

QUARTERLY REPORT

3rd quarter of 2016

According to the C.N.V.M. Regulation no. 1/2006

Name of company: **SC TRANSILVANIA CONSTRUCTII SA**

Registered office: Cluj Napoca, 10 Orastie Street, Cluj County;

Telephone/fax 0264-416597 / 0264-592229;

Trade Register Number: J12-8-1991;

Subscribed and paid-in share capital: LEI 26,391,783

The regulated market on which the issued securities are traded: **Bucharest Stock Exchange, standard class.**

No shared capital changes occurred in the first nine months of 2016.

In the first three quarters of the financial exercise of 2016, the company has conducted the following important transactions:

- assignment of debts:

Object of transaction: the purchase of receivables owned by the releasors over the insolvent CBC Development Design SRL. The face value of the receivables was 25.058.257,90 EURO and 1.299.964,89 LEI, dated on 28.01.2015. These receivables are registered in the Consolidated List of Creditors, as listed by the official receiver in bankruptcy. With this purchase, our company acquired the title of secured creditor (with majority voting rights in the General Meeting of Creditors);

- Releasors: Asset Leasing IFN SA and Karpi Expert SRL;
- Date of transaction: 04.02.2016;

- property acquisition:

In 21.04.2016, the company participated to an auction organised by Solvendi SPRL, as official receiver of SC CBC Development Design SRL (company in bankruptcy). The object of the auction was the acquisition of the building situated in the TETAROM I industrial park, on Taietura Turcului Street, in Cluj-Napoca. The building is composed of 2 wings (Basement + Groundfloor + 3 Floors, and Basement + Groundfloor + 7 Floors). Our company was declared the winner of the auction. The action's price was 4.500.000 EURO, and 20.155.050 LEI. The payment was made through banking transfer of the sum of 714.155,31 LEI, respectively by clearing the debt our company has over CBC Development Design SRL. The sales contract was signed in 09.06.2016.

The profit of the company from this transaction was 1.834.971 LEI.

- administrator replacement:

In 12.09.2016, the General Meeting of Creditors took notice of the resignation of Mr. Fetita Alin Sorin as a board member of the Managing Board and replaced him with Mr. Legean Viorel. Mr.'s Legean Viorel mandate period is until 18.03.2018.

-contraction of credit for investments:

In 19.08.2016 the company signed a contract for an investment credit with the purpose of financing „TRC Park Cluj” project, developing 30.000 sqm of warehouses in the TETAROM III industrial park, in Jucu, Cluj county.

Credit value: 8.142.000 EUR;

Period : 15 years;

Bank: CEC Bank;

Guarantees: mortgage on the future construction, as well as some properties from Transylvania Logistic Park. Also, the company has mortgaged some leasing contracts.

The financial situation of the company:

a) Financial position on 30.09.2016

Item	Value (LEI) → 30.03.2016
Tangible assets	11.992.177
Real estate investments	174.667.046
Intangible assets	7.681
Financial assets	4.890.292
Total tangible assets	191.557.196
Inventories	604.873
Receivables	6.151.023
Deffered expenses	234.366
Cash	3.916.219
Total current assets	10.906.481
TOTAL ASSETS	202.463.677
Shared capital	26.391.783
Shared capital adjustments	27.019.805
Reserves	4.587.339
Retained earnings	35.841.444
Shareholders' equity	-104.544
Total shareholders' equity	93.735.827
Long-term debts	87.799.789
Short-term debts	20.928.061
Total debts	108.727.850
TOTAL SHAREHOLDERS' EQUITY AND DEBTS	202.463.677

b) Global result on 30.09.2016

ITEM	Value (LEI) → 30.09.2016
Turnover	15.610.219
Other operating income	126.362
Changes in inventories	221
Total operating income	15.736.802
Operating expenses	10.742.587
Operating Profit	4.994.215
Financial profit/loss	602.473
Pre-tax profit/loss	5.596.688
Expenses with profit tax	805.151
Net profit/loss	4.791.537
Other elements of the global result	0
GLOBAL RESULT	4.791.537

Observations:

The turnover on the first 9 months of 2016 was 15.610.219 LEI.

Operating income was 15.736.802 LEI.

The company registered an operating profit of 4.994.215 LEI. The operating profit rate was 32 %, high profitability on operating activity.

The financial profit was 602.473 LEI.

The net result on the first 9 months was 4.791.537 LEI.

95% of the turnover is from renting spaces in Transylvania Logistic Park.

The company's income is also from administrating Transylvania Sports Club, respectively from sales of parking lots and storage spaces owned in Dorobantilor Residence.

The deduction of the turnover on the main activities is as follows:

Activity	30.09.2016	
	Value	% from total
Lease of premises	14.727.414	94,34
Sales in Dorobantilor Residence	111.129	0,71
Sports Club	761.263	4,88
Others	10.413	0,07
Total	15.610.219	100,00

Acquisitions and alienation of assets

In the first 9 months of 2016, the company acquired the following acquisitions of non current assets (acquired from third parties or on our own).



1. Non current assets:

Type	Name	Value	Operation
Real estate asset	Hall no. 1	283.515,00	Increasing value
Real estate asset	Warehouse no. 26	60.111,00	Increasing value
Real estate asset	Water tank-warehouse no. 35	121.008,00	Increasing value
Real estate asset	Warehouse no. 38	638.269,32	Increasing value
Real estate asset	Office building -wing A-Taietura Turcului	14.315.560,90	New investment
Real estate asset	Office building -wing B-Taietura Turcului	6.065.362,93	New investment
Equipment and facility	Water tank-warehouse no. 35	147.043,80	New investment
Equipment and facility	Cooling system-Warehouse no. 38	386.769,60	New investment
Equipment and facility	Chiller Daikin 80KW	82.489,84	New investment
Equipment and facility	Rotopercutor GBH-2 pieces	7.598,00	New investment
Equipment and facility	Skoda Octavia Smart-2 pieces	126.569,00	New investment - leasing
Equipment and facility	IT equipment+programs	38.064,64	New investment
Equipment and facility	Sports equipment	15.762,66	New investment
Equipment and facility	Dacia Logan-2 pieces	64.744,74	New investment - leasing
Equipment and facility	Autoturism BMW 750 Li xDrive	531.880,32	New investment - leasing
Equipment and facility	Dacia Dokker Laureate	42.536,52	New investment - leasing
Total assets		22.927.286,27	

The most important investments:

- purchase of an office building in TETAROM I Industrial Park (Cluj-Napoca, Taietura Turcului Street), composed of two wings (basement+groundfloor+3 floors, respectively basement+groundfloor+7 floors).

Besides this investments, on 30.09.2016 the following investments were in progress:

Type	Name	Value
Real estate asset	Infrastructure rehabilitation in Transilvania Logistic Park	4.946.397,00
Real estate asset	Rehabilitation Hall no. 1	7.279,00
Real estate asset	Improving Warehouse no. 26	22.560,00
Real estate asset	Improving building Somes Balastiere	65.611,00
Real estate asset	Night lighting Sports Club	19.119,00
Real estate asset	TRC PARK Cluj logistic park	18.974.386,00
Real estate asset	Novis Plaza office building	3.221.953,00
Real estate asset	Water tank Profi	1.191,00
Real estate asset	Improving storage no. 61	10.378,00
Real estate asset	Transformation of the office building	27.290,00
Total investments in progress		27.296.164,00

The most important investments in progress of the first 9 months of 2016 were:



- continuation of access roads and sewers rehabilitation in Transylvania Logistic Park;

- development of TRC PARK Cluj logistic park that will be constructed in the TETAROM III industrial park in Jucu, on 16 ha;
- rehabilitation works on wing A of the office building, from TETAROM I industrial park, (Cluj-Napoca, Taietura Turcului Street);
- modernization of existing warehouses, upon tenants' request;

During 01.01.2016-30.09.2016 some non current assets were sold, as follows:

Sold asset	Inventory value	Unamortized value	Sales income
Auto VW Polo	39.885,99	0,00	9.395,00
Auto VW Polo	39.499,51	0,00	9.395,00
Motorbyke Grizzly	14.407,58	7.807,58	13.723,61
Motorbyke Grizzly	14.407,58	7.807,58	15.946,67
Total sold assets	108.200,66	15.615,16	48.460,28

The company cassated a number of assets considered obsolete and no longer generating economic benefits for society. The inventory value of these assets was 25.232 lei, being completely amortized.

Transactions with related parties:

The company has as related parties the following societies:

1. SC Melisa Prod SRL, with headquarters in Cluj-Napoca, Orastiei Street, no. 10, Cluj county, CUI: RO 17597400, J12/1857/2005.

The shared capital is composed of 20 shares, from which 19 are owned by SC Transilvania Constructii SA and the rest by Mr. Timofte Andrei.

Starting with 2011 the society has not conducted any activities.

During 01.01.2016-30.09.2016, SC Transilvania Constructii SA has not conducted any transactions with SC Melisa Prod SRL.

2. SC Brieta Industrial Com SRL, with headquarters in Cluj-Napoca, Meseriilor Street, no. 27, Cluj county, CUI RO 6839037, J12/4795/1994. The society has a shared capital of 17.480 LEI, composed of 1748 shares, detained equally by: Mrs. Timofte Gabriela (874 shares) and Mr. Timofte Mircea (874 shares).

Our company has conducted the following transactions with SC Brieta Industrial COM:

During 01.01.2016-30.09.2016, SC Transilvania Constructii SA has paid the interest of a loan worth 980.000 LEI, contracted by Brieta Industrial Com in 2013. The paid interest was 11.464,54 LEI.

During 01.01.2015-30.09.2015, SC Transilvania Constructii SA has paid the interest of a loan worth 980.000 LEI, contracted by Brieta Industrial Com in 2013. The paid interest was 48.553,27 lei.

3. The company has contracted a credit from Mr. Timofte Andrei Iancu, the shareholder of 55,53 % from the shared capital.

Initial credit balance: 2.827.456 LEI;

Debit cash flow: 2.083.386 LEI (credit refunding);

Credit cash flow: 0 LEI;

Final credit balance: 744.070,6 LEI

The shareholder loan does not have interest.

Other related parties:

ABC Facility Management, CUI 35226834, with headquarters in Cluj-Napoca, Orastiei Street, no. 10;

Invincible Real Estate, CUI 35226842, with headquarters in Cluj-Napoca, Orastiei Street, no. 10;

Mega Property for Rent, CUI 35226850, with headquarters in Cluj-Napoca, Orastiei Street, no. 10;

SC Transilvania Constructii SA owns 95% of the shared capital (19 shares) of these societies.

The above mentioned societies have not conducted any activities since the foundation until the date of the present report.

Reportable segment

During 01.01.2016-30.09.2016 and 01.01.2015-30.09.2015, the company achieved the following profits and incomes:

ITEM	Activity									
	Sales in Dorobantilor		Lease of premises		Lucrari CM		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Income from clients	111.934	2.586.500	14.696.176	12.728.574	0	0	802.109	723.486	15.610.219	16.038.560
Income from transactions	0	0	0	0	24.862.617	13.070.028	608.157	480.410	25.470.774	13.550.438
Profit on segment	-71.281	253.663	4.253.306	4.046.764	1.076.660	657.352	281.630	163.892	5.540.315	5.121.671

Incomes (LEI)

	2016	2015
Total income of the reportable segments	39.670.727	28.385.102
Incomes from other segments	1.410.266	1.203.896
Cut of incomes from transactions with other segments	25.470.774	13.550.438

Consolidated incomes

15.610.219 16.038.560

Profit/loss (LEI)

	2016	2015
Total profit/loss of the reportable segments	5.258.685	4.957.779
Profit/loss from other segments	281.630	163.892
Subtotal profit	5.540.315	5.121.671

Cut of profit from transactions with other segments

Unallocated sums:

Other incomes	2.716.698	1.643.497
Other expenses	-2.660.325	-2.925.888
Pre-tax profit/loss	5.596.688	3.839.280

Accounting policies:

The financial states on 30.09.2016 were made according to the International Financial Reporting Standards and present comparisons with former periods.

The financial statements of the period 01.01.2016-30.09.2016 were made according to the articles IAS 34 regarding the interim financial reporting.

The accounting policies are the same accounting policies used in the financial statements on 31.12.2015.

The company's activity presents an even evolution during the financial exercise. The only accounting treatment not applicable in cases of interim reporting is the analysis of precariously clients or in lawsuit.

This operation has effect at the end of the financial exercise, as well as the impairment of the receivables.

The company presented all the significant aspects of the activity developed during 01.01.2016-30.09.2016 in the administration report, presented above.

The average employee number on 30.09.2016 was 32.

The average monthly productivity on the first 9 months was 54.202 LEI.

Economic-financial indicators:

Indicator	Formula	Value
Quick ratio	Outstanding Assets/Current debts	0,52
Level of debt	Borrowed capital/Engaged capital*100	48,36
Rotation speed of clients' debit	Average balance/Turnover*270	46,91
Rotation speed of non current assets	Turnover/Non current assets	0,08

Note: Attached you can find the financial position and the global result on 30.09.2016.

The financial statements until 30.09.2016 have not been subject to financial auditing.

CHIEF EXECUTIVE OFFICER
 TIMOFTE ANDREI IANCU



CHIEF FINANCIAL OFFICER
 BARZ LUCIAN

**Financial position
on 30.09.2016**

LEI	30-sept.-16	31-dec.-15
ASSETS		
Tangible assets	11.992.177	11.541.670
Real estate investments	174.667.046	134.465.751
Intangible assets	7.681	8.166
Investments detained until maturity	4.533.665	4.533.664
Long-term trade receivables	356.627	36.557
Total non current assets	191.557.196	150.585.808
Stocks	604.873	481.575
Short-term trade receivables	2.837.760	2.735.913
Other assets	3.313.263	658.894
Deffered expenses	234.366	11.391
Cash	3.916.219	3.703.249
Total current assets	10.906.481	7.591.022
TOTAL ASSETS	202.463.677	158.176.830
SHAREHOLDERS' EQUITY		
Shared capital	26.391.783	26.391.783
Shared capital adjustments	27.019.805	27.019.805
Reserves	4.587.339	4.305.486
Retained earnings	35.841.444	31.331.759
Shareholders' equity	-104.544	-104.544
Total shareholders' equity	93.735.827	88.944.289
DEBTS		
Long-term loan	76.062.611	49.943.895
Deffered profit tax	11.654.052	11.715.258
Long-term provisions	83.126	83.126
Total long-term debts	87.799.789	61.742.279
Commercial debts	11.350.063	2.920.567
Short-term loans	8.070.321	3.498.677
Short-term provisions	0	43.705
Other debts	1.507.677	1.027.313
Total current debts	20.928.061	7.490.262
TOTAL DEBTS	108.727.850	69.232.541
TOTAL SHAREHOLDERS' EQUITY AND DEBTS	202.463.677	158.176.830

Chief Executive Officer
Timofte Andrei Iancu

Chief Financial Officer
Barz Lucian



**Global result
on 30.09.2016**

30 Septembrie 2016 30 Septembrie 2015

	lei	lei
Income from turnover	15.610.219	16.038.560
Other incomes	126.362	1.068.941
Changes in inventory	221	4.027
Total operating income	15.736.802	17.111.528
Expenses on raw materials and supplies	2.116.553	4.093.661
Expenses on services executed by third parties	921.058	868.695
Expenses on personnel	1.125.422	1.025.979
Expenses with amortization	5.518.249	4.473.433
Expenses with provisions	-43.705	-32.492
Expenses with commodities	95.797	490.725
Other expenses	1.009.213	780.082
Total operating expenses	10.742.587	11.700.083
Operating profit	4.994.215	5.411.445
Financial income	2.618.128	628.957
Expenses regarding interests	2.015.655	2.201.122
Other financial expenses	0	0
Total financial expenses	2.015.655	2.201.122
Financial result	602.473	-1.572.165
Pre-tax profit	5.596.688	3.839.280
Expenses with tax on income	866.357	447.311
Income from deffered taxes	61.206	96.373
Net profit	4.791.537	3.488.342
Other	0	0
GLOBAL RESULT	4.791.537	3.488.342
Result per share		
Fundamental	5,99	2,85
Diluted	5,99	2,85

**Chief Executive Officer
Timofte Andrei Iancu**

**Chief Financial Officer
Barz Lucian**

