON 20,086,166.67	0.1575%	0.1580%	
Unicredit Tiriac Bank	16/Aug/2012	16/Oct/2012	RON 20,000,000.00	RON 3,222.22	RON 148,222.22	RON 20,148,222.22	0.1580%	0.1585%	
Unicredit Tiriac Bank	31/Jul/2012	26/Oct/2012	RON 40,000,000.00	RON 5,611.11	RON 347,888.89	RON 40,347,888.89	0.3164%	0.3174%	
Unicredit Tiriac Bank	16/Aug/2012	16/Nov/2012	RON 9,000,000.00	RON 1,425.00	RON 65,550.00	RON 9,065,550.00	0.0711%	0.0713%	
Unicredit Tiriac Bank	27/Sep/2012	27/Nov/2012	RON 30,000,000.00	RON 4,166.67	RON 16,666.67	RON 30,016,666.67	0.2354%	0.2362%	
ING Bank	28/Sep/2012	1/Oct/2012	RON 7,209,324.95	RON 190.25	RON 570.74	RON 7,209,895.69	0.0565%	0.0567%	
ING Bank	28/Sep/2012	1/Oct/2012	EUR 467.33	EUR -	EUR -	RON 2,118.45	0.0000%	0.0000%	
BRD Groupe Societe Generale	28/Sep/2012	1/Oct/2012	RON 12,311,001.83	RON 1,600.43	RON 4,801.29	RON 12,315,803.12	0.0966%	0.0969%	
<b>TOTAL</b>						<b>509,153,124.21</b>	<b>3.9927%</b>	<b>4.0057%</b>	

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

	Year T-2 / 31 December 2010	Year T-1 / 31 December 2011	Year T / 30 September 2012
Net Asset	15,328,167,848.58	14,465,379,292.28	12,710,692,860.64
NAV/share	1.1124	1.0788	0.9476

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

ING Bank N.V. Amsterdam –Bucharest Branch

Oana Truța  
Legal Representative

Marius Nechifor  
Compliance Officer

Cristina Bulata  
Head of Settlements and Trade Department

Mihaela Savu  
Economist

## Annex 3

**S.C. FONDUL PROPRIETATEA S.A.**

**CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2012**

prepared in accordance with International Financial Reporting Standards (“IFRS”)

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

	<i>Note</i>	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
Gross dividend income	5	623,658,450	512,833,185
Interest income		24,422,824	34,567,562
Reversal of impairment losses on dividends receivable		-	28,305,370
Reversal of impairment losses on disposed equity investments		4,798,715	21,545,871
Reversal of impairment losses / (impairment losses) on receivables in respect of equity contributions		5,211,070	(11,705,864)
Impairment losses on dividends receivable		(46,209,651)	-
Impairment losses on other receivables		(878,300)	-
Impairment losses on equity investments		-	(6,996,196)
Gains on disposal of equity investments		13,079,333	5,750,076
Net foreign exchange gain /(loss)		(197,934)	678,232
Other operating income		3,930,768	11,571,392
<b>Net operating income</b>		<b>627,815,275</b>	<b>596,549,628</b>
Personnel expenses		(488,335)	(452,156)
Other operating expenses	6	(42,675,198)	(41,887,626)
<b>Operating expenses</b>		<b>(43,163,533)</b>	<b>(42,339,782)</b>
<b>Profit before income tax</b>		<b>584,651,742</b>	<b>554,209,846</b>
Income tax expense	7	(5,836,324)	(7,115,565)
<b>Profit for the period</b>		<b>578,815,418</b>	<b>547,094,281</b>
<b>Other comprehensive income</b>			
Net change in fair value of available-for-sale equity investments	9	1,003,004,553	(927,319,976)
Income tax expense on other comprehensive income	7	(160,480,728)	148,371,196
<b>Total other comprehensive income</b>		<b>842,523,825</b>	<b>(778,948,780)</b>
<b>Total comprehensive income for the period</b>		<b>1,421,339,243</b>	<b>(231,854,499)</b>
<b>Basic and diluted earnings per share</b>		<b>0.0420</b>	<b>0.0397</b>

The financial statements were authorised for issue on 14 November 2012 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 43 to 60 are an integral part of these financial statements.

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

	<i>Note</i>	<b>30 September 2012</b>	<b>31 December 2011</b>
<b>Assets</b>			
Cash and current accounts		2,192,456	1,912,808
Deposits with banks		509,153,124	296,356,801
Treasury bills		262,932,640	195,919,673
Dividends receivable	8	12,274,435	52,479,298
Equity investments	9	11,549,663,603	10,731,642,468
Deferred tax assets	10	317,771,919	479,029,966
Other assets	11	4,012,030	2,558,644
<b>Total assets</b>		<b>12,658,000,207</b>	<b>11,759,899,658</b>
<b>Liabilities</b>			
Other liabilities	12	26,686,117	42,266,294
<b>Total liabilities</b>		<b>26,686,117</b>	<b>42,266,294</b>
<b>Equity</b>			
Share capital	13	13,778,392,208	13,778,392,208
Fair value reserve on available-for-sale financial assets	13	2,082,799,014	1,240,275,189
Other reserves		250,102,759	250,102,759
Treasury shares	13	(120,268,583)	(120,268,583)
Accumulated losses		(3,359,711,308)	(3,430,868,209)
<b>Total equity</b>		<b>12,631,314,090</b>	<b>11,717,633,364</b>
<b>Total liabilities and equity</b>		<b>12,658,000,207</b>	<b>11,759,899,658</b>

The notes on pages 43 to 60 are an integral part of these financial statements.



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

	Share capital	Fair value reserves on available-for-sale financial assets	Other reserves	Treasury shares	Accumulated losses	Total attributable to the equity holders of the Fund
<b>Balance at 31 December 2010</b>	<b>13,778,392,208</b>	<b>1,951,138,494</b>	<b>222,823,865</b>	<b>-</b>	<b>(3,488,927,558)</b>	<b>12,463,427,009</b>
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	547,094,281	547,094,281
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale equity investments	-	(927,319,976)	-	-	-	(927,319,976)
Income tax on income and expense recognised directly in equity	-	148,371,196	-	-	-	148,371,196
<b>Total other comprehensive income</b>	<b>-</b>	<b>(778,948,780)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(778,948,780)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(778,948,780)</b>	<b>-</b>	<b>-</b>	<b>547,094,281</b>	<b>(231,854,499)</b>
<b>Transactions with owners, recorded directly in equity</b>						
Buybacks	-	-	-	(120,268,583)	-	(120,268,583)
Dividends declared	-	-	-	-	(432,729,047)	(432,729,047)
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,268,583)</b>	<b>(432,729,047)</b>	<b>(552,997,630)</b>
<b>Balance at 30 September 2011</b>	<b>13,778,392,208</b>	<b>1,172,189,714</b>	<b>222,823,865</b>	<b>(120,268,583)</b>	<b>(3,374,562,324)</b>	<b>11,678,574,880</b>

The notes on pages 43 to 60 are an integral part of these financial statements.

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

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

The notes on pages 43 to 60 are an integral part of these financial statements.

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

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of equity instruments	207,870,803	10,171,182
Acquisition of treasury bills, net	(67,737,936)	197,838,880
Interest received	23,393,571	42,171,695
Dividends received (net of withholding tax)	613,896,774	336,900,657
Realised foreign exchange loss on cash and cash equivalents	(199,032)	(303,585)
Collection of bank deposits maturing in more than 3 months, net	(150,000,000)	378,486,499
Interest received in relation with the dividends late payments	1,755,785	-
Subscriptions to share capital increase of portfolio companies	(2,539,840)	-
Other receipts	158,362	8,292,010
Income tax paid	(121,794)	(1,109,707)
Salaries and related taxes paid	(497,821)	(692,855)
Suppliers and other taxes and fees paid	(61,609,069)	(39,662,384)
Acquisition of equity investments	(62,217)	(755,893,944)
<b>Net cash flows from operating activities</b>	<b>564,307,586</b>	<b>176,198,448</b>
<b>Cash flows from financing activities</b>		
Dividends paid (including related taxes)	(502,985,837)	(446,998,958)
Acquisition of treasury shares	-	(113,913,627)
<b>Net cash flows used in financing activities</b>	<b>(502,985,837)</b>	<b>(560,912,585)</b>
<b>Net increase in cash and cash equivalents</b>	<b>61,321,749</b>	<b>(384,714,137)</b>
Cash and cash equivalents at the beginning of the period	297,393,152	693,486,892
<b>Cash and cash equivalents at the end of the period</b>	<b>358,714,901</b>	<b>308,772,755</b>
	<b>30 September 2012</b>	<b>30 September 2011</b>
Cash	2,192,456	2,458,751
Bank deposits with original maturities of less than three months	356,522,445	306,314,004
	<b>358,714,901</b>	<b>308,772,755</b>

The notes on pages 43 to 60 are an integral part of these financial statements.

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

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## **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, Buzești Street, 7<sup>th</sup> Floor, District 1, Bucharest.

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

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

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

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

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

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

## **2. Basis of preparation**

### **(a) Statement of compliance**

These condensed separate financial statements for the nine-month period ended 30 September 2012 have been prepared in accordance with IAS 34 “Interim financial reporting”. The condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Fund has prepared these financial statements in order to provide users of the Fund’s financial reports with supplementary financial information on the Fund’s financial position. The Fund will not prepare consolidated financial statements for the nine-month period ended 30 September 2012.

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

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**2. Basis of preparation (continued)**

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Use of estimates**

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

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

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

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

**3. Significant accounting policies**

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

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

**4. Financial assets and financial liabilities**

**Accounting classifications and fair values**

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

	<b>Loans and receivables</b>	<b>Held to maturity</b>	<b>Available-for-sale</b>	<b>Other amortised cost</b>	<b>Total carrying amount</b>	<b>Fair value</b>
<b>30 September 2012</b>						
Cash and current accounts	2,192,456	-	-	-	2,192,456	2,192,456
Deposits with banks	509,153,124	-	-	-	509,153,124	509,153,124
Treasury bills	-	-	262,932,640	-	262,932,640	262,932,640
Dividends receivable	12,274,435	-	-	-	12,274,435	12,274,435
Equity investments at fair value	-	-	5,581,433,685	-	5,581,433,685	5,581,433,685
Equity investments at cost	-	-	5,968,229,918	-	5,968,229,918	Not available
Other receivables	4,012,030	-	-	-	4,012,030	4,012,030
Other liabilities	-	-	-	(26,686,117)	(26,686,117)	(26,686,117)
	<b>527,632,045</b>	<b>-</b>	<b>11,812,596,243</b>	<b>(26,686,117)</b>	<b>12,313,542,171</b>	<b>Not available</b>

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

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

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

As at 30 September 2012 and 31 December 2011, management estimated that the dividends receivable for which no impairment losses were recognised would be collected within a short period of time and therefore their carrying amount approximated fair value.

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

**5. Gross dividend income**

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
OMV Petrom SA	353,125,036	201,623,004
Romgaz SA	140,639,003	106,010,598
Transgaz SA	52,515,091	50,768,117
Alro SA	23,066,500	16,024,881
Transelectrica SA	10,884,733	1,147,845
CN Aeroporturi Bucuresti SA	9,415,274	9,932,510
Conpet SA	6,612,533	6,984,786
CN Administratia Porturilor Maritime SA	6,570,224	-
Complexul Energetic Rovinari SA	6,457,434	20,711
Raiffeisen Bank International AG	4,052,569	4,735,544
BRD - Group Societe General SA	4,237,166	2,427,206
Aeroportul Intl' Timisoara - Traian Vuia SA	1,687,638	1,536,108
Electrica Distributie Muntenia Nord SA	1,801,112	-
Hidroelectrica SA	-	52,478,623
ENEL Distributie Banat SA	-	20,161,712
Primcom SA	-	14,276,720
ENEL Distributie Dobrogea SA	-	13,529,334
Delfincom SA	-	5,633,501
Erste Group Bank AG	-	3,514,049
Others	2,594,137	2,027,936
	<b>623,658,450</b>	<b>512,833,185</b>

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

**6. Other operating expenses**

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
Investment management and administration fee	25,462,625	25,074,329
National Securities Commission fee	10,743,090	12,009,829
Depository fee	1,266,135	1,253,774
Third party services	4,385,159	2,599,126
Other operating expenses	818,189	950,568
	<b>42,675,198</b>	<b>41,887,626</b>



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

**7. Income tax expense**

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
<b>Current tax expense</b>		
Current tax (16%)	395,052	1,244,712
Dividend withholding tax	4,687,167	3,367,831
Prior year income tax adjustment	(23,214)	-
	<b>5,059,005</b>	<b>4,612,543</b>
<b>Deferred tax expense</b>		
Impairment losses on equity investments	767,795	2,327,948
Provisions for restructuring	9,524	36,203
Used tax losses	-	138,871
	<b>777,319</b>	<b>2,503,022</b>
<b>Total income tax expense</b>	<b>5,836,324</b>	<b>7,115,565</b>

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

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
<b>Reconciliation of effective tax rate</b>		
Profit for the period	578,815,418	547,094,281
Income tax expense	5,836,324	7,115,565
<b>Profit excluding income tax</b>	<b>584,651,742</b>	<b>554,209,846</b>
<b>Income tax using the standard tax rate (16%)</b>	<b>93,544,279</b>	<b>88,673,575</b>
Effect of:		
Lower tax rate on dividend income	(94,652,303)	(78,685,479)
Profit appropriation to legal reserve	-	(216,610)
Other non-taxable income	(833,771)	(4,565,062)
Other non-deductible expenses	7,598,823	1,872,938
Austrian dividend withholding tax non deductible from fiscal point of view	202,510	-
Prior year profit tax adjustment	(23,214)	-
Provisions for restructuring	-	36,203
<b>Total income tax expense</b>	<b>5,836,324</b>	<b>7,115,565</b>

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

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

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
<b>Income tax recognised directly in equity:</b>		
On equity investments carried at fair value	160,480,728	(148,371,196)
	<b>160,480,728</b>	<b>(148,371,196)</b>

**8. Dividends receivables**

	<b>30 September 2012</b>	<b>31 December 2011</b>
<b>Dividends receivable</b>		
Hydroelectrica S.A.	46,209,651	52,478,623
CN Aeroporturi Bucuresti S.A.	9,415,274	-
Aeroportul Intl' Timisoara - Traian Vuia S.A.	1,687,638	-
Other dividends receivable	1,817,687	646,840
	<b>59,130,250</b>	<b>53,125,463</b>
<b>Impairment loss allowance</b>		
Other dividends receivable	(46,855,815)	(646,165)
	<b>(46,855,815)</b>	<b>(646,165)</b>
	<b>12,274,435</b>	<b>52,479,298</b>

**9. Equity investments**

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

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

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

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

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

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

**9. Equity investments (continued)**

Fair values at 30 September 2012 and 31 December 2011 were determined by reference to published bid price quotations on the stock exchange where shares are traded, where applicable. Equity investments quoted on the Bucharest Stock Exchange which are not actively traded, and unquoted securities, are carried at cost less impairment.

At 30 September 2012 and 31 December 2011, for equity investments carried at cost, no fair values could be determined using valuation techniques as the range of reasonable fair value estimates was significant and the probabilities of the various estimates could not be reasonably assessed.

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

	Equity investments at fair value	Equity investments at cost	Total equity investments
<b>31 December 2010</b>	<b>4,846,321,942</b>	<b>6,015,235,159</b>	<b>10,861,557,101</b>
Acquisitions	757,236,361	-	757,236,361
Disposals	(2,394,730)	(23,232,846)	(25,627,576)
Impairment loss	-	(6,996,196)	(6,996,196)
Reversal of impairment loss on disposals	-	21,545,871	21,545,871
Changes in fair value	(927,319,976)	-	(927,319,976)
<b>30 September 2011</b>	<b>4,673,843,597</b>	<b>6,006,551,988</b>	<b>10,680,395,585</b>
	Equity investments at fair value	Equity investments at cost	Total equity investments
<b>31 December 2011</b>	<b>4,768,466,068</b>	<b>5,963,176,400</b>	<b>10,731,642,468</b>
Shares contributions in kind by State	-	5,211,070	5,211,070
Acquisitions	62,217	-	62,217
Disposals	(194,884,889)	(170,531)	(195,055,420)
Reversal of impairment loss on disposals	4,785,736	12,979	4,798,715
Changes in fair value	1,003,004,553	-	1,003,004,553
<b>30 September 2012</b>	<b>5,581,433,685</b>	<b>5,968,229,918</b>	<b>11,549,663,603</b>

During the nine-month period ended 30 September 2012, the Fund sold its entire holdings in Azomures SA and Comcereal Fundulea SA and part of the holdings in Erste Group Bank AG and Raiffeisen Bank International AG.

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**9. Equity investments (continued)**

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

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

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

**Hidroelectrica's Insolvency**

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

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

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

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**9. Equity investments (continued)**

	<b>30 September 2012</b>	<b>31 December 2011</b>
<b>Equity investments at fair value</b>		
OMV Petrom S.A.	4,477,853,276	3,303,427,754
Transgaz S.A.	335,277,800	394,127,877
BRD - Groupe Societe Generale S.A.	183,043,558	271,899,654
Alro Slatina S.A.	163,261,759	236,875,321
Transelectrica S.A.	119,732,065	172,176,689
Raiffeisen Bank International AG	109,055,946	94,094,574
Conpet S.A.	91,801,158	89,949,706
Erste Group Bank AG	31,252,303	72,055,218
Other	70,155,820	133,859,275
	<b>5,581,433,685</b>	<b>4,768,466,068</b>
<b>Equity investments at cost</b>		
Hidroelectrica S.A.	2,769,521,999	2,764,310,929
Complexul Energetic Oltenia S.A.	670,084,812	-
Nuclearelectrica S.A.	581,846,011	581,846,011
Romgaz S.A.	416,301,444	416,301,444
Electrica Distributie Muntenia Nord S.A.	165,223,950	165,223,950
Enel Distributie Banat S.A.	141,578,929	141,578,929
Aeroportul International Henri Coanda Bucuresti 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.	84,664,380	84,664,380
Complexul Energetic Turceni S.A.	-	282,299,927
Complexul Energetic Craiova S.A.	-	250,169,153
Complexul Energetic Rovinari S.A.	-	137,615,732
Other	413,056,118	413,213,670
	<b>5,968,229,918</b>	<b>5,963,176,400</b>
<b>Total equity investments</b>	<b>11,549,663,603</b>	<b>10,731,642,468</b>

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

**Fair value hierarchy**

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

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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 September 2012:

	Level 1	Level 2	Level 3	Total
Equity investments at fair value	5,581,433,685	-	-	5,581,433,685
Treasury bills	262,932,640	-	-	262,932,640
	<b>5,844,366,325</b>	<b>-</b>	<b>-</b>	<b>5,844,366,325</b>

At 31 December 2011:

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

**10. Deferred tax assets**

	30 September 2012	31 December 2011
<i>Temporary differences deductible (taxable)</i>		
Impairment losses on equity investments	4,465,597,125	4,470,395,844
Changes in fair values of equity investments	(2,479,522,631)	(1,476,518,081)
Provisions	-	59,525
	<b>1,986,074,494</b>	<b>2,993,937,288</b>
<b>Deferred tax assets at 16%</b>	<b>317,771,919</b>	<b>479,029,966</b>
<b>Total deferred tax assets</b>	<b>317,771,919</b>	<b>479,029,966</b>

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

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**11. Other assets**

	<b>30 September 2012</b>	<b>31 December 2011</b>
Subscriptions to share capital increases of portfolio companies	2,539,840	-
Interest receivable in relation with the dividends late payments	341,455	470,404
Dividend withholding tax to be recovered from Austrian tax authorities	822,839	1,727,358
Prepaid expenses	64,826	28,412
Income tax to be recovered from the State Budget	41,868	291,912
Other assets	201,202	40,558
	<b>4,012,030</b>	<b>2,558,644</b>

In May 2012, the shareholders of GDF Suez Energy Romania approved the increase of the company's share capital by issuing 2,116,536 additional shares, with a nominal value of 10 RON/share. In July 2012, the Fund subscribed for 253,984 shares with a total value of RON 2,539,840. The registration of the share capital increase with Trade Register was finalised during October 2012..

**12. Other liabilities**

	<b>30 September 2012</b>	<b>31 December 2011</b>
Dividends payable	16,064,640	12,238,494
Investment Management and Administration fees	8,466,160	27,179,316
CNVM commission	1,056,232	1,200,075
Tax on dividends	710,129	1,134,222
Provisions	-	59,523
Other liabilities	388,956	454,664
	<b>26,686,117</b>	<b>42,266,294</b>

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**13. Shareholders' equity**

**(a) Share capital**

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

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

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

At 31 December 2011, the authorised and issued share capital comprised 13,778,392,208 ordinary shares at a nominal value of RON 1 per share out of which 370,823,112 shares were unpaid.

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

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

The fair value reserves of RON 2,082,799,014 as at 30 September 2012 (31 December 2011: RON 1,240,275,189) comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

**(c) Treasury shares**

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

At the 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.

The same shareholders meeting approved a second buy-back 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 buy-back programme.

**(d) Dividends**

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

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



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#### 14. Contingencies

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

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

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

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

In this file the Fund has sued Nuclearelectrica and the Ministry of Economy and Commerce (now the Ministry of Economy, Trade and Business Environment) and asked the court to record the transfer in the Nuclearelectrica's shareholders register of a total of 20,077,953 shares from the Ministry portfolio to the Fund portfolio in order to update the initial stake of the Fund in Nuclearelectrica, taking into account the share capital increases that took place between 1 February 2006 and 13 November 2007. The litigation was solved at the first stage by the Bucharest Court with the Court ruling against the Fund. The Fund has appealed the decision of the Court and the Bucharest Court of Appeal ruled against the Fund. The Fund filed the second appeal asking High Court of Cassation and Justice to issue the final and irrevocable decision. On 1 November 2012, the High Court of Cassation and Justice irrevocable ruled against the Fund and decided that the Fund has no right to receive additional shares issued by Nuclearelectrica.

On August 2011 for safety reasons, given that the decision issued by the first court in this case is enforceable, the Fund has blocked a total of 340,796,918 shares, in amount of RON 340,796,918 computed based on the valuation report issued in October 2007 by an independent evaluator (Finevex S.R.L. Constanta) for the shares presumed to be owned by the Fund in Nuclearelectrica. The Fund considered that in fact the Ministry of Public Finance has not contributed to the share capital of the Fund with this amount. As a result of the irrevocable decision issued by High Court of Cassation and Justice the Fund will propose the shareholders measures in order to solve the issue of unpaid share capital.

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

3. Some minority shareholders of the Fund have filed claims against the Fund with the Court requesting the cancellation of certain resolutions of the General Shareholders Meetings or the blocking of the registration of some decisions with Trade Register.

Other contingencies of the Fund included:

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

This is a translation from the official Romanian version.

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**14. Contingencies (continued)**

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

**2 Receivables due from the World Trade Center Bucharest SA:**

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

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

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

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

In 2008, World Trade Center Bucharest SA paid USD 200,000 to the Fund, in 2009 USD 200,000 and in 2010 USD 110,130.69, EUR 148,700.76, RON 8,724,887.92. No such payments have been made to the Fund during 2011 and during the first 9-month period of 2012. In accordance with GEO 81/2007, these cash receipts reduced the balance of the receivables in respect of equity contributions.

Given the uncertainties regarding their recoverability, the World Trade Center Bucharest SA receivables have been recognised on a receipts basis in the Fund’s financial statements.

**15. Related parties**

**(a) Key management**

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
<b>Salaries</b>		
Members of the Board of Nominees	388,507	400,500

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

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

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**15. Related parties (continued)**

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

<b>Transactions</b>	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
Investment management fee	20,146,837	19,839,604
Administration fee	5,315,788	5,234,724
Rental expense	78,630	73,821
Operating cost	45,739	23,064
	<b>25,586,994</b>	<b>25,171,214</b>

As at 30 September 2012, the Fund owed an amount of RON 8,466,161 to the Fund Manager (31 December 2011: RON 27,401,373).

**(b) Subsidiaries**

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

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

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

	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
<b>Gross dividend income</b>		
Primcom S.A. Bucuresti	-	14,276,720
Delfincom S.A. Bucuresti	-	5,633,501
	<b>-</b>	<b>19,910,221</b>

<b>Dividends received</b>	<b>9 months ended 30 September 2012</b>	<b>9 months ended 30 September 2011</b>
Primcom S.A. Bucuresti	-	14,276,720
Delfincom S.A. Bucuresti	-	5,633,501
	<b>-</b>	<b>19,910,221</b>

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**15. Related parties (continued)**

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

**(c) Associates**

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

	<b>30 September 2012</b>	<b>31 December 2011</b>
<b>Ownership interest</b>		
OVM Petrom S.A.	20%	20%

During the nine-month period ended 30 September 2012, the Fund recorded and received from OMV Petrom S.A. a dividend of RON 353,125,036 (30 September 2011: RON 201,623,004).

**16. Subsequent events**

**Main updates on litigations**

On 10 October 2012, the Fund Manager announced that the Bucharest Court of Appeal rejected the appeal filed by the Fund in the file no. 47039/3/2010, initiated by a shareholder of the Fund, and upheld the Bucharest Court's decision issued on 22 December 2011. The decision issued by the Bucharest Court of Appeal is irrevocable.

The appeal related to the decision of the Bucharest Court was as follows:

- The Bucharest Court partly admitted the claimant's request to annul the Extraordinary General Shareholders' Meeting Resolutions no. 1, 2, 8, and 9 from 6 September 2010 based on a technical procedural argument alleging a breach by the previous management of the Fund of the formalities required for the calling of the meeting. These resolutions relate to the approval of a new Constitutive Act, the formal acknowledgement of the appointment of Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch as Sole Administrator of the Fund, the revocation of the previous Directorate and Supervisory Board, and the appointment of the first members of the Board of Nominees.
- The Bucharest Court rejected the claimant's request to annul the Ordinary General Shareholders' Meeting Resolution no. 3 from 6 September 2010. This resolution relates to the listing of the Fund on the Bucharest Stock Exchange.

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**16. Subsequent events (continued)**

Nevertheless, for the avoidance of any doubt, the Fund Manager notes that the version of the Constitutive Act to which the Court decision relates is not the one currently in force. New versions of the Constitutive Act were approved by the majority of the Fund's shareholders during the General Shareholders' Meetings held on 29 November 2010, 23 November 2011 and 4 April 2012.

Furthermore, new resolutions at the 25 April 2012 General Shareholders' Meeting specifically reiterated the shareholders' approval of the objects of all the resolutions to which this Court decision relates; these resolutions were proposed by a shareholder and approved by a majority of over 96%.

Accordingly, the Fund Manager is bound to observe the current Constitutive Act and the shareholders' resolutions, and consequently will continue to manage the Fund in accordance with its management agreement, in collaboration with the Board of Nominees.

For the avoidance of any doubt, please note that Trade Register confirmed the Fund Manager's continued appointment as Sole Director of Fondul Proprietatea. The Trade Register's registrations are binding on all third parties.

**Secondary Listing**

On 15 October the Fund Manager called the General Meeting of Shareholders for 23 November 2012 proposing to have on the agenda the extension of the deadline for the authorisation of Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch to perform the activities mentioned in the Extraordinary General Meeting of Shareholders no. 11 on 27 June 2012, in relation to the secondary listing of the Company on the Warsaw Stock Exchange, until 30 June 2013.

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