



SOCIETATEA DE INVESTIȚII FINANCIARE  
T R A N S I L V A N I A S.A.

**HALF-YEAR REPORT  
AS AT 30 JUNE 2017**



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## INFORMATION ABOUT THE COMPANY

Half-year report drafted as at 30 June 2017 in accordance with: Law no. 297/2004, Law 24/2017, N.S.C. Regulations no. 1/2006 and 15/2004, as subsequently amended and supplemented, B.S.E. Rulebook and F.S.A. Norm no. 39/2015 for the approval of the Accounting Regulations compliant with I.F.R.S. applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Investments and Instruments Sector.

### Date of report: 16 August 2017

Name of the company	Societatea de Investiții Financiare Transilvania S.A.
Registered office	Brasov, 2 Nicolae Iorga Street, Postal Code 500057
Telephone / Fax	0268 41 61 71 0268 47 32 15
Website	www.siftransilvania.ro
Sole Registration Code	3047687
Tax Code	RO3047687
Trade Register Number	J 08/3306/1992
Registered with	F.S.A. as <b>other collective investment undertaking</b> with a diversified investment policy, under Certificate 258 / 14 December 2005
Registered with the Office of Securities within F.S.A.	registration certificate no. 401/20 August 1999, and no. 401/12 July 2007
Registered with F.S.A. Register at section 9	Closed-end financial companies – no. PJR09SIIR / 080004, under Certificate no. 146 / 6 March 2006
Subscribed and paid-up share capital	LEI 218,428,666.40
Nominal value of one share	LEI 0.10
Regulated market on which the issued securities are traded	PREMIUM Category of BUCHAREST STOCK EXCHANGE (market symbol: SIF 3)

The Company is managed in a two-tier management system by an Executive Board which is controlled by the Supervisory Board.

The register of the shareholders of the Company is kept, under contract and as provided by the law by the independent depository and registry company Depozitarul Central S.A. Bucharest.

The depository services related to the financial instruments held in portfolio are provided by BRD-Groupe Societe Generale, and the financial statements of the Company are audited by the financial (statutory) auditor Deloitte Audit S.R.L. Bucharest.

## **PREAMBLE**

Due to the specific activity performed, S.I.F. Transilvania activity is related to the Romanian economic and legal context and to the regional/global macroeconomic framework, a series of events recorded during the first semester of 2017 directly or indirectly influencing the results and performances of the Company.

### **General macroeconomic context**

At global level, from macroeconomic perspective, a few general trends/events with impact at the level of the financial markets were recorded:

- continuation by FED of the cycle of increase of the reference interest rate, having as support the positive trend of USA economy; still, uncertainties related to the pace of the restrictive monetary policy decisions persist;
- dissemination by FED officials of possible scenarios regarding the decrease of security portfolio (portfolio generated by the successive programs of quantitative relaxation implemented for the purpose of counterbalancing the effects after the crisis), despite reporting relevant indicators which have not indicated an immediate and obvious exacerbation of inflation; these messages have generated additional variables in analysis scenarios;
- overbidding the effects of possible structural reforms notified during the electoral campaigns at the level of economies which are parts of the Community, i.e. induction by ECB officials, at declarative level, of possible restrictive monetary policies;
- amplification of the uncertainties generated by the perspective of implementation by Trump Administration of protective measures with global impact on the volume and dynamics of the trade and deterioration of the perspective of implementation in the current financial year of the fiscal reform promised in the electoral campaign;
- shaping divergent perceptions at the level of the financial markets, which encloses a significant lack of trust in the actual possibilities of implementation of the restrictive monetary policy by FED and an overbidding of favourable scenarios attached to the evolution of the economies of EURO area; they have generated multiannual trend reversals through volatile evolutions of reference indicators, like currency pairs, the return on state bonds, configurations of the yield curves, maturity spreads and quotations of raw materials and precious metals;
- maintenance of uncertainties induced by the timing of political events planned to take place during 2017; even though the perspective of contamination of political spectrum with a series of populist initiative has considerably diminished, it remains a volatility vector on the financial markets, especially in the context of the speculations regarding some important chapters of the bilaterally (UK vs. EU) negotiated roadmap for practical implementation of BREXIT;

- existence of geopolitical tensions which could affect and involve important decision-makers at global level; these could induce reconsiderations related to risk aversion of the investors who operate on various financial markets;

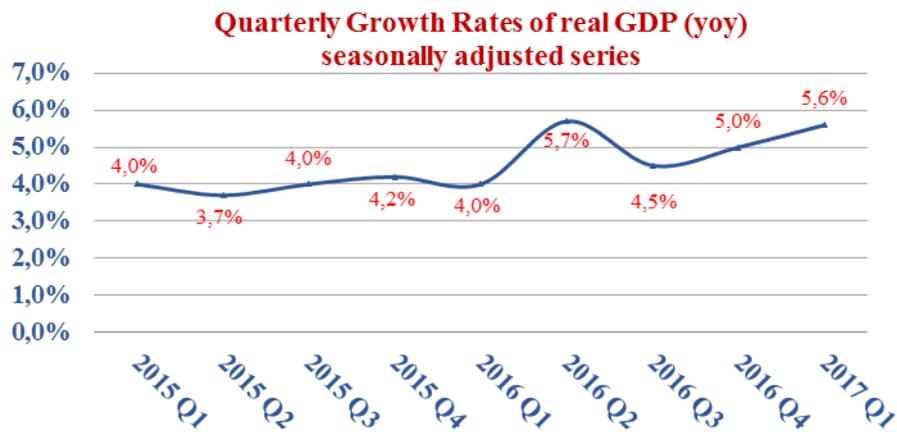
At local level, a series of uncertainty generating elements have rendered evident:

- propagation, into the public space, of contradictory messages regarding themes of interest for the participants on the local capital market upon auditing the Ministers which are parts of the new Cabinet;
- modality of implementing in Romania the government program supported by the governing coalition, and the implications of the measure chart at the level of stability of the aggregated indicators;
- transposition of the policies regarding the salaries of the budgetary personnel, fiscal reform, dividend policy of the state companies and of the public investment policy could influence the perception of the investors with regard to the predictability of the national economic model.

The quarterly evolution of the Gross Domestic Product shows a favourable trend recorded by the national economy (the notified dynamics significantly exceeding the average of the estimations made by the financial analysts), supported by the same factors that were also recorded during the previous periods, namely:

- ❖ fast pace of growth of the real available income,
- ❖ high level of consumers' trust,
- ❖ low level of interest rates,

with favourable impact at the level of the aggregate demand, also leading to positive expectations for the following quarters.



Source: National Institute of Statistics

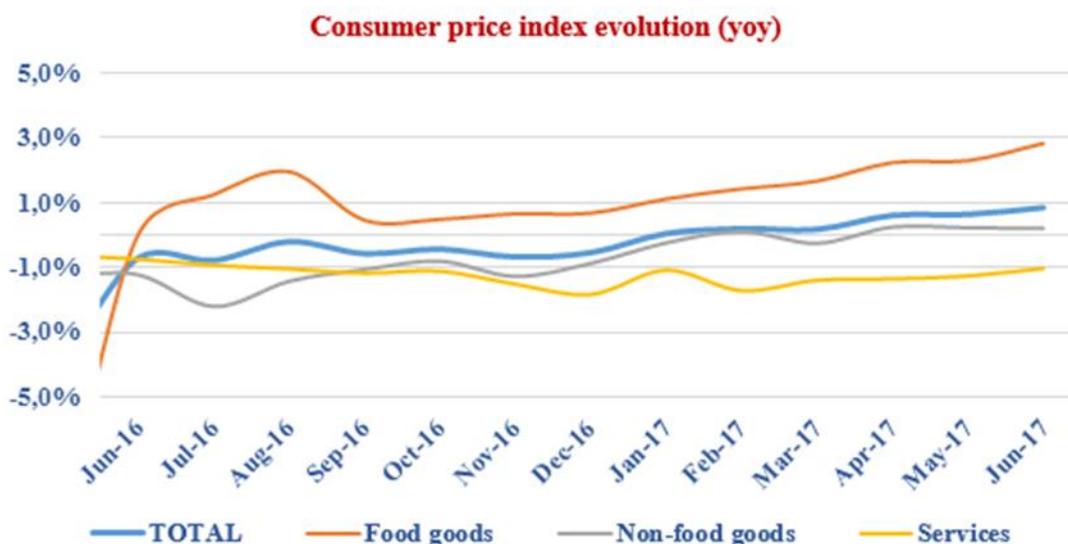
At the level of the estimations regarding the evolution of the emerging economies in the South-East and Central Europe, Romania maintains its leadership position in terms of annual average dynamics estimates of the actual Gross Domestic Product (reference period 2017 – 2018) – the estimations marking the return within the interval which characterizes the potential growth pace.

By analysing the elements which have led to the return of the confidence of the consumers to pre-crisis levels, we observe the same driving factors, namely the low unemployment rate and the fast increase of the salary in real terms (with direct implications at the level of the real available income), the feeling of the consumers keeping its role of favourable support for the evolution of the private consumption and, implicitly, of the Gross Domestic Product within the latest period.



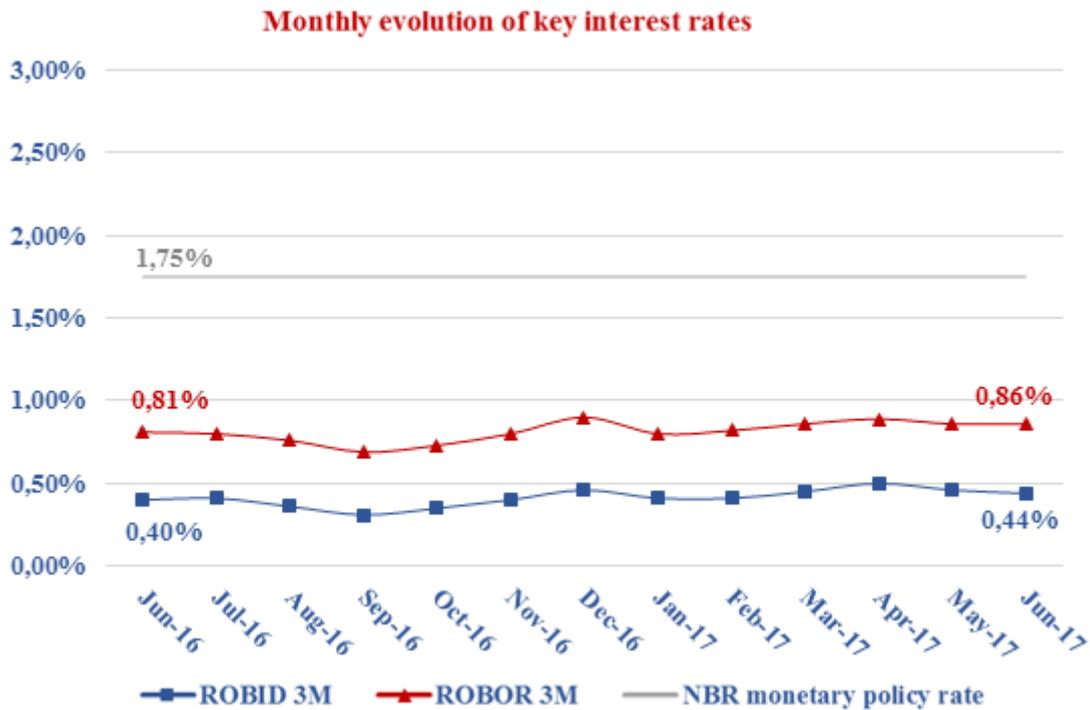
Source: National Institute of Statistics

The estimations regarding the inflationist pressures began to materialize during the financial year 2017 (due to the disappearance of the favourable basis effect induced by a series of previous fiscal measures). Still, the estimations regarding the return of the inflation rate until the end of 2017 within the interval targeted by the National Bank of Romania are starting to face successive adjustments.



Source: National Institute of Statistics

The monetary policy rate of the National Bank of Romania remained stable during the first semester of 2017 at a level of 1.75%. The perception according to which it has lost its monetary targeting as evidenced by the maintenance of the interest rates in an evolution corridor slightly inferior to the signal rate maintains.



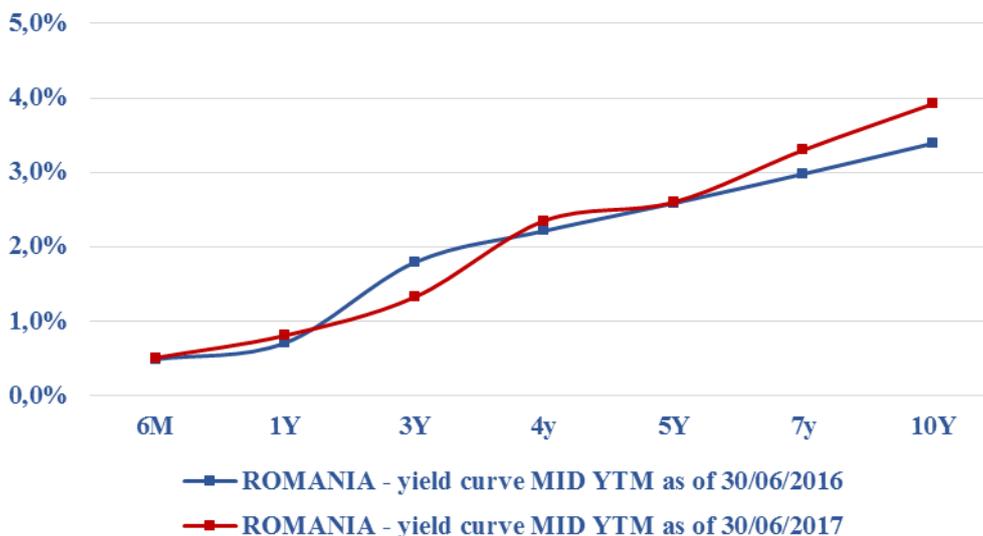
Source: National Bank of Romania

Still, the estimations for the following semester, related to the possible modifications regarding the monetary policy, do not include significant adjustments on either of the action instruments.

In the regional macroeconomic context, the yield curve of the state bonds maintains an emphasis which characterizes the maturities greater than five years. As opposed to the situation recorded at the end of the 1<sup>st</sup> semester of 2016, the curve recorded on 30 June 2017 is slightly accentuated, 1 – 10 year spread being slightly superior.

The excess of liquidity maintains a fact which influences the configuration of the first interval of the yield curve (6 months – 3 years). Long maturities remain much more receptive to the general macroeconomic context, being a fine barometer of the current evolution of the aggregate economy and of the adjustments made at the level of estimations. Therefore, they mark superior gaps.

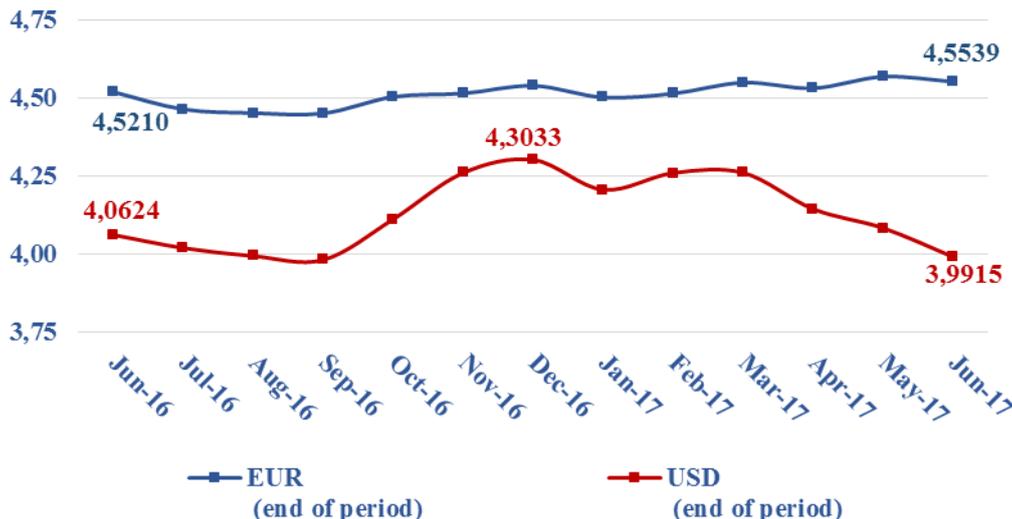
**Yield curve evolution**



Source: Bloomberg

The evolution of the exchange rate of the national currency against major currencies has resulted, during the first semester of 2017, in slightly divergent trends, namely, a relative stability against EUR and appreciation against US Dollar.

**Key foreign exchange rates evolution**



Source: National Bank of Romania

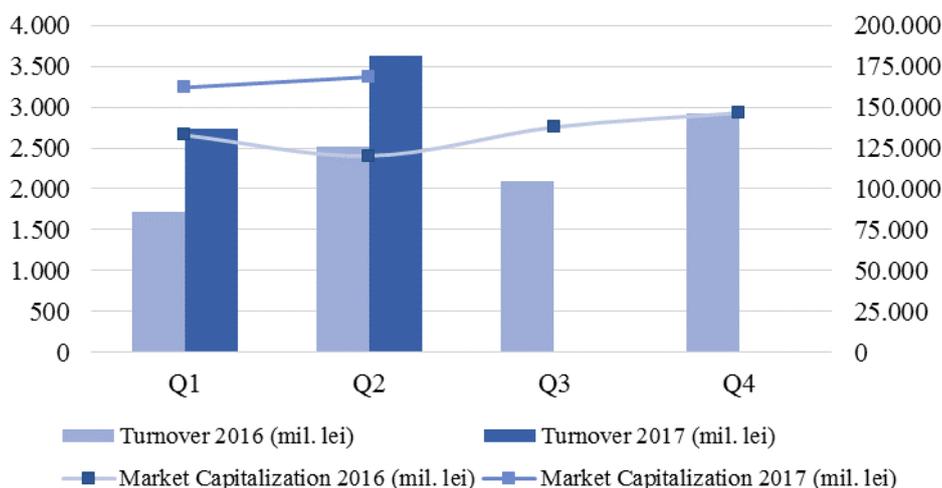
In all, the first semester of 2017 was for the Romanian economy a period of continuation of the macroeconomic trends recorded in the previous financial year, being characterized by a short/medium term macroeconomic balance. However, the economy remains exposed to the specific external risks generated by the regional geopolitical context and the volatility of the financial markets. Also, even at internal level, maintaining in debate a series of legislative initiatives which could induce uncertainties with regard to the medium / long term stability of the trends currently recorded, could rapidly compromise the general favourable perception attached to the national economy.

**Context of Romanian capital market**

During the first semester of 2017, the evolution of the shares listed on the regulated market as the basic segment of Bucharest Stock Exchange, as compared to the similar period of the previous year has reported a series of positive elements:

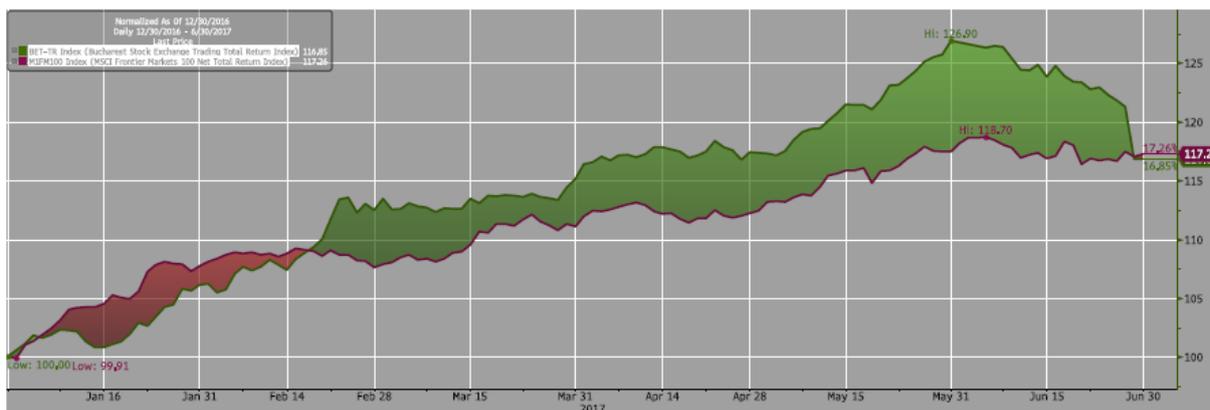
- ⇒ by relating to the similar period of the previous year, the quarterly value of the transactions made on the regulated segment of Bucharest Stock Exchange recorded a superior level;
- ⇒ at the end of the first six months of 2017 financial year, the stock exchange capitalization of the regulated market was above the one recorded at the end of the first semester of 2016 and also above the reference level recorded at the end of the previous year.

**Capital market evolution (2016 - 2017 H1)**



Source: Bucharest Stock Exchange

During the first six months of 2017, the total return evolution recorded by the main index of the regulated market (BET) was positive, resulting at the end of the period in a yield which has consolidated the status of performer assigned to the local capital market. By referring to the total return evolution of MSCI FM Frontier Markets regional index, the idea of a correlated evolution characterized by a positive gap during most of the analysed period flourishes. The gap is suddenly cancelled during the last trading sessions, because of the uncertainties generated by contradictory declarations made by a series of political vectors.

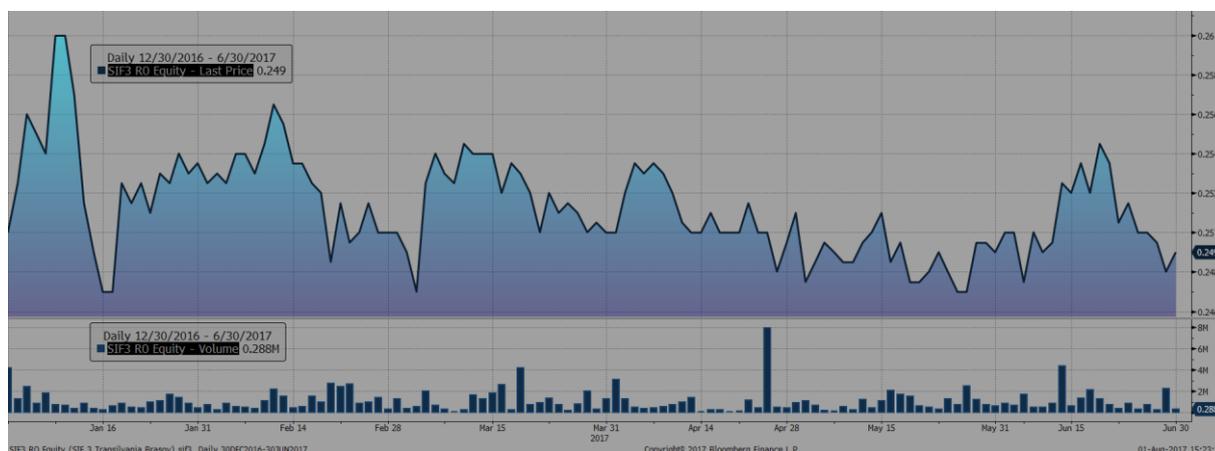


Sursa: Bloomberg

## EVOLUTION OF S.I.F. TRANSILVANIA SHARES DURING THE FIRST SEMESTER OF 2017

During the first semester of 2017, SIF3 shares have recorded an evolution characterized by the following trading benchmarks on the main market (BVB-REGS):

⇒ minimum quotation	Lei 0.2450 / share
⇒ average quotation	Lei 0.2508 / share
⇒ maximum quotation	Lei 0.2640 / share
⇒ traded volume	124,3 million shares
⇒ number of trading sessions	123 sessions
⇒ average daily traded volume	1.0 million shares / session



Source: Bloomberg

The first six months of 2017 have recorded for SIF3 shares a lateral evolution characterized at the end of the period by a closing quotation similar to the reference price of the period (closure of the trading session of 30 December 2016).

During the period, there were no registration data recorded for payments of dividends / distributions of cash / other corporate events; therefore, the aggregate yield is similar to the one illustrated in the previous chart.

## **ANALYSIS OF S.I.F. TRANSILVANIA ACTIVITY**

### **General framework**

S.I.F. Transilvania is a joint-stock company which operates as a self-administered closed-end financial investment company. The company is authorized and supervised by the Financial Supervisory Authority, being included in the category of “other collective investment undertakings (NON-UCITS) with a diversified investment policy”. The company is managed in a two-tier management system by an Executive Board which is controlled by a Supervisory Board. S.I.F. Transilvania shares are listed on the Bucharest Share Exchange – under symbol “SIF3”, Main segment, Premium Category.

S.I.F. Transilvania goal is the management of the investments in its portfolio and the continuous identification of investment opportunities within a reasonable dispersion of the investment risk, with the intent of offering its shareholders the opportunity of achieving attractive returns and the increase of the capital invested.

The Company holds and manages an investment portfolio consisting of shares, bonds and other financial instruments. The share sub-portfolio includes shares listed on the Romanian capital markets and international stock exchanges, as well as unlisted shares. S.I.F. Transilvania investment portfolio is diversified and currently includes both financial instruments that offer controlling rights or rights to significantly influence other entities, as well as other financial investments.

Starting with 2015 financial year, S.I.F. Transilvania has adopted the I.F.R.S. as the accounting basis according to the requirements of F.S.A Norm 39/2015.

I.F.R.S. 10.4 provides certain exceptions from the drafting of consolidated financial statements, among which the exception applicable to parent entities which are classified as “Investment Entities”. Starting with 1 January 2015, as a result of the analysis made, the management of S.I.F. Transilvania found that the company fulfils the requirements in order to be defined as an "Investment Entity" according to I.F.R.S. 10.

Under such circumstances, for the financial year 2016, S.I.F. Transilvania has drafted only one set of financial statements, i.e. separate financial statements, according to I.F.R.S. During the financial year 2017, S.I.F. Transilvania has not submitted other interim financial statements in accordance with I.F.R.S.

### **Investment entity**

I.F.R.S. 10 defines an investment entity as being the entity which:

- i. obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- ii. commits to its investors that its business purpose is to invest funds solely for returns from investment appreciation, investment income, or both;
- iii. measures and evaluates the performance of substantially all of its investments on a fair value basis (I.F.R.S. 10.27).

S.I.F. Transilvania directly provides asset management services to its investors, having as exclusive scope the activities specific to closed-end investment companies. S.I.F. Transilvania does not provide consultancy services for investments and administrative services, directly or through a branch, to third parties and/or its investors.

S.I.F. Transilvania presents its strategy to both its current and potential investors based on two documents whose discussion and approval is done by the General Meeting of Shareholders: Multi-Annual Strategic Guidelines and the Annual Investment Program.

On the date of this report, the following documents are in force:

- ✓ Strategic Guidelines for the period 2017 – 2021;
- ✓ Investment Program for 2017.

The Company frequently monitors the structure and evolution of the investment portfolio and:

- i. publishes the statement of assets and liabilities on monthly basis (Net Asset – Appendix 16 to F.S.A Regulation 15 / 2004);
- ii. calculates on monthly basis and publishes, along with quarterly / bi-annual / annual reports, the Statement of Assets (Detailed Statement of Investments – Appendix 17 to F.S.A Regulation 15/2004).

S.I.F. Transilvania applies an exit strategy based on the permanent monitoring of the investments made in accordance with the approved investment programs, and on the continuous analysis of current market circumstances, intending to identify the optimum exit momentum in order to reach the objectives established in the Annual Revenue and Expenditure Budgets, respectively reaching of higher aggregated outcomes.

As of 1 January 2015, all financial investments of the Company are measured at fair value. S.I.F. Transilvania has classified the investments in subsidiaries and associated entities and the bonds issued by the latter and held by the Company as financial assets at fair value through profit and loss account. The investments of the Company in other equity instruments, corporate bonds and fund units (other than those related to subsidiaries and associated entities) are classified as financial assets available for sale.

Within the process of revaluation of the status of investment entity, S.I.F. Transilvania regularly analyses the extent to which the conditions for its classification as investment entity are complied with.

### **Financial assets recorded at fair value**

According to the International Financial Reporting Standards, the fair value represents the price that would be received for the sale of an asset, or paid to transfer a liability in a regulated transaction between market participants on the valuation date.

According to IFRS 13, the levels of the fair value depending on the input data used in the valuation model are defined as follows:

- Level 1 input data are listed prices (unadjusted) on active markets for identical assets and liabilities which the entity has access to on the valuation date;
- Level 2 input data are input data different from the listed prices included at level 1, which are directly or indirectly observable for the asset or liability;
- Level 3 input data are the input data unobservable for the asset or liability.

Determining the input data significance level in the fair value measurement process in its entirety requires the use of professional rationale, considering the specific factors as a result of the complexity of measuring these investments, and also of the reflection of the fair value changes into the financial statements.

The measuring process of the fair values of the financial instruments held by S.I.F. Transilvania is carried out according to the internal procedure and the afferent methodology.

-RON-

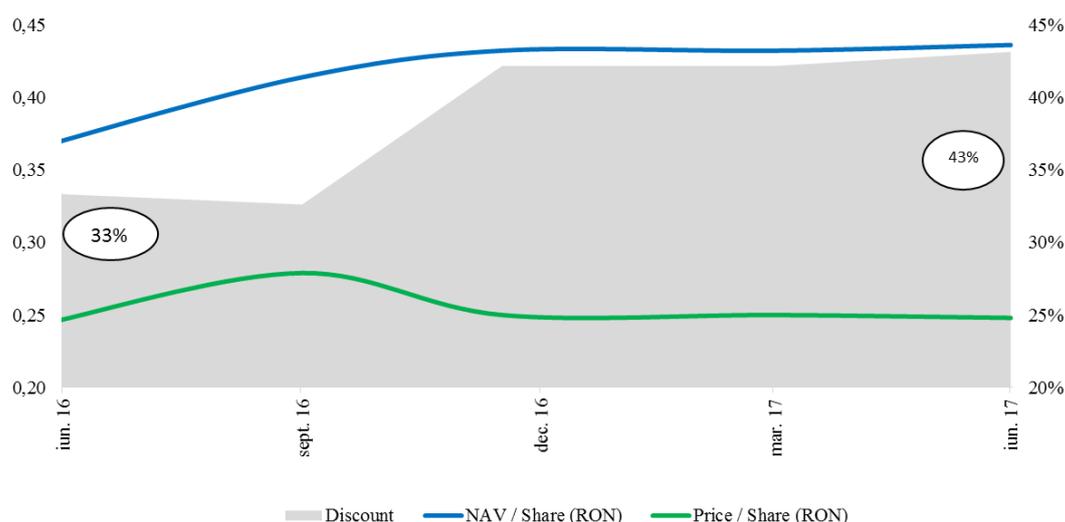
Financial assets on 30 June 2017	Level 1	Level 2	Level 3	Total
<b>Financial asses available for sale</b>	<b>494,249,116</b>	-	<b>61,998,728</b>	<b>556,247,844</b>
Shares	485,792,703	-	34,764,616	520,557,319
Corporate bonds	-	-	11,993,580	11,993,580
Fund units	8,456,413	-	15,240,532	23,696,945
<b>Financial assets at fair value through profit and loss account</b>	<b>137,573,700</b>	-	<b>302,307,632</b>	<b>439,881,332</b>
Shares	137,573,700	-	291,487,466	429,061,166
Corporate bonds	-	-	10,820,166	10,820,166
Fund units	-	-	-	-
<b>Total financial assets at fair value on 30 June 2017</b>	<b>631,822,816</b>		<b>364,306,360</b>	<b>996,129,176</b>

## Net asset

The Statement of Assets and Liabilities of the Company is drafted in RON, as at the end of the last business day of the month and, if applicable, at any other reference date. The Statement of Assets and Liabilities of the Company for a certain date shall be drafted and presented in the format requested by the F.S.A. (according to F.S.A. Regulations 9 / 2014 and 15 / 2004). The net asset is calculated on monthly basis by the Company, is certified by the depository BRD – Groupe Societe Generale S.A. Bucharest and is provided to the F.S.A. and B.S.E. no later than the 15<sup>th</sup> day of the following month.

The monthly value of the Net Asset of the Company is established as the difference between the total value of the assets held and the total value of liabilities and deferred income of the Company.

### Evolution of SIF3 shares trading discount within the last 12 months



Source: S.I.F. Transilvania

## Main aspects regarding the evolution of the portfolio of financial instruments during the first six months of 2017

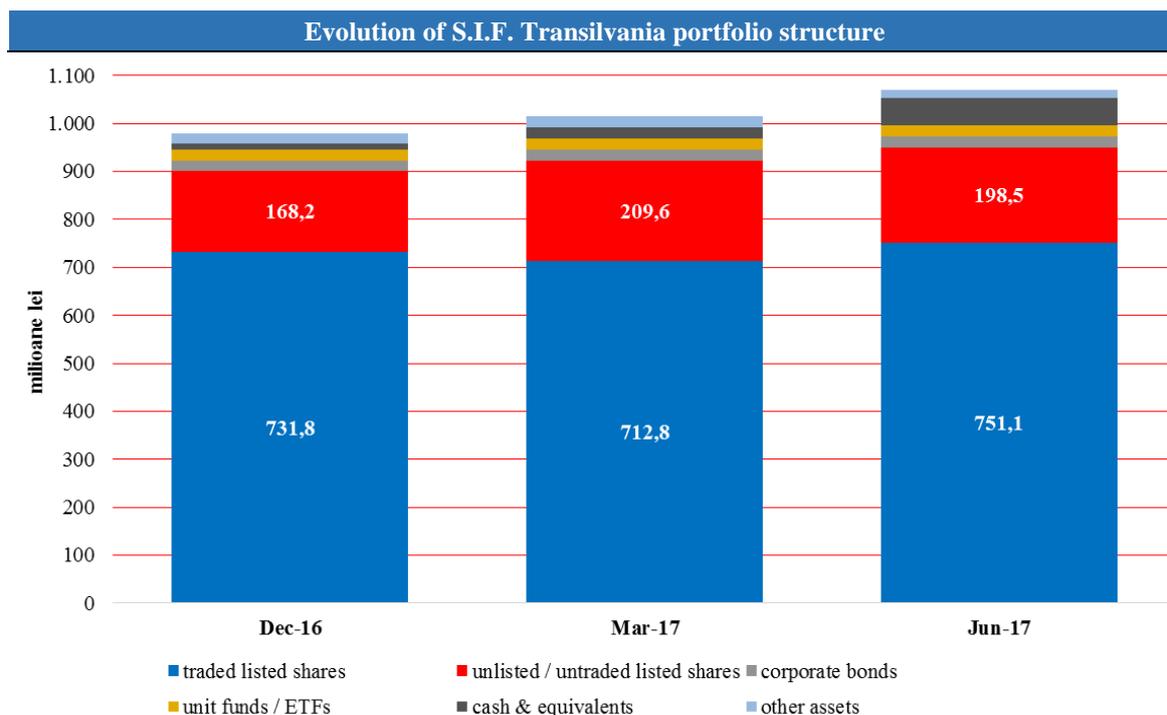
- ❖ significant advance of the total assets value, given a 9.3% non-annualized increase rate corresponding to the first six months of 2017;

### Evolution and components of S.I.F. Transilvania portfolio

- RON million -	31 Dec. 2016	evolution	30 March 2017	evolution	30 June 2017
value of total assets	979.6	↗	1.014.70	↗	1.070.90
value of net asset	913.8	↗	944.6	↗	953
number of companies in portfolio *	151	↘	150	↗	153
portfolio of financial instruments (incl. cash)	958.2	↗	992.4	↗	1.052.70
portfolio of financial instruments	945.8	↗	969.4	↗	996.1
cash & equivalent	12.4	↗	23	↗	56.6

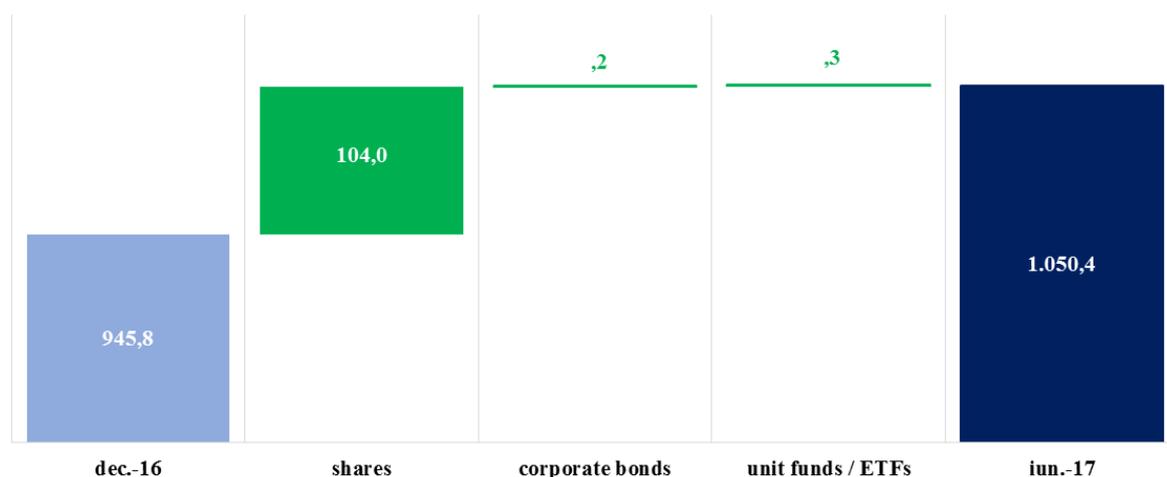
\* including shares pending the sale

Source: S.I.F. Transilvania, I.F.R.S. fair values, Appendix 16 acc. to F.S.A. Reg. 15 / 2004, F.S.A Reg. 9 / 2014



Source: S.I.F. Transilvania, Appendix 16 acc. to F.S.A. Reg 15 / 2004, F.S.A. Reg. 9 / 2014

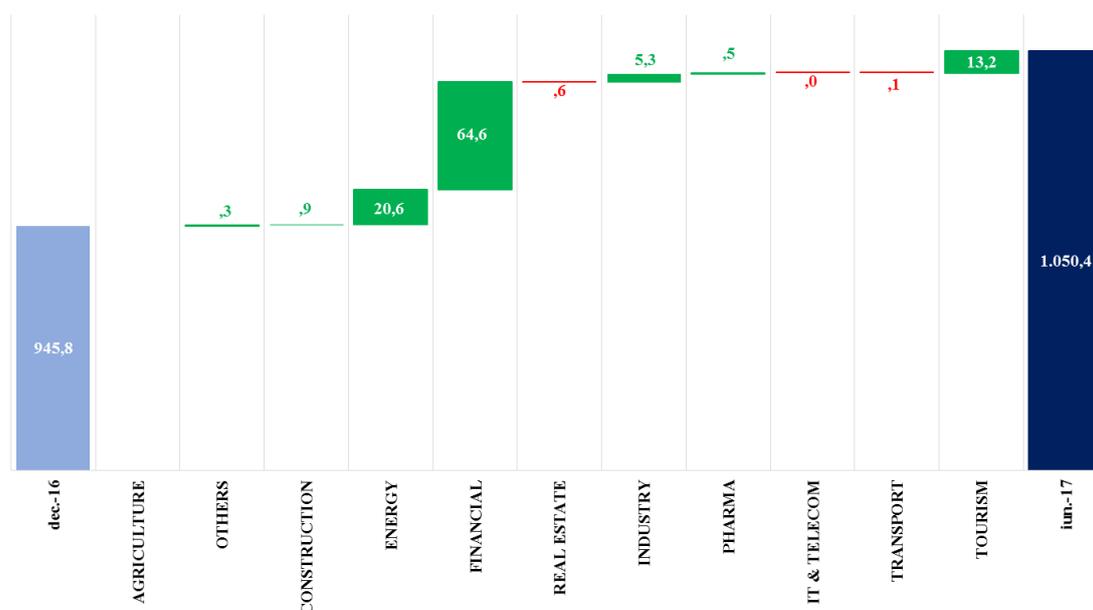
- ❖ analysis of financial instrument portfolio variation (fair value + generated cash + corresponding receivables deducted from the fair value) – detailing per financial instruments



Source: S.I.F. Transilvania

Note.: The initial value (Dec.-16) of the financial instruments portfolio is calculated according to IFRS fair values. The final value (June -17) of the financial instruments portfolio is calculated by summing up IFRS fair values and the contribution of each instrument resulting from the execution of the investment program (cash generated / immobilized through sale / purchase transactions, collected dividends, collected cash distributions, other collected amounts (shares pending the sale), attached receivables). The values are expressed in millions of RON.

- ❖ analysis of financial instrument portfolio variation (fair value + generated cash + corresponding receivables deducted from the fair value) – detailing per activity sectors

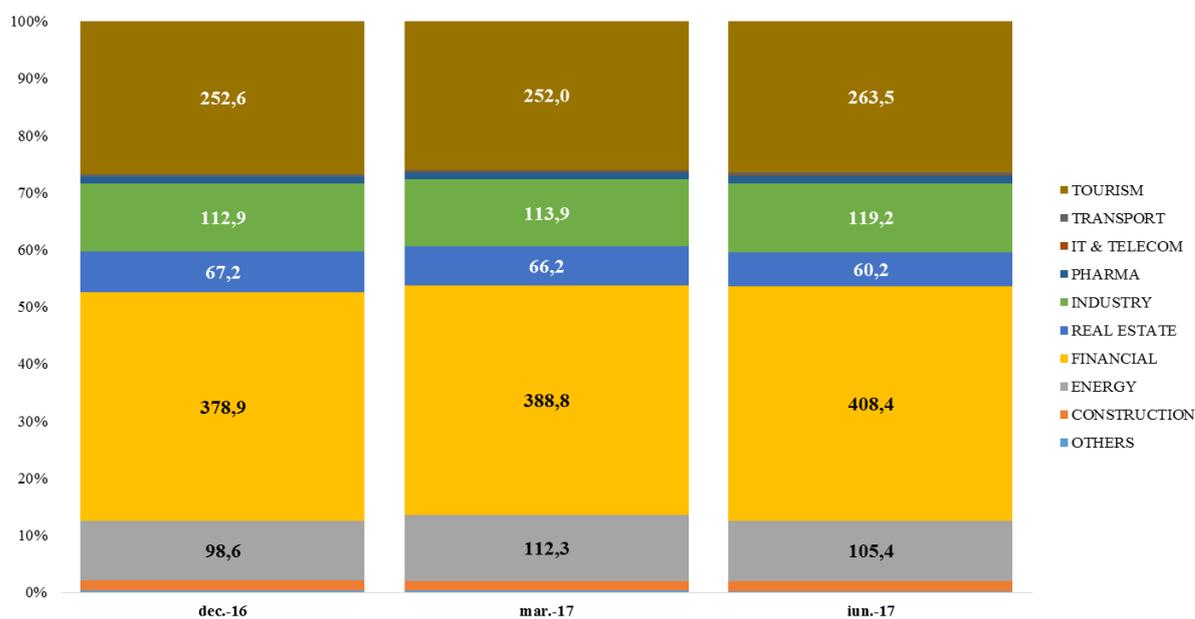


Source: S.I.F. Transilvania

Note.: The initial value (Dec.-16) of the financial instruments portfolio is calculated according to IFRS fair values. The final value (June -17) of the financial instruments portfolio is calculated by summing up IFRS fair values and the contribution of each instrument resulting from the execution of the investment program (cash generated / immobilized through sale / purchase transactions, collected dividends, collected cash distributions, other collected amounts (shares pending the sale), attached receivables). The values are expressed in millions of RON.

- the shares sub-portfolio has generated - at the level of the value of managed assets, a net positive impact totally amounting RON 104.0 million; the impact is determined based on the fair values of the financial assets in the portfolio on the reference date, the outcome of the transactions performed with different financial instruments, the financial liquidities generated by such holdings (collected dividends, cash from sale / purchase transactions), corresponding receivables (dividends to be collected deducted from the fair value of the financial instruments);
  - the financial and energy sectors record the most important positive net adjustments (RON 64.6 million, and RON 20.6 million, respectively); these are the sectors with the most important contributions at the level of the aggregated treasury;
  - the real-estate, IT & Telecom and transport sectors are the only sectors which record negative net adjustments, but the variations are still reduced in amplitude (- RON 0.6 million, - RON 0.0 million and – RON 0.1 million, respectively);
- ❖ the aggregated treasury (cash & equivalent) has increased with RON 44.2 million as compared to the beginning of 2017;

- ❖ during the first semester of 2017 financial year, the number of companies from the share portfolio managed by S.I.F. Transilvania has slightly increased; the analysis also takes into consideration the shares pending the sale; the increase in the number of companies is based on two divergent trends: decrease of the number of companies by accelerating the managed portfolio restructuring process and increase of the number of companies by orienting the investment program towards new economic sectors;
- ❖ as far as the operational portfolio is concerned, the investments structure is characterised by a bi-sectorial concentration (the tourism and financial sectors cumulate more than 2/3 of it);



Source: S.I.F. Transilvania

Note: Fair values (expressed in RON, including shares pending the sale)

## **Investment strategy**

The Investment Program for 2017 complies both with the Strategic Guidelines of S.I.F. Transilvania for the period 2013-2017, approved by the shareholders in the annual General Meeting of Shareholders of 20 April 2013 and the Strategic Guidelines for 2017 – 2021, approved by the shareholders in the annual General Meeting of Shareholders of 28 April 2017.

Through the way in which it is constructed, the program represents a continuity element, being anchored in unitary multiannual strategic guidelines and resulting in gradual staging of the action instruments necessary to be implemented in order to reach the main objectives.

Moreover, the program achieves a progressive passage towards the principles and objectives proposed by the management of the Company in the Strategic Guidelines of S.I.F. Transilvania for 2017 – 2021.

Through the implementation of the Investment Program, S.I.F. Transilvania maintains its commitment to accelerate the portfolio restructuring process in order to meet the following objectives:

- ensuring the quality of the managed portfolio;
- ensuring the sources for an efficient and attractive remuneration of shareholders;
- structural balancing of the portfolio in terms of sectors, asset classes, etc.;
- improvement of the portfolio liquidity degree through investments in financial instruments with a liquidity at least similar to the one of those assets whose disinvestment has ensured the financial resources.

Within the context of:

- Strategic Guidelines approved for 2013 – 2017 by the General Meeting of Shareholders to close 2012 financial year (20 April 2013),
- Strategic Guidelines proposed for 2017 – 2021 and approved by the General Meeting of Shareholders to close 2016 financial year (28 April 2017),
- Maintaining the status of S.I.F. Transilvania of investment entity which measures and evaluates the performance of its investments based on the fair value,

S.I.F. Transilvania shall adjust its investment objectives, courses of action and strategic guidelines on the remuneration of shareholders to the current and forecasted liquidity conditions.

The courses of actions set in the multiannual strategies (restructuring of the managed portfolio, encouraging investments correlated with the dividend policy approved by the shareholders and with the level of existing liquidities, the consolidation of the position and image of the Company on the capital market) are basic elements that constantly increase the efficiency of S.I.F. Transilvania activity.

The **financing sources** of the investment program consider the active management of the entire managed portfolio and they are mainly based on the following components:

- ⇒ amounts attached to the investments held, which do not involve actual sale operations (dividends, coupons, cash distributions);
- ⇒ amounts resulted from speculative operations supported by a wide range of financial instruments allowed by the capital market regulations, in order to valorise favourable market conditions and conjunctures;
- ⇒ amounts resulted from the active management of the portfolio, with details for the following components:
  - income resulted from the portfolio restructuring process by accelerating the sale of holdings held in unlisted companies or listed companies with reduced liquidity (according to the exit strategy defined at the level of S.I.F. Transilvania – basic element of the process of classification as investment entity);
  - sale of listed holdings with high liquidity, conditioned by the market conjuncture and the current financing needs (according to the same exit strategy);

- portfolio restructuring through operationalization of the investment vehicle which shall manage the holdings in non-operational companies;
- ⇒ financing sources obtained, allowed by the law in force applicable to the sector in which S.I.F. Transilvania performs its activity.

The **investments** targeted within the investment program consider:

- ⇒ acquisition of highly liquid listed shares in order to expand the sub-portfolio of companies that have an attractive and sustainable dividend policy and for the structural rebalancing of the portfolio in terms of sectors;
- ⇒ continuation of the development and streamlining process of portfolio companies by using the entire range of operations allowed by the applicable law, according to the commitments undertaken through the previous investment programs, having as interest either the development and/or optimization of the activity of the companies / balancing the structure of the invested capital;
- ⇒ carrying out speculative operations supported by a wide range of financial instruments allowed by capital market regulations in order to benefit from market-favourable conditions and circumstances;
- ⇒ investments in companies that operate in areas that have favourable perspectives and attractive profit margins;
- ⇒ continuation of the process of structural rebalancing of investment portfolio by diversifying the investments in financial instruments intended to optimize the estimated yield / undertaken risk ratio;
- ⇒ development of operations supported by financial instruments allowed by the capital market regulations in order to implement a market risk management strategy.

**Other operations** specific to the investment program:

- ⇒ sale / purchase of highly liquid monetary financial instruments allowing the increase in the efficiency and profitability of the cash-management operations.

### **Implementation of the investment program during the first semester of 2017**

The investments made by S.I.F. Transilvania targeted a relative balance between acquisition implemented on the local capital market and the ones on the external capital markets.

The investment efforts concretized in acquisitions of financial instruments listed on regulated markets and characterized by high liquidity.

The acquisition strategy was focused on speculative operations supported by a wide range of financial instruments allowed by the capital market regulations in order to turn to good account favourable market conditions and conjunctures, also focusing on the implementation of a market risk management strategy.

In accordance with the desiderate of portfolio restructuring based on liquidity criteria, and intending to meet the objective of investment in financial instruments with a liquidity at least comparable to that of the assets whose disinvestment provided the financial resources, no acquisition of unlisted financial instruments was made during the analysed period.

The investment program has led to investments in sectors / subsectors that were new or sub-assigned at the level of the portfolio managed by the Company: IT & Telecom (DIGI Communications), pharmaceutical industry and biotechnology subsector (Biogen Inc, Mylan Inc, Shire Plc), and the industrial niche of the companies which operate in the field of precious metals (GoldCorp Inc, Agnico Eagle Mines, Eldorado Gold Corp)

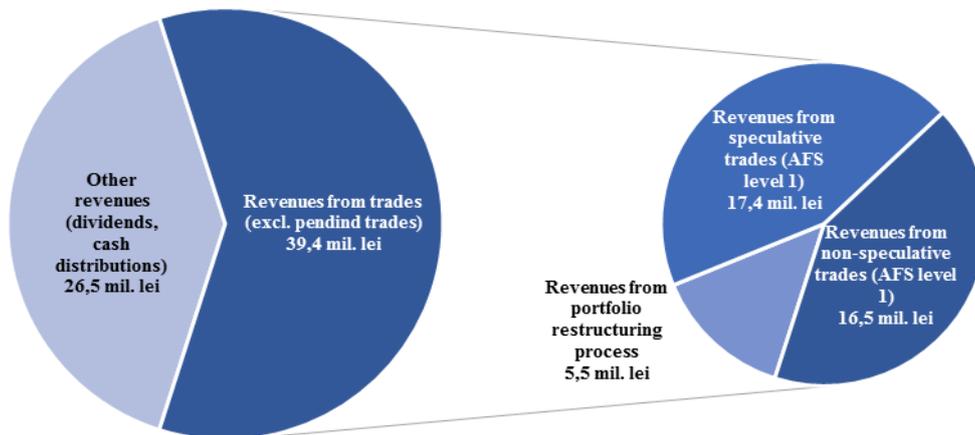
The Company has not made transactions with related parties during the first semester of 2017.

Disinvestments focused the acceleration of the managed portfolio restructuring program (based on liquidity criteria), marking speculative operations initiated in the previous quarters and valorisation of listed holdings characterized by high liquidity (shares and ETFs) conditioned by the market circumstances.

In the context of the multi-annual strategic guidelines, the investment program for 2017 and the exit strategy approved by S.I.F. Transilvania, the process of active management of the entire managed portfolio was continued:

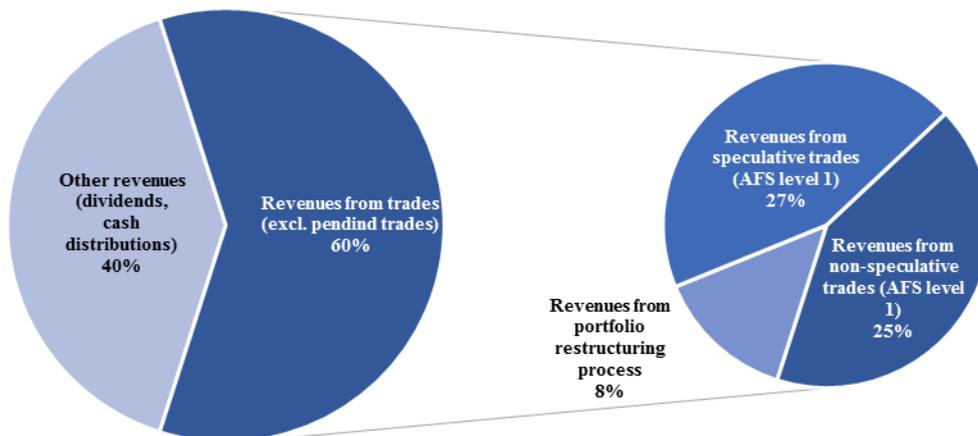
- ⇒ the option of withdrawal from an unlisted company (TRANSMAR Ialomita) was exercised, the contracts for the sale of two unlisted holdings (OPAL JUPITER Mangalia and UNICOM Buzau) were completed, and the receipts afferent to sale contracts in progress have continued;
- ⇒ previously made speculative investments (iShares Gold Prod, Bucharest Stock Exchange, MedLife, OMV Petrom, S.N.G.N. Romgaz) were sold;
- ⇒ holdings in the capital of issuers characterized by a high degree of liquidity were actively managed: BRD–Groupe Societe Generale and Fondul Proprietatea;
- ⇒ partial sale of listed holdings characterized by reduced liquidity were initiated in line with the principles stated in the investment program (Antibiotice Iasi);

**Volume and structure of the resources generated during the first semester of 2017**

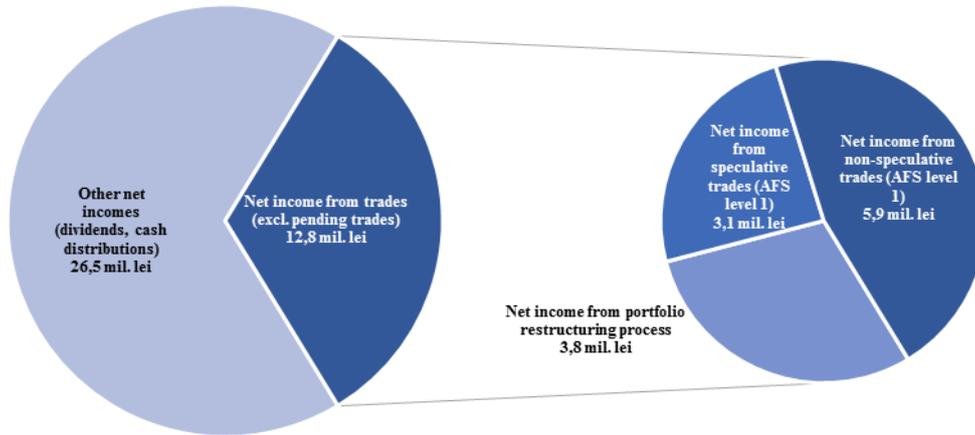


Source: S.I.F. Transilvania

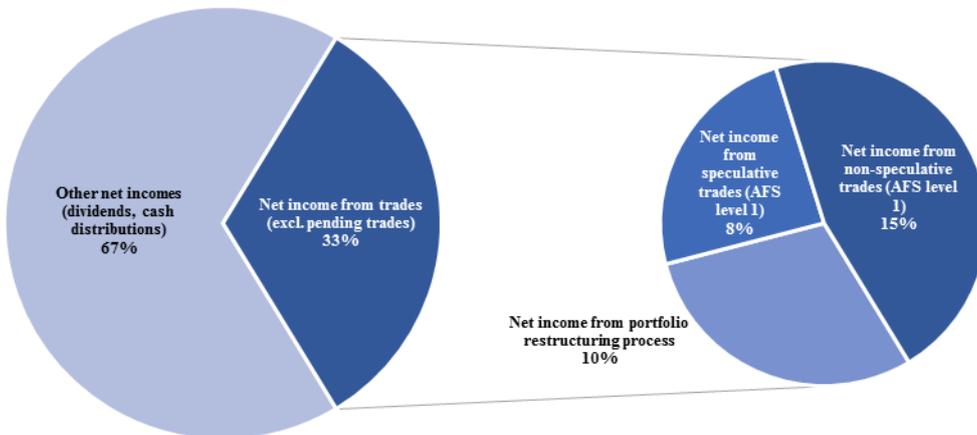
Source: S.I.F. Transilvania



**Volume and structure of the results generated by the execution of the investment program during the first semester of 2017**

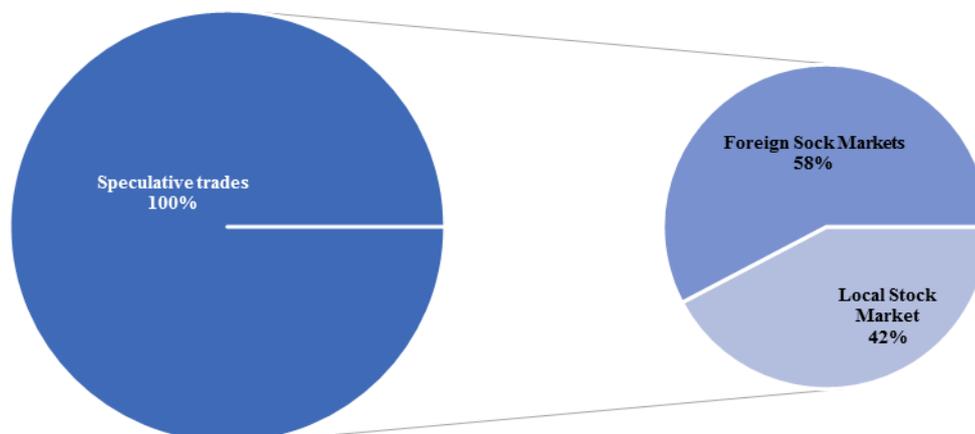


Source: S.I.F. Transilvania



Source: S.I.F. Transilvania

### **Structure of the investments generated by the execution of the investment program during the first semester of 2017**



*Source: S.I.F. Transilvania*

### **Management of the portfolio during the first semester of 2017**

In the 1<sup>st</sup> semester of 2017, S.I.F. Transilvania continued the implementation of the measures provided in the Strategic Guidelines for 2017-2021 with regard to the portfolio management, namely:

- ⇒ identification of the companies proposed for “exit”, especially of those whose shares are not admitted for trading on a regulated market or an alternative trading system;
- ⇒ monitoring and analysis of the activity of the companies from the portfolio based on the financial results reported by the companies during the indicated period;
- ⇒ continuation of the measures for operationalization of the investment vehicle which shall manage the holdings in non-operational companies; implementing the operation of the vehicle makes efficient the process of management of these holdings and correctly reflects the quality and structure of the managed portfolio;
- ⇒ promotion of innovating and efficient management and administration systems (in the case of the companies in which S.I.F. Transilvania has the capacity of majority shareholder), including by setting the performance criteria and objectives approved for 2017 for each company depending on the specificity of the activity, value indicators established under the Revenue and Expenditure Budget and the Investment Programs afferent to 2017;
- ⇒ completion of the processes for stabilization and balancing of the activities of the companies in which S.I.F. Transilvania holds majority holdings and benefited from investment programs (with an emphasis on the companies from the tourism sector);
- ⇒ promotion of balanced dividend policies which to determine the increase of S.I.F. Transilvania dividend income without affecting the capacity of the companies to generate performance in the future.

Implementation of measures to continue the process of restructuring and improvement of the portfolio managed by S.I.F. Transilvania is carried out based on a **plan of measures** approved by the Executive Board.

**Evolution of portfolio structure by sectors (excluding the shares pending the sale)**

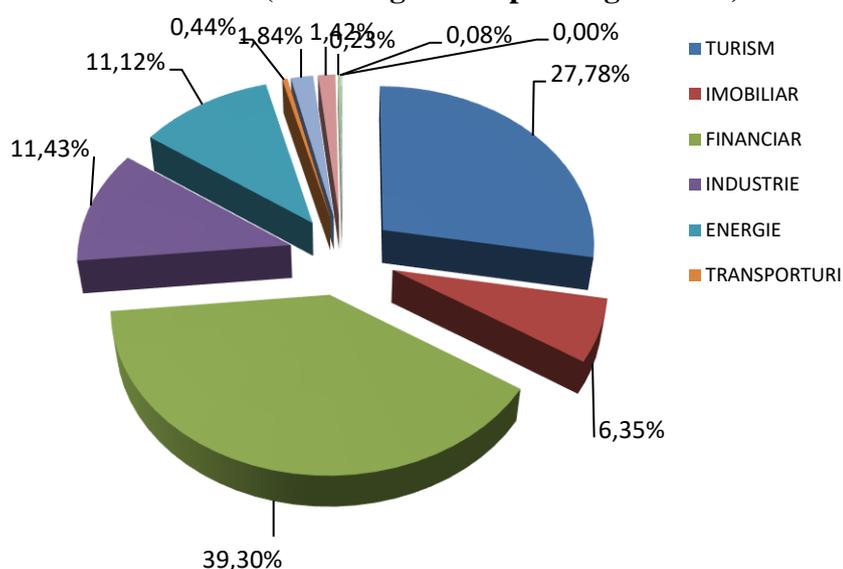
Portfolio structure by sectors	2015		H1 2016		2016		H1 2017	
	No. of companies	%*						
Tourism	28	25.96%	28	26.21%	23	28.13%	22	27.78%
Real-estate	15	9.68%	14	8.71%	14	7.48%	13	6.35%
Financial	14	36.60%	15	35.97%	14	38.43%	15	39.30%
Industry	39	12.58%	39	12.82%	36	11.16%	39	11.43%
Energy	11	10.77%	9	11.19%	7	10.98%	7	11.12%
Transport	5	0.26%	5	0.44%	5	0.48%	4	0.44%
Constructions	15	2.25%	15	2.90%	14	1.85%	14	1.84%
Pharmaceutical industry	1	1.58%	1	1.45%	1	1.32%	4	1.42%
IT & Telecom	1	0.03%	1	0.03%	1	0.03%	2	0.23%
Agriculture & Fish Farming	22	0.01%	18	0.00%	18	0.00%	17	0.00%
Other sectors	16	0.27%	14	0.28%	13	0.16%	12	0.08%
<b>Total</b>	<b>167</b>		<b>157</b>		<b>146</b>		<b>149</b>	

Source: S.I.F. Transilvania

Note: \* According to IFRS fair values, excluding the shares pending the sale

In the context of a significant decrease in the number of companies in the portfolio (1<sup>st</sup> semester of 2017 as compared to the 1<sup>st</sup> semester of 2016, namely 149 companies as compared to 157 companies), a slight increase of the share of sub-portfolios from the financial and tourism sectors is observed, together with a decrease of the share of industry and real-estate sectors and relatively constant maintenance of the share of the energy sector.

**Portfolio structure by activity sectors on 30 June 2017  
(excluding shares pending the sale)**



Source: S.I.F. Transilvania

Note: According to IFRS fair values, excluding shares pending the sale

**Evolution of the number of portfolio companies  
 (excluding shares pending the sale)**



Source: S.I.F. Transilvania

The decrease of the number of portfolio companies (1<sup>st</sup> semester of 2017 as compared to the 1<sup>st</sup> semester of 2016, namely, 149 companies as compared to 157 companies) was especially caused by the decrease of the number of unlisted companies as important part of the share portfolio restructuring process, being compensated with acquisitions of new listed issuers.

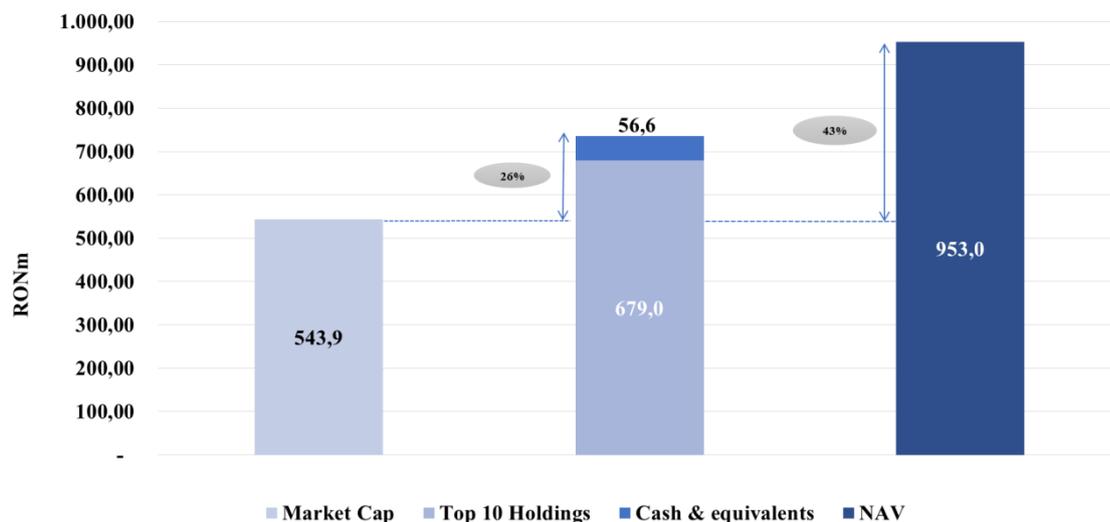
**Top 10 holdings**

Seq. no.	Name	S.I.F. percentage	% of Total Assets*
1.	BRD - GROUPE SOCIETE GENERALE	3.23%	28.32%
2.	TURISM FELIX	63.20%	7.29%
3.	S.N.G.N. ROMGAZ	0.52%	5.80%
4.	FEPER	85.80%	4.20%
5.	ARO PALACE	85.74%	4.03%
6.	T.H.R. MAREA NEAGRA	77.71%	3.97%
7.	OMV PETROM	0.22%	3.23%
8.	FONDUL PROPRIETATEA	0.29%	2.28%
9.	TURISM COVASNA	93.33%	2.23%
10.	CRISTIANA	99.80%	1.77%
<b>Top 10 holdings</b>			<b>63.13%</b>
<b>Total portfolio of financial instruments</b>			<b>93.02%</b>
<b>Total assets</b>			<b>100.00%</b>

Source: S.I.F. Transilvania

\* according to IFRS fair values (expressed in RON)

### Analysis of SIF3 share trading discount



### Corporate governance

S.I.F. Transilvania is a closed-end financial investment company incorporated under Articles of Incorporation, being included, according to F.S.A. regulations, in the category of “*Other collective investment undertakings (NON-UCITS) with a diversified investment policy*”.

Currently, the Company is in process of authorization as Alternative Investment Fund Manager (A.F.I.A.), in accordance with the Law no. 74/2015 on alternative investment fund managers.

- **Governance structures**

S.I.F. Transilvania is managed in two-tier system by an Executive Board that carries out its activity under the control of a Supervisory Board. The Supervisory Board is supported in its activity by the Audit Committee, Remuneration Committee, Risk Committee and Nomination Committee.

Between 1 January 2017 and 19 April 2017, the Supervisory Board of the Company has carried out its activity with six members, the seventh member (elected by the Ordinary General Meeting of Shareholders of 29 April 2015) not exercising his mandate as a result of not being endorsed by F.S.A. (please, see the Current Report of 6 July 2015). During the reporting period, nine meetings of the Supervisory Board took place, of which three meetings at the head office of the company, five meetings in teleconference system and one meeting in electronic system.

The Ordinary General Meeting of Shareholders of 28 April 2017 has elected, for a four year mandate, a new Supervisory Board consisting of Mr. Stefan Szabo, Mr. Dumitru Carapiti, Mr. Gheorghe Lutac, Mr. Cristian Mihalcea, Mr. Crinel-Valer Andanut, Mr. Constantin Fratila and Mr. Nicolae Petria. On 30 June 2017, the structure of the Supervisory Board was in the process of endorsement by F.S.A.

Subsequently, under the Endorsement no. 422/26.07.2017, F.S.A. endorsed six members from the ones elected by the Ordinary General Meeting of Shareholders of 28 April 2017, namely, Mr. Stefan Szabo, Mr. Constantin Fratila, Mr. Crinel-Valer Andanut, Mr. Dumitru Carapiti, Mr. Nicolae Petria and Mr. Gheorghe Lutac.

With regard to the Executive Board of the Company, on 1 January 2017, it consisted of Mr. Iulian Stan – Executive Vice-President / Deputy C.E.O, and Mr. Marius Adrian Moldovan - Executive Vice-President / Deputy C.E.O. We recall that under the Decision no. 1995/12 October 2016, F.S.A. rejected the request of S.I.F. Transilvania to approve the appointment of Mr. Mihai Fercala in the Executive Board of the company. Subsequently, under the Decision no. 208/10 February 2017, F.S.A. revoked the Decision no. 1995/12 October 2016, and under the Endorsement no. 51/23 February 2017, F.S.A. endorsed the modification of the structure of the Executive Board as a result of appointing Mr. Mihai Fercala in the capacity of member of the Executive Board.

We state that from 16 January 2017 until 21 February 2017, Mr. Marius Adrian Moldovan had the capacity of Member of the Executive Board/Director, subsequently being revoked under the Resolution of the Supervisory Board of 21 February 2017. Under the same resolution, Mr. Stefan Szitas was appointed as Member of the Executive Board/Director for a mandate equal to the current mandate of the members of the Executive Board. Under the Endorsement. 352/23 May 2017, F.S.A. endorsed the modification of the structure of the Executive Board of the company as a result of appointing Mr. Stefan Szitas in the capacity of member of the Executive Board, in accordance with the Resolution no. 1 of 21 February 2017 of the Supervisory Board.

Thus, on 30 June 2017, the structure of the Executive Board was as follows:

- Mr. Mihai Fercala – Executive President / C.E.O.
- Mr. Iulian Stan – Executive Vice-President / Deputy C.E.O.
- Mr. Stefan Szitas – Member of the Executive Board/Manager

We state that during the 1<sup>st</sup> semester of 2017, 28 meetings of the Executive Board have taken place.

#### • **Corporate events**

In the 1<sup>st</sup> semester of 2017, the Executive Board summoned the ordinary general meeting of shareholders and the extraordinary general meeting of shareholders on 28 April 2017.

The Ordinary General Meeting of Shareholders approved the financial statements for 2016, distribution of the net profit achieved in 2016, discharge from administration of the members of the Supervisory Board and Executive Board, election of a new Supervisory Board for a four-year mandate, revenue and expenditure budget and the investment program for 2017, and also the strategic guidelines for 2017-2021.

With regard to profit distribution, the shareholders approved the distribution of a gross dividend in amount of RON 0.02/share, representing 7.73% yield by referring to the average trading price of SIF3 shares in 2016, this being in accordance with the Company policy regarding the remuneration of the shareholders. The date of registration for the identification of the shareholders who are entitled to dividends is 5 October 2017, and the payment date is 27 October 2017. In accordance with the applicable legal provisions, the payment of the dividends shall be made via Central Depository, the Participants in the compensation-settlement and register system (the intermediaries, in accordance with the Law no. 297/2004, Article 2, point 14, which have concluded a contract for participation in the Central Depository system) and of the appointed payment agent. S.I.F. Transilvania shall communicate in due time, prior to the initiation of the payment of the dividends afferent to 2016, all the information regarding their payment.

The Extraordinary General Meeting of Shareholders of 28 April 2017 approved the amendment and supplementation of the articles of incorporation of the Company, mainly with regard to the basic responsibilities of the Supervisory Board with regard to the enforcement of the principles of corporate governance, in this way, the company complying with the provisions of F.S.A. Regulation

no. 2/2016 on the enforcement of the principles of corporate governance by F.S.A. authorized, regulated and supervised entities.

The updated Articles of Incorporation of the Company, available at [www.siftransilvania.ro](http://www.siftransilvania.ro), at section *About SIF Transilvania/Articles of Incorporation*, contains the amendments made as a result of the Resolution of the Extraordinary General Meeting of Shareholders of 28 April 2017 as it was endorsed by F.S.A., with amendments under the Endorsement no. 356/30 May 2017 (please, see the current Report of 7 June 2017).

#### • Relationship with shareholders and investors

In the 1<sup>st</sup> half of 2017, the company complied with all the requirements and obligations for transparency, information and reporting provided by the legal regulations and the Corporate Governance Code of Bucharest Stock Exchange.

In this respect, current reports, periodical reports and press releases were drawn-up and provided to the shareholders and investors by publishing them on the website of Bucharest Stock Exchange, F.S.A. and of the company and also in the media, as the case may be. The reports and press releases were simultaneously disseminated both in Romanian and English.

Also, the company, through the Shareholding Department, has been permanently in contact with the shareholders, answering to their questions in writing, by telephone or email.

In order to prepare the general meetings of shareholders, the company made available to them on the website [www.siftransilvania.ro](http://www.siftransilvania.ro) all the materials afferent to the items on the agenda, the voting and representation procedures and forms. Also, the shareholders were informed by correspondence with regard to the summons of the general meetings, on which occasion they were provided with voting bulletin forms and special proxies to facilitate voting right exercising.

The contact data of the Shareholding Department are:

- ✓ telephone: 0268 401141, 0268 401157, 0800800112 (free toll available during business days from 9<sup>00</sup> to 11<sup>00</sup>)
- ✓ fax: 0268 473215, 0268 473216
- ✓ e-mail: [actionari@siftransilvania.ro](mailto:actionari@siftransilvania.ro), [investitori@siftransilvania.ro](mailto:investitori@siftransilvania.ro).

#### • Shareholding structure on 30 June 2017

On 20 June 2017, according to the data received from Depozitarul Central S.A., S.I.F. Transilvania shareholding structure was as follows:

	Number of shareholders	Number of shares held	% of the share capital
Resident natural persons	6,981,238	1,373,476,420	62.88
Resident legal entities	297	690,101,979	31.59
<b>TOTAL resident shareholders</b>	<b>6,981,535</b>	<b>2,063,578,399</b>	<b>94.47</b>
Non-resident natural persons	2,287	23,914,202	1.10
Non-resident legal entities	37	96,794,063	4.43
<b>TOTAL non-resident shareholders</b>	<b>2,324</b>	<b>120,708,265</b>	<b>5.53</b>
<b>TOTAL</b>	<b>6,983,859</b>	<b>2,184,286,664</b>	<b>100.00</b>

## ANALYSIS OF FINANCIAL STATEMENTS

### Economic and financial position

At the end of the 1<sup>st</sup> semester of 2017, the economic and financial position of the company can be synthesized as follows:

### Statement of assets, liabilities and equity

-RON-

INDICATORS	BALANCE AT THE END OF THE PERIOD (RON)		
	30.06.2017	31.12.2016	30.06.2016
<b>NON-CURRENT ASSETS</b>			
Intangible assets	66,955	215,038	326,366
Tangible assets	14,079,920	14,373,671	11,558,760
Financial assets	996,129,176	944,738,393	889,832,915
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,010,276,051</b>	<b>959,327,102</b>	<b>901,718,041</b>
<b>CURRENT ASSETS</b>			
Inventories	65,445	65,809	67,292
Receivables	3,712,647	6,567,305	6,841,674
Short-term financial investments	-	-	-
Cash and bank accounts	56,561,566	12,370,319	32,276,515
<b>TOTAL CURRENT ASSETS</b>	<b>60,339,658</b>	<b>19,003,433</b>	<b>39,185,481</b>
<b>DEFERRED EXPENSES</b>	<b>240,743</b>	<b>162,579</b>	<b>289,777</b>
<b>TOTAL ASSETS</b>	<b>1,070,856,452</b>	<b>978,493,114</b>	<b>941,193,299</b>
<b>LIABILITIES</b>			
Liabilities due within less than one year (current liabilities)	76,689,068	31,421,046	110,630,926
Liabilities due within more than one year - total	41,129,101	33,242,135	21,147,220
<b>TOTAL LIABILITIES</b>	<b>117,818,169</b>	<b>64,663,181</b>	<b>131,778,146</b>
<b>OTHER PROVISIONS</b>	<b>-</b>	<b>-</b>	<b>159,577</b>
Tax provisions (registered in the reserves accounts)	-	-	-
<b>CAPITAL AND RESERVES</b>			
Subscribed and paid-in share capital	218,428,666	218,428,666	218,428,666
Share capital adjustments	-	-	-
Other equity	209,574,560	168,167,994	111,022,906
Revaluation reserves	11,502,852	11,502,852	9,684,169
Total reserves, of which:	472,043,738	450,673,696	446,929,802
Legal reserves	36,644,133	36,644,133	32,900,239
Profit/loss carried forward (excl. the ones resulting from the first implementation of IAS26)	-	-	-
Profit/loss carried forward resulting from the first implementation of IAS29	-	-	-
Retained earnings	950	950	-
<b>PROFIT/LOSS OF THE YEAR</b>	<b>41,487,517</b>	<b>68,799,669</b>	<b>23,190,033</b>
Distribution of profit	-	(3,743,894)	-
<b>TOTAL EQUITY</b>	<b>953,038,283</b>	<b>913,829,933</b>	<b>809,255,576</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,070,856,452</b>	<b>978,493,114</b>	<b>941,193,299</b>

Source: S.I.F. Transilvania

On 30 June 2017, the total assets of the company increased by RON 92.36 million as compared to the end of the previous year, of which:

➤ **Non-current assets** increased by RON 50.95 million.

As concerns the movements as of 1 January 2017 until 30 June 2017 with regard to the financial instrument portfolio, we note as follows:

a) shares and fund units amounting RON 13.69 million entered the portfolio, of which through acquisitions:

- shares from the domestic capital markets: RON 5.78 million;
- shares from the external capital markets: RON 6.02 million;
- fund units from the external capital markets: RON 1.89 million.

Also during the reporting period, the share capital increase operation was completed by cash contribution to S.C. Turism Covasna S.A.;

b) shares and fund units exited the portfolio from 1 January 2017 to 30 June 2017 through sale, amounting RON 39.40 million, of which:

- ✓ sales from the domestic capital markets: RON 32.70 million;
- ✓ sales from the external capital markets: RON 1.22 million;
- ✓ sales under sale-purchase contracts: RON 5.48 million.

➤ **Current assets** increased by RON 41.34 million, of which:

- ✓ receivables decreased by RON 2.85 million;
- ✓ cash and bank accounts increased by RON 44.19 million.

➤ **Deferred expenses** increased by RON 0.08 million.

The **liabilities** of the Company at the end of the 1<sup>st</sup> semester of 2017 totalize RON 117.82 million, being by RON 53.15 million higher than the ones recorded at the end of the previous year, the increase being generated by the deferred tax calculated for the gain from the fair value differences of the assets available for sale and the value of the dividends distributed to the shareholders from the profit generated during 2016 financial year (RON 43.68 million).

As concerns the **current liabilities** outstanding on 30 June 2017, the amount of RON 68.99 million (89.96%) represents dividends due to shareholders.

From this amount, RON 7.05 million represents dividends distributed from the profit generated by the Company during 2014 financial year, which were not requested for payment by the beneficiaries until 30 June 2017.

The Company has not concluded any loan agreements, and the liabilities due within more than one year represent the deferred tax calculated for the gain from the fair value differences of the assets available for sale.

Compared to the end of the previous year, **the equity** of the company on 30 June 2017 is by RON 39.21 million higher, the increase being mainly generated by the gain obtained from the measurement at fair value of the financial assets in the portfolio.

## Evolution of the calculated net asset

The net asset, calculated according to the methodology provided by the internal procedure compliant with the F.S.A. Regulation no. 9/2014 (30 June 2017), as compared to the similar period from the previous year, has evolved as follows:

INDICATORS	RESULTS ON:		-RON-
	30 June 2017 *)	30 June 2016 *)	EVOLUTION (%) Results 2017 H1 / Results 2016 H1
Total assets – calculated amount	1,070,856,452	941,124,333	113.78
Total liabilities - calculated amount	117,818,169	131,778,146	89.41
<b>Calculated net asset</b>	<b>953,038,283</b>	<b>809,346,187</b>	<b>117.75</b>
<b>-RON- -RON / share-</b>	<b>0.4363</b>	<b>0.3705</b>	<b>117.76</b>

Source: S.I.F. Transilvania

\*) Calculated according to the internal procedure compliant with the F.S.A Regulation 9 / 2014, procedure that can be found on the website of the company: [www.siftransilvania.ro](http://www.siftransilvania.ro).

## Cash flow

During the 1<sup>st</sup> semester of 2017, the Company recorded a positive cash flow, the detailed statement being provided in the Statement of Cash Flows.

## Result of the financial year and execution of the Revenue and Expenditure Budget

INDICATORS	REB		ACHIEVED H1 2017	- RON thousand- Achievement degree % compared to:	
	year 2017	H1 2017		REB year 2017	REB H1 2017
Dividend income	39,300	30,931	24,223	61.64	78.31
Interest income	1,000	581	531	53.10	91.39
Gain/Loss from financial assets at fair value through profit or loss	15,700	6,453	17,724	112.89	274.66
Gain/Loss from financial assets classified as assets available for sale	19,500	3,702	9,028	46.30	243.87
Other operating income	-	-	1,790	-	-
<b>Net operating income</b>	<b>75,500</b>	<b>41,667</b>	<b>53,296</b>	<b>70.59</b>	<b>127.91</b>
Personnel expenses	10,700	5,350	4,709	44.01	88.02
Commissions and fees	3,100	1,709	702	22.65	41.08
Other expenses	5,200	2,631	3,316	63.77	126.04
<b>Profit before tax</b>	<b>56,500</b>	<b>31,977</b>	<b>44,569</b>	<b>78.88</b>	<b>139.38</b>

Source: S.I.F. Transilvania

From the provided data it results that the **net operating income** recorded in the 1<sup>st</sup> semester (cumulated as of the beginning of 2017 financial year) is by RON 11.63 million higher as compared to the income provided in the revenue and expenditure budget for the first six months of 2017, namely RON 22.20 million below the one provided in the revenue and expenditure budget for the entire year 2017.

**The operating expenses** recorded on 30 June 2017 totalize RON 8.73 million, being by RON 0.96 million lower than those provided in the revenue and expenditure budget for the first six months of 2017, and they represent 45.93% of the ones provided in the Budget approved for this year.

The **profit before tax** on 30 June 2017 amounts RON 44.57 million, by RON 12.59 million over the one provided in the revenue and expenditure budget for the 1<sup>st</sup> semester of 2017.

### **Other significant information**

**Presentation and analysis of the trends, elements, events or uncertainty factors that influence or might influence the liquidity of the Company, as compared to the same period of the previous year.**

At this moment we are not aware of any elements, events or uncertainty factors that might influence or could negatively and significantly influence the liquidity of the Company.

The financial statements provided for the 1<sup>st</sup> semester of 2017 represent the condensed interim financial statements prepared for the activity performed by the Company considering the on-going concern principle.

**Presentation and analysis of events, transactions, economic changes that significantly influence the income generated by the main activities, as compared to the corresponding period from the previous year**

The revenues and expenses recorded by the Company in the 1<sup>st</sup> semester of 2017, as well as the ones estimated to be generated during the following period are and shall be influenced by both the evolution of the capital market and the financial position and performances recorded by the companies from S.I.F. Transilvania portfolio.

**Description of situations in which the Company could not comply with its financial obligations during the 1<sup>st</sup> semester of 2017**

The Company permanently had the necessary liquidities that allowed it to timely honour all its financial obligations. At this moment, there are no factors or events leading to the impossibility of the Company to comply with its outstanding financial obligations.

**Description of any change in the rights of the holders of securities issued by the Company**

As concerns the shareholders whose individual and/or joint holdings exceed the 5% threshold of the share capital of the Company, the Company has verified the situation of the voting rights for the reference date of the General meeting of shareholders convened for April 2017, under the conditions provided in the applicable regulations issued by the F.S.A.

Under the Decisions no. 594 and 596 of 27 April 2017, F.S.A. ascertained that a group of shareholders is presumed to act in concert and ordered S.I.F. Transilvania to adopt the necessary measures in order to limit the voting rights within the Ordinary and Extraordinary General Meetings of Shareholders of 28 April 2017.

**Significant transactions / events that took place in the 1<sup>st</sup> semester of 2017**

During the analysed period, the investments of the company targeted acquisitions/sales on both internal and external markets.

During the 1<sup>st</sup> semester of 2017, the share capital increase operation was completed by contribution in cash to S.C. Turism Covasna S.A.

**FINANCIAL AND ECONOMIC RATIOS ON 30 JUNE 2017**

<b>1. Liquidity ratios</b>		<b>30 June 2017</b>	<b>30 June 2016</b>
(a)	<b>Current ratio</b>		
	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.79	0.36
(b)	<b>Quick ratio</b>		
	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	0.79	0.36
(c)	<b>Cash ratio</b>		
	$\frac{\text{Cash and bank accounts} + \text{Short-term investments} \times 100}{\text{Current liabilities}}$	73.75 %	29.18 %
<b>2 Risk ratios</b>		<b>30 June 2017</b>	<b>30 June 2016</b>
(a)	<b>Debt ratio</b>		
	$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.11	0.14
(b)	<b>Solvency ratio</b>		
	$\frac{\text{Total assets}}{\text{Current liabilities}}$	13.96	8.51

3 Activity ratios (management ratios):	30 June 2017	30 June 2016
<b>(a) Receivable turnover <sup>x)</sup></b>		
<u>Total average receivable balance <sup>x)</sup> x 180</u> Revenue from current activity (turnover)	12 days	14 days
<b>(b) Non-current asset turnover</b>		
<u>Revenue from current activity (turnover)</u> Non-current assets	0.08	0.10
<b>(c) Asset turnover</b>		
<u>Revenue from current activity (turnover)</u> Total assets	0.071	0.098
4 Profitability ratios	30 June 2017	30 June 2016
<b>(a) Return on capital employed</b>		
<u>Gross result x 100</u> Capital employed (equity)	4.68%	3.41%
<b>(b) Return on assets</b>		
<u>Net profit / Net loss x 100</u> Total assets	3.87%	2.46%
<b>(c) Return on equity</b>		
<u>Net profit / Net loss x 100</u> Equity	4.35%	2.87%

5. Ratios regarding the earnings per share:		30 June 2017	30 June 2016
<b>(a) Earnings per share (EPS)</b>			
<b><u>Result of the financial year (net profit / net loss)</u></b>		RON 0.019 /share	RON 0.011 / share
<b>Weighted average of the ordinary shares during the period</b>			
<b>(b) Price/earnings ratio (P/E)</b>			
<b>Average share market price (current price)</b>			
<b><u>(last trading day from the period <sup>xx)</sup>)</u></b>		13.23	23.27
<b>Earnings per share at the end of the reporting period</b>			
<b>(c) Return on investment</b>			
<b>(1) <u>Net asset per share x 100</u></b>		175.22% <sup>xxxx)</sup>	149.70% <sup>xxxx)</sup>
<b>Share trading price</b>			
<b>(2) <u>Net profit / net loss per share x 100</u></b>		7.63%	4.28%
<b>Share trading price</b>			

Notes:

<sup>x)</sup> In the case of the "receivable turnover ratio", the total receivables were considered (so, also the receivables representing the debtors from the dividends unearned from the portfolio companies and not only the receivables from the "clients" account).

<sup>xx)</sup> Total average trading price day on 30 June 2017 = RON 0.2513 / share.

<sup>xxx)</sup> Calculated according to the Internal Procedure compliant with the Order of Measures issued by N.S.C. under no. 23/2012.

<sup>xxxx)</sup> Calculated according to the Internal Procedure compliant with the F.S.A. Regulation no. 9/2014.

Opening price on 3 January 2017= RON 0.2470/share

Closing price on 30 June 2017 = RON 0.2490/share

Executive President  
 C.E.O.  
 Ec. MIHAI FERCALA, PhD

Member of the Executive  
 Board/Director  
 Ec. STEFAN SZITAS

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA  
INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2017**

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA  
INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2017**

**prepared in accordance with the Financial Supervisory Authority (F.S.A.)  
Norm. no. 39/2015 regarding the approval of the accounting regulations in  
accordance with the International Financial Reporting Standards (IFRS),  
applicable to entities authorized, regulated and supervised by the Financial  
Supervisory Authority**

**unaudited**

This version of the accompanying documents is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2017**

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**SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**  
**(All amounts in RON, unless otherwise stated)**

	<b>Note</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Cash and cash equivalents	<b>11</b>	56,561,566	12,370,319
Financial assets at fair value through profit or loss	<b>12</b>	439,881,332	427,704,124
Financial assets available for sale	<b>13</b>	556,247,844	517,034,269
Other financial assets	<b>14</b>	3,685,250	3,484,892
Other assets	<b>15</b>	333,585	296,010
Current income tax assets	<b>10</b>	-	3,014,791
Intangible assets	<b>16</b>	66,955	215,038
Tangible assets	<b>16</b>	14,079,920	14,373,671
<b>Total Assets</b>		<b>1,070,856,452</b>	<b>978,493,114</b>
Other financial liabilities	<b>17</b>	76,081,472	29,688,319
Current income tax liabilities	<b>10</b>	66,861	-
Deferred income tax liabilities	<b>10</b>	41,129,101	33,242,135
Provisions	<b>28.1</b>	-	-
Other liabilities	<b>18</b>	540,735	1,732,727
<b>Total Liabilities</b>		<b>117,818,169</b>	<b>64,663,181</b>
Share capital	<b>19</b>	218,428,666	218,428,666
Retained Earnings/ Current Result		41,488,467	65,056,725
Revaluation reserve for investment securities available for sale	<b>20</b>	209,574,560	168,167,994
Revaluation reserve for premises and equipment	<b>21</b>	11,502,852	11,502,852
Other reserves	<b>22</b>	472,043,738	450,673,696
<b>Total Equity</b>		<b>953,038,283</b>	<b>913,829,933</b>
<b>Total Liabilities and Equity</b>		<b>1,070,856,452</b>	<b>978,493,114</b>

The Financial Statements have been approved by the Executive Board and have been signed by:

President of the Executive Board/  
Chief Executive Officer,  
Ec. MIHAI FERCALĂ, PhD

Member of the Executive Board/Director  
ec. ȘTEFAN SZITAȘ

Prepared by,

Financial Manager  
ec. DIANA VEREȘ

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

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME at 30 June 2017**  
**(All amounts in RON, unless otherwise stated)**

Description	Note	30 June 2017	30 June 2016
Dividend income	4	24,222,524	14,168,153
Interest income	5	530,516	552,324
Net gains from the disposal of investment securities available for sale	13	9,028,131	11,739,092
Net gains from financial assets at fair value through profit or loss		17,724,311	10,882,228
Other operating income	6	1,790,321	44,797
<b>Total net income</b>		<b>53,295,803</b>	<b>37,386,594</b>
Personnel expense	7	(4,709,070)	(5,628,494)
Fees and commissions expense	8	(701,973)	(1,387,949)
Other operating expenses	9	(3,315,591)	(2,791,702)
<b>Profit before tax</b>		<b>44,569,169</b>	<b>27,578,449</b>
Income tax	10	(3,081,652)	(4,388,416)
<b>Net profit for H1</b>		<b>41,487,517</b>	<b>23,190,033</b>
<b>Other Comprehensive Income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain/ loss from investment securities available for sale, net of deferred tax	20	41,406,567	(67,305,259)
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of premises and equipment	21	-	-
<b>Total Other Comprehensive Income for H1</b>		<b>41,406,567</b>	<b>(67,305,259)</b>
<b>Total comprehensive income for H1</b>		<b>82,894,084</b>	<b>(44,115,226)</b>
Earnings per Share		0.0190	0.0106
Diluted Earnings per Share		0.0190	0.0106

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Member of the Executive Board/Director  
ec. ȘTEFAN SZITAȘ

Prepared by,

Financial Manager  
ec. DIANA VEREȘ

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**SOCIETATEA DE INVESTIȚI FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2017**  
**(All amounts in RON, unless otherwise stated)**

	Note	Share capital	Revaluation reserve for tangible assets	Revaluation reserve for investment securities available for sale	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2017</b>		<b>218,428,666</b>	<b>11,502,852</b>	<b>168,167,994</b>	<b>450,673,696</b>	<b>65,056,725</b>	<b>913,829,933</b>
<b>Total comprehensive income:</b>							
Profit for the year						41,487,517	41,487,517
<b>Other Comprehensive Income:</b>							
Net gain/(loss) transferred to profit or loss from the sale of financial investments available for sale, net of deferred tax		-	-	-	-	-	-
Net gain/(loss) related to financial investments available for sale, recognized during the financial exercise (Q1), net of deferred tax	<b>20</b>	-	-	41,406,567	-	-	41,406,567
Revaluation of tangible assets	<b>21</b>	-	-	-	-	-	-
<b>Total comprehensive income for H1 2017</b>		<b>-</b>	<b>-</b>	<b>41,406,567</b>	<b>-</b>	<b>41,487,517</b>	<b>82,894,084</b>
Legal reserve							
Allocation of reserves from previous years' profits		-	-	-	21,370,042	(21,370,042)	-
Allocation of reserves from previous years' profits for dividends' distribution						(43,685,733)	(43,685,733)
Cancellation of the effects of hyperinflation		-	-	-	-	-	-
Dividends distribution		-	-	-	-	-	-
<b>Balance at 30 June 2017</b>		<b>218,428,666</b>	<b>11,502,852</b>	<b>209,574,560</b>	<b>472,043,738</b>	<b>41,488,467</b>	<b>953,038,283</b>

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Member of the Executive Board/Director  
ec. ȘTEFAN SZITAȘ

Financial Manager  
ec. DIANA VEREȘ

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

**SOCIETATEA DE INVESTIȚI FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2017**  
**(All amounts in RON, unless otherwise stated)**

	Note	Share capital	Revaluation reserve for tangible assets	Revaluation reserve for investment securities available for sale	Other reserves	Accumulated losses	Total
<b>Balance at 1 January 2016</b>		<b>888,235,137</b>	<b>9,684,169</b>	<b>178,328,165</b>	<b>483,989,704</b>	<b>(648,917,247)</b>	<b>911,319,928</b>
<b>Total comprehensive income:</b>							
Profit for the year		-	-	-	-	(34,759,093)	(34,759,093)
<b>Other Comprehensive Income:</b>	<b>20</b>	-	-	-	-	-	-
Changes in fair value of investments securities available for sale, net of deferred tax	<b>20</b>	-	-	(67,305,259)	-	-	(67,305,259)
Transfer of revaluation reserve to retained earnings	<b>21</b>	-	-	-	-	-	-
<b>Total comprehensive income for the year 2016</b>		<b>-</b>	<b>-</b>	<b>(67,305,259)</b>	<b>-</b>	<b>-</b>	<b>(67,305,259)</b>
Allocation of reserves from previous years' profits for dividend distribution		-	-	-	(37,059,902)	37,059,902	-
Adjustment for deconsolidation	<b>22</b>	(669,806,471)	-	-	-	669,806,471	-
Legal reserve	<b>19</b>	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>		<b>218,428,666</b>	<b>9,684,169</b>	<b>111,022,906</b>	<b>446,929,802</b>	<b>23,190,033</b>	<b>809,255,576</b>

The Financial Statements have been approved by the Executive Board and have been signed by:

President of the Executive Board/  
Chief Executive Officer,  
Ec. MIHAI FERCALĂ, PhD

Member of the Executive Board/Director  
ec. ȘTEFAN SZITAȘ

Financial Manager  
ec. DIANA VEREȘ

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

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF CASH FLOW AT 30 JUNE 2017**  
**(All amounts in RON, unless otherwise stated)**

	<b>1 January 2017 – 30 June 2017</b>	<b>1 January 2016 – 30 June 2016</b>
<b>Cash flows from operating activities, total out of which:</b>	<b>47,650,246</b>	<b>25,550,963</b>
Receipt from clients	259,844	-
Payment towards suppliers and employees	(5,994,616)	(6,768,741)
Proceeds from sale of shares	44,351,327	49,267,484
Payments for purchasing shares and unit funds, out of which:	(14,786,266)	(23,187,057)
- Financial assets at fair value through profit or loss	-	(1,163,243)
Corporate income tax payments	-	(6,099,086)
Payments of other tax, contributions and other payments towards the state budget	(2,056,383)	(2,451,444)
Other receipts from operating activities	1,527,032	(621,797)
Payments for the acquisition of tangible and intangible assets	(42,719)	(121,892)
Proceeds from sale of tangible assets	-	-
Interest received	804,156	2,188,574
Dividends received	23,812,296	13,399,659
Other receipts and payments from investment activities (including trading sales commission)	(224,425)	(54,737)
<b>Cash flows from financing activities, total out of which:</b>	<b>(3,458,999)</b>	<b>(2,317,381)</b>
Dividends paid to shareholders (including tax)	(3,458,999)	(2,317,381)
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>44,191,247</b>	<b>23,233,582</b>
<b>Cash and cash equivalents at the beginning of the financial reporting period H1</b>	<b>12,370,319</b>	<b>9,043,219</b>
<b>Cash and cash equivalents at the end of the financial reporting period H1</b>	<b>56,561,566</b>	<b>32,276,801</b>

The Financial Statements have been approved by the Executive Board and have been signed by:

President of the Executive Board/  
Chief Executive Officer,  
Ec. MIHAI FERCALĂ, PhD

Member of the Executive Board/Director  
ec. ȘTEFAN SZITAȘ

Prepared by,

Financial Manager  
ec. DIANA VEREȘ

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

## **1. GENERAL INFORMATION**

Societatea de Investiții Financiare Transilvania S.A. ("SIF Transilvania" or the "Company") is a collective investment undertaking established in 1996 in accordance with Law 133/1996 operating in Romania according to Law 31/1990 regarding trading companies and Law 297/2004 regarding capital markets.

The Company is a "joint stock Company" from a legal point of view and is an entity with unlimited period of functioning.

The Company has its headquarters in Brașov, 2 Nicolae Iorga Street, Postal Code 500057.

Contact details of the Company are:

Phone: 0268-415529, 0268-416171, 0268-413752, 0268-473210, 0268-401132

Fax: 0268-473215, 0268-473216

Web page: [www.siftransilvania.ro](http://www.siftransilvania.ro)

e-mail: [transif@transif.ro](mailto:transif@transif.ro)

Registration code with the Trade Registry: 3047687

Tax code: RO 3047687

Order number in the Trade Registry: J08/3306/1992

The Company is registered with the National Securities Commission ("C.N.V.M.") in Bucharest, currently known as the Financial Supervisory Authority ("A.S.F.") as "other collective investment undertaking" having a diversified investment policy recorded through Certificate no. 258/14.12.2005 at C.N.V.M register under no. PJR09SIIR/080004 and at the Office of Securities from C.N.V.M. with the register certificate no. 401/20.08.1999, respectively no. 401/12.07.2007. According to the Constitutive Act, the main activity of the Company is "Other financial brokerage" NACE code: 6499.

The Company performs its activity in Romania.

The regulated market on which the issued securities are traded is the Bucharest Stock Exchange (market symbol: SIF3).

The main characteristics of the shares issued by the Company are as follows: the shares are common, nominative, indivisible, of equal value and dematerialized securities, issued at the nominal value of RON 0.10 per share.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The main accounting principles applied for the preparation of these financial statements in accordance with IFRS are described below.

The present financial statements are prepared based on the going concern principle.

### **2.1 Basis of preparation**

The financial statements of the Company were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS") and in accordance with Norm no. 39 from 28 December 2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the authorized entities, regulated and supervised by the Financial Supervisory Authority ("A.S.F.") – Instruments and financial investments sector ("Norm 39/2015").

Starting with 1 January 2015, the Company applies the Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure in interests in other entities and IAS 27 – Consolidated and Separate Financial Statements ("Amendments"), being the date at which the classification criteria as investment entity were fulfilled.

The Amendments introduced an exception to the principle from IFRS 10 "Consolidated Financial Statements", under which all subsidiaries must be consolidated. The Amendments define an

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

investment entity and provide that a parent company that is classified as an investment entity has to measure the subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated financial statements; therefore the Company no longer consolidates subsidiaries and associates.

### **2.2 Basis of measurement**

The financial statements of the Company have been prepared under the historical cost convention, except for the revaluation of financial instruments at fair value through profit or loss, investment securities available for sale recognized at fair value through Other Comprehensive Income and for the revaluation of land and buildings.

### **2.3 Foreign currency translation**

#### *a) Functional and presentation currency*

The functional currency is the Romanian leu ("RON"). This is the currency of the primary economic environment in which the Company performs its activity. The financial statements are prepared and presented in RON, unless otherwise stated.

#### *b) Transaction and balances*

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into RON currency at the official exchange rate of the National Bank of Romania ("NBR") at the end of the reporting period. The translation to the official exchange rate at the end of the reporting period is not applied to non-monetary assets and liabilities measured at historical cost.

The exchange rate of major foreign currencies were:

<b>Currency</b>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>Increase/ (decrease) (%)</b>
Euro (EUR)	1: RON 4.5539	1: RON 4.5210	1.01
US Dollar (USD)	1: RON 3.9915	1: RON 4.0624	0.98

The foreign exchange differences resulted from the monetary and non-monetary items are reported as follows:

- As part of "Gain or loss from unrealised FX differences" in "Other operating expenses" for the unrealised FX differences from revaluation of cash and cash equivalents in foreign currency at the end of the period;
- As part of "Gain or loss from realised FX differences from transactions" recorded in "Other operating income" for the realised FX differences from transactions during the period;
- As part of "Gain or loss from financial assets at fair value through profit or loss" for the financial assets at fair value through profit or loss; and
- As part of "Gain or loss from financial investments available for sale, net of deferred tax" for the financial investments available for sale.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.4 Use of estimates and judgements**

The preparation of financial statements in accordance with IFRS requires the use of management estimates, judgments and assumptions that affect the amounts recognized in the financial statements, as well as the following year reported value of the assets and liabilities. Estimates and assumptions associated with these are based on historical experience and other factors deemed reasonable in light of the given circumstances, and the result of this considerations represents the basis for the judgements used when establishing the accounting value of the assets and liabilities for which no other valuation sources are available. The results obtained may differ from the value of the estimates.

Estimates and underlying assumptions are periodically reviewed. The revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised and in future periods if the revision affects both current period and following periods.

Change in estimates, by its nature, is not related to prior periods and is not a correction of errors.

As an exception to the presentation of the effect of a change in the estimate presented above, if these kinds of change give rise to changes in assets and liabilities or equity, the effect of changes will be presented by adjusting assets, liabilities or equity in the period of the change.

### **2.5 General consideration regarding the accounting policies applied**

If a standard or interpretation specifically applies to a transaction, to another event or a condition, then the accounting policies applied to that item are considered selected through the application of the standard or of the respective interpretation, taking into account any implementation guidance issued by the International Accounting Standards Board ("IASB") for the standard or interpretation in question.

The change of an accounting policy is permitted only under one of the following conditions:

- the change is imposed by a standard or an interpretation;
- the change will provide more reliable and relevant information on the effects of transactions, events and conditions.

Any material errors of the previous period identified with regards to the recognition, valuation, presentation or disclosure of financial statements elements must be corrected retroactively in the first financial statements that are authorized for issuance through:

- adjusting the comparative amounts for the previous period or periods in which the error occurred; or
- adjusting the opening balances of the assets, liabilities and equity, for the earliest prior period presented, if the error has occurred before the earliest prior period presented.

The Company has applied the Amendments starting 1 January 2015 when, after a thorough reanalysis of the criteria presented in the Amendments, the management has concluded that the Company fulfils the definition stated by the standards for an investment entity. As such, the Company has modified the accounting policy regarding the investments in subsidiaries and associates, the valuation of these investments being performed at fair value through Profit and Loss. In accordance with IFRS 10.30, the change in accounting policies was applied prospectively since the date of the change.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### *a) Subsidiaries and associates*

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed or is entitled to the variable benefits that can be obtained from the involvement of the Company in the activity of its subsidiary and when the Company has the possibility to influence such benefits through its control over the subsidiary.

The associates are those entities over which the Company has significant influence over the financial and operational policies but does not have control, or shared control. The existence of significant influence is determined, in each reporting period, through the analysis of the shareholder structure of the entities in which the Company owns more than 20% of the voting rights, analysis of the Articles of Incorporation and also of the Company capabilities to participate in the decision making process over the financial and operational policies of the respective entity.

However, where the Company holds less than 20% of the voting rights in an entity, but is considered a significant shareholder and exercises significant influence through representation on the Board of Directors and through participation in policy decisions entity, then such entity shall be considered an associated entity.

The Company does not have a significant influence on a number of companies in which it holds between 20% and 50% of the voting rights. This is the case for the companies in which the rights of the Company as a minority shareholder are of a protective and non-participative nature and where the majority shareholder or the group of shareholders representing the majority of the holdings in the respective entity acts without taking into account the opinions of the Company.

### **2.6 Presentation of the financial statements**

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a liquidity based presentation in the Statement of Financial Position and a presentation of the revenue and expenses according to their nature in the Statement of Profit or Loss and Other Comprehensive Income, believing that these methods of presentation provide information that is more relevant than other methods that have been allowed by IAS 1 "Presentation of the financial statements".

### **2.7 Adoption of new standards and interpretations based on the date of entry into force of the IASB**

The Company will present in the notes to the annual financial statements new standards and interpretations that are mandatory for the financial reporting period ended and how they affect the financial statements prepared for that financial year.

### **2.8 Accounting for the effects of hyperinflation**

Up until 31 December 2003, Romania met the definition of a hyperinflationary economy as defined by the International Accounting Standard ("IAS") 29 "Financial Reporting in Hyperinflationary Economies". IAS 29 mentions that economies should be regarded as hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%. IAS 29 requires that financial statements prepared on a historical cost basis be adjusted to take into account the effects of inflation, for entities reporting in hyperinflationary economies.

The Company has utilized the general price index reported by the Romanian National Institute of Statistics in the application of IAS 29 restating non-monetary items from the date of acquisition or contribution.

Effective 1 January 2004, the economy of Romania ceased to meet the criteria of a hyperinflationary economy. Accordingly, beginning 1 January 2004, the Company ceased to apply IAS 29 on a prospective basis. As a result of this change, the carrying amounts of non-

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

monetary assets expressed in the RON current at 31 December 2003 formed the basis for the respective assets from 1 January 2004 onwards. The Company has restated its share capital in accordance with the requirements of IAS 29.

The General Shareholders Meeting of 28 April 2016 approved the cancellation of the reserve for hyperinflation and the transfer of the amount to retained earnings, in accordance with the requirements of Norm 39, section 5.1, article 74, para. 4.

### **2.9 Financial assets and financial liabilities**

#### *(i) Classification*

##### *a) Financial assets at fair value through profit or loss*

The Company classifies its investments in subsidiaries and associates as financial assets at fair value through profit or loss.

The Company designates financial assets at fair value through profit or loss at the initial recognition those assets that are not classified as being held for trading, but which are being managed and whose performance is measured on a fair value basis in accordance with the Company's investment strategy.

The Company's policy requires the Investment Manager and the Board of Directors to assess the information on these financial assets on a fair value basis together with other related financial information.

##### *b) Loans and receivables*

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell immediately or in the near future, those that the Company, upon initial recognition, designates as at fair value through Profit and Loss, those that the Company, upon initial recognition, designates as available for sale or those for which the holder may not substantially recover all of the initial investment in its entirety, other than because of credit deterioration reasons. Loans and receivables include "Other financial assets" and "Cash and cash equivalents".

##### *c) Financial investments available for sale*

The Company's investments in equity instruments, corporate bonds and fund units (other than subsidiaries and associates) are classified as financial investments available for sale. The method used to derecognise each category of financial investments available for sale is "first in, first out", given the measurement and evaluation of the Company's performance at fair value.

The financial investments available for sale are measured at fair value through Other Comprehensive Income.

*Dividends* received from entities in which the Company holds equity are recognized in profit or loss account of the year when the Company has the right to receive dividends and it is probable that these will be collected.

Changes in fair value are recognized in Other Comprehensive Income for the year until the investment is derecognized or depreciated, when the accumulated gain or loss is reclassified from Other Comprehensive Income to Profit and Loss of the year.

For the financial investments available for sale, when a decline in the fair value of the financial asset has been recognized directly in Other Comprehensive Income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized directly in Other Comprehensive Income will be reversed and recorded in profit or loss even though the financial asset has not been derecognized.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The amount of the cumulative loss that is transferred from Other Comprehensive Income and is recognized in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss for an equity instrument classified as available for sale shall not be reversed through profit or loss, if its value increases in a subsequent period. Subsequent increases are recognized as revaluation reserves.

If, in a subsequent period, the fair value of a *debt instrument* classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the assessment date. The best evidence of fair value is the price quote on an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company believes that the accurate determination of the fair value is an essential requirement for presenting information that is useful to the investors and the Company's key personnel for proper decision-making purposes. In order to achieve this, a methodology was put in place to estimate the fair value of the financial instruments in compliance with the requirements of ANEVAR Valuation Standards - standards including the International Valuation Standards and with the International Financial Reporting Standards on estimating the fair value (IFRS 13 "Fair value measurement").

The methods were established separately for:

- a) Equity instruments (shares held in trade companies);
- b) Corporate bonds; and
- c) Fund units portfolio.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques using all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

### *(ii) Amortized cost measurement*

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the accumulated amortization using the "effective interest method" of any difference between the initial amount and the amount payable at maturity, minus any reduction for impairment losses.

Accrued interest includes amortization of deferred transaction costs at initial recognition and of any premium or discount granted for the maturity amount using the effective interest method.

Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the Statement of Financial Position.

### *(iii) Recognition*

Financial assets and financial liabilities are initially recognized at fair value plus the directly attributable transaction costs, for the financial assets and financial liabilities not carried at fair value through profit or loss.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or sale of a financial instrument. An incremental cost is one that would not have been incurred had the transaction not taken place. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and stock exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

The Company initially recognises bank deposits on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the transaction date.

### *(iv) De-recognition*

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

The Company fully derecognises a financial liability when its contractual obligations are settled, cancelled or have expired.

### *(v) Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

## **2.10 Tangible assets**

### *(i) Recognition and measurement*

The tangible assets are presented at their revalued value less accumulated depreciation and provision for impairment losses. Capital expenditure on property and equipment in progress is capitalized and depreciated once the assets enter into use.

Tangible assets are subject to revaluation with sufficient regularity to ensure that the carrying amount does not materially differ from that which would be determined using fair value at the end of the reporting period. If there is no market based evidence of fair value, fair value is estimated using an income approach. Increases in the carrying amount arising on revaluation are credited to Other Comprehensive Income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognized in Other Comprehensive Income and decrease the previously recognized revaluation surplus in equity while all other decreases are charged to profit or loss for the year.

The revaluation reserve for tangible assets included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the decommissioning or disposal of the asset.

Upon revaluation of tangible assets, accumulated depreciation at the date of revaluation is treated as follows: accumulated depreciation at the date of revaluation is eliminated from the gross carrying amount of the asset and the gross carrying amount after the recording of revaluation is equal to its revalued amount; this method is used when it is performed a detailed valuation of the land and building portfolio.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The revaluation of tangible assets is made at fair value, which is determined based on evaluations made by authorised external valuers.

The latest revaluation of tangible assets of the Company was performed at 31 December 2016 by REVALTEX SRL (independent appraiser – ANEVAR member), which resulted in an increase of the revaluation reserve by RON 3,029,268, namely by 31.13%.

Gains and/or losses from de-recognition of tangible assets is determined as the difference between revenues from sales of tangible assets and the expenses incurred by their disposal and are recognized in profit or loss for the year (under other operating income or expenses).

*(ii) Subsequent costs*

The amounts paid or payable, generated by the repairs and daily maintenance costs of the tangible assets owned, are recorded as expense, according to the accrual accounting principle, impacting accordingly the Company's profit or loss statement for the period.

The amounts paid or to be paid, generated by activities that will lead to an increase in the value and/or the useful life of the asset, through the upgrade of the tangible assets owned, and also the activities that lead to a significant increase in the technical parameters which increase the potential of obtaining future economical benefits are capitalised in the value of the tangible assets (increasing the accounting value of that asset).

*(iii) Amortization*

The depreciation expense for each reporting period is recorded in the Profit and Loss account.

Depreciation is calculated using the book value (acquisition cost or revalued value) using the straight line depreciation method, over the entire estimated useful life of the asset (starting with the date of its commissioning) and is recorded as expense on a monthly basis. Depreciation of an asset begins when the asset is available for use, when it is in the location and condition necessary for it to operate in the manner intended by management. The depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale), in accordance with IFRS 5, "Non-current assets held for sale discontinued operations" and the date that the asset is derecognized.

Each part of an item of tangible asset that presents a significant cost to the total cost of that item, shall be depreciated separately.

Depreciation methods and useful lives are established at each reporting date.

Land is not depreciated.

<b>Category</b>	<b><u>Years of depreciation</u></b>
Building	50
Other equipment, furniture and other tangible assets	up to 12
Vehicles	up to 6

The accounting value of a tangible asset must be derecognized:

- a) At sale; or
- b) When there are no future benefits expected from the use of the asset or from the sale.

The gain or loss that results from the derecognition of a tangible asset is included in the Profit and Loss account when the item is derecognized.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.11 Intangible assets**

Intangible assets include software and licenses.

Intangible assets that are acquired by the Company are initially valued at cost. Cost is represented either by the amount of cash or cash equivalents paid, or the fair value of other consideration given to acquire the asset at the time of its acquisition.

For measurement subsequent to initial recognition, the Company applies the cost model, meaning that intangible assets are carried at cost less accumulated amortization and impairment losses.

Amortization is recognized in Profit or Loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimate useful life for software is between 1 to 3 years and licenses are amortized on the validity period, using the straight line method.

### **2.12 Impairment of non-financial assets**

At each balance sheet date, the Company must verify if there are indications of asset impairment. Where such indication exists, the Company shall estimate the asset's recoverable amount as the greater amount between its value in use and its fair value less any associated costs incurred to sell the asset.

### **2.13 Cash and cash equivalents**

Cash and cash equivalents consist of petty cash and cash at bank, including short-term deposits. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

For the purposes of preparing the Cash Flow Statement, cash and cash equivalents include petty cash, current bank accounts, including deposits with original maturity within up to 3 months, cash in transit, other short-term investments that are convertible into cash at any time and that are subject to an insignificant risk of change in value and overdraft facilities as well as their accompanying receivables.

### **2.14 Trade receivables**

Trade receivables are included in the category of financial assets.

Trade receivables are carried at original invoice amount less any allowance (impairment adjustment) created for doubtful debts. The amount of impairment adjustment (adjusting for impairment) is calculated as the difference between the carrying amount and the recoverable amount.

### **2.15 Provisions**

Provisions for liabilities and charges are non-financial liabilities of uncertain maturity or amount.

A provision is recognized in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

### **2.16 Liabilities and contingent assets**

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes, unless the possibility of an outflow of economic benefits is remote.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

### **2.17 Dividends payable**

The Company records a liability to pay dividends in the year when the distribution of the profit including dividends is approved by the General Shareholders Meeting.

Dividends payable recognized in the Statement of Financial Position are financial liabilities. The said financial liability is extinguished either by the payment of the amounts owned or when the obligation expires, i.e. 3 years after the approved date for the dividends distribution, period in which the shareholders don't claim their rightful amounts. As such, the financial liability for the dividends payable which become prescribed after the fulfilment of the statutory period of 3 years from the distribution date, is directly reversed into the Profit or Loss and is included under "Other operating income".

### **2.18 Share capital**

Ordinary shares are classified as equity. Share capital has been restated to reflect the impact of IAS 29 up until 1 January 2004 when Romania ceased to be a hyperinflationary economy.

### **2.19 Trade payables and other liabilities**

Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortized cost.

### **2.20 Employee benefits**

#### *Short term benefits*

Short-term employee benefits include wages, salaries, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when services are rendered.

In the normal course of business, the Company makes payments to the public pension, health care and unemployment systems. All employees of the Company are members of the State pension plan and have the legal obligation to contribute to it (through social security contributions). All the contributions due by the Company are recognized in the Profit and Loss account of the year when the expenses incurred.

In addition to salaries and other rights under contract (according to the Articles of Incorporation) and according to the collective labour agreement, the directors/members of the Supervisory Board, managers with mandate contract/members of the Board of Directors and the Company's employees have the right to receive bonuses and incentives from the employees profit participation fund. The Company includes these benefits in the short term benefits.

The Company does not operate any other pension plans and, therefore, has no obligation in respect of pensions.

### **2.21 Income tax expense**

The current income tax includes both the current income tax and the deferred income tax. Income tax is recognized in profit or loss or in equity if the tax is related to equity items.

Current income tax is the tax payable on the taxable profits of the period, determined using the tax rates available at the balance sheet date and any adjustments related to prior periods.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.22 Deferred tax**

The deferred tax is calculated using the balance sheet method, using the temporary differences arising between the tax base for calculating the tax for assets and liabilities and their carrying amount. The deferred tax is calculated using the tax rates that are expected to be applied to temporary differences when achieving the carrying amount of assets and liabilities, as it is specified in the laws in force at the reporting date.

Deferred tax receivables are recognized to the extent that the Company will be obtain sufficient taxable profits in future periods to allow the existence of these claims. Deferred tax receivables are reduced accordingly if it is considered that is not probable to obtain a related tax benefit. The main temporary differences arise from movements in the fair value and impairment of financial investments available for sale. The Company registers deferred tax liabilities from holdings classified as available for sale and from reserves from revaluation of tangible assets.

On 30 June 2017, the tax rate used to calculate the current and deferred tax was 16% (31 December 2016: 16%).

### **2.23 Revenue recognition**

The revenues recorded by the Company are accounted for according to their nature (operational, financial), in accordance with accrual accounting principles.

Revenue is measured at fair value of consideration received or receivable. When the result of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

### **2.24 Interest income and interest expense**

Interest income and interest expenses corresponding to financial instruments are recognized in profit or loss using the effective interest method in accordance with accrual accounting principles. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period of time.

The effective interest rate is the rate that exactly discounts the estimated future cash flows payable or receivable during the expected life of the financial instrument or, when appropriate, during a shorter period of time, at the net carrying amount of the financial asset or financial liability. In order to calculate the effective interest rate, the Company estimates the cash flows, considering all contractual terms of the financial instrument, but does not account for future credit losses. The calculation includes all fees paid or received between the parties that are part of the effective interest rate, transaction costs, and all other premiums or discounts.

### **2.25 Dividend income**

Dividends on equity instruments are recognized in the income statement under "Dividend income" when the Company's right to receive payment is established.

### **2.26 Gain/loss from the sale of financial instruments**

a) Net gain/loss from financial assets at fair value through profit or loss

The net gain/loss from financial assets at fair value through profit or loss includes the changes in fair value of financial instruments as an outcome from the mark-to-market process, as well as the outcome of the sale of the said financial instruments.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- b) Net gain/loss from the sale of financial investments available for sale

The net gain/loss from the sale of financial investments available for sale include the revaluation reserve of the financial investments available for sale recycled in the Profit or Loss upon the disposal of said financial investments.

Revenues from the sale / disposal of holdings will be recognized on the date when the ownership is transferred from the seller to the buyer, such event being recorded in the accounting books on the transaction date.

### **2.27 Comparative**

Where necessary, corresponding figures have been adjusted to match the current year presentations.

## **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the given circumstances. In addition to experience and historical information, the Company takes into account the current conditions of the financial industry in evaluating these effects.

### **3.1 Investment entity classification**

The Company applied the Amendments to IFRS 10, IFRS 12 and IAS 27 from 1 January 2015 when, after consideration of the criteria mentioned in the Amendments, the Company's management concluded that the Company qualifies for classification as investment entity.

At 31 December 2016 the Company has conducted a reassessment and concluded that it meets the investment entity criteria, since the Company still:

- a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) measures and evaluates the performance of the majority of its investments on a fair value basis.

In addition, the Company has other characteristics specific to an investment entity, as follows:

(a) *Services related to investments*

The Company is a joint stock company which operates as a closed-end financial investment company, providing direct services related to managing investments for its investors, its main business activities are exclusively connected with providing activities specific to the closed-end investment companies.

The Company does not provide advisory services and investment support or administrative services directly or through a subsidiary, to third parties and/or its investors.

(b) *Business purpose*

The Company's scope is to carry out business activities specific to its main object of activity and to obtain profit to be allocated between shareholders and/or to own sources to finance necessary and appropriate investments, permitted by the object of activity and legal provisions.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)**

#### **3.1 Investment entity classification (continued)**

The annual strategic guidelines and the investment program approved by the Annual General Meeting of Shareholders are public information presented on the official website of the Company and can be consulted anytime by third parties and/or potential investors in order to support their investment decisions in the Company.

The Company's objective is the management of the investment portfolio and the permanent identification of investment opportunities ensuring a reasonable level of investment risk dispersion in order to offer its shareholders the opportunity to obtain attractive performance while increasing capital invested.

*(a) Exit strategy*

Starting with 1 January 2015, the Company applies an exit strategy based on continuous monitoring of investments made through investment programs approved and on the continuous analysis of current market conditions, aiming to identify the optimal exit moments to achieve the objectives set by the Annual Revenue and Expenditure Budget, respectively to achieve higher aggregated yields.

*(b) Fair value measurement*

Starting with 1 January 2015 the Company's financial investments are measured at fair value. For investments in subsidiaries and associates, including the corporate bonds issued by these and owned by the Company are classified as financial assets at fair value through profit or loss. Other investments in shares, bonds and fund units are classified as financial investments available for sale.

The fair value determination process for the Company's financial instruments is carried out in accordance with S.I.F. Transilvania's internal procedures and corresponding methodology.

*(i) Implications following the classification of the Company as an investment entity*

A company that is an investment entity is not required to consolidate any of its subsidiaries, except for those subsidiaries that provide services related to investment activities.

Due to the above, the Company changed its accounting policy regarding investments in subsidiaries and associates, measuring them at fair value through profit or loss starting 1 January 2015.

When a company becomes an investment entity, the change of its status should be accounted for as a deconsolidation adjustment in relation to its subsidiaries, as compared to the way they were presented in the consolidated financial statements.

Accordingly, starting 1 January 2015, the Company classifies its investments in subsidiaries and associates as financial instruments at fair value through profit or loss and recognizes the difference between their fair value on 1 January 2015 and their carrying amounts from the consolidated financial statements in accordance with IFRS for the year ended 31 December 2014 in the Statement of Profit or Loss of the financial year ended 31 December 2015 as a deconsolidation adjustment.

Due to the fact that on 31 December 2014 the Company has not consolidated its subsidiaries and associates in accordance with IFRS 10 "Consolidated Financial Statements", the Company used the accounting values from the separate financial statements in accordance with IFRS for the year ended 31 December 2014 in order to determine the deconsolidation adjustment.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)**

(ii) *Disclosures*

For each unconsolidated subsidiary, an investment entity shall disclose the following information: the subsidiary's name, the main place of business and the proportion of ownership held by the investment entity.

If, during the reporting period, an investment entity or any of its subsidiaries has provided financial or other kind of support to an unconsolidated subsidiary (e.g. acquisition of assets or instruments issued by the respective subsidiary), the entity shall disclose the type and amount of the support provided to each unconsolidated subsidiary and the reasons for providing such support.

**4. DIVIDEND INCOME**

The dividend income recorded by the Company as at 30 June 2017, as compared to 30 June 2016, is as follows:

Entity	30 June 2017		30 June 2016	
		%		%
BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	15,811,800	65.28	7,150,999	50.47
CRISTIANA SA	2,761,380	11.40	1,133,958	8.00
OMV PETROM	1,710,000	7.06	-	-
FERMIT SA	908,808	3.75	-	-
EMAILUL SA	736,847	3.04	693,074	4.89
BURSA DE VALORI BUCURESTI SA	601,418	2.48	543,115	3.83
GASTRONOM SA	409,361	1.69	2,262,257	15.97
TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV	353,283	1.46	423,939	2.99
S.N. NUCLEARELECTRICA	313,564	1.29	313,564	2.21
IAR SA	270,617	1.12	284,804	2.01
UTILAJ GREU SA	-	-	761,962	
OTHERS	345,446	1.43	600,481	
<b>Total</b>	<b>24,222,524</b>	<b>100.00</b>	<b>14,168,153</b>	<b>100.00</b>

**5. INTEREST INCOME**

	30 June 2017	30 June 2016
Interest income from bank deposits	20,849	6,260
Interest income from corporate bonds	509,667	529,400
Interest income from fund units	-	16,664
<b>Total</b>	<b>530,516</b>	<b>552,324</b>

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**6. OTHER OPERATING INCOME**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Income from foreign exchange rate corresponding to transactions	(168,320)	-
Other operating income	1,958,641	44,797
<b>Total</b>	<b>1,790,321</b>	<b>44,797</b>

The amounts under "Other operating income" represent the amounts cashed from the litigations won by the Company.

**7. PERSONNEL EXPENSE**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Salary expense	3,840,341	4,611,924
Social contribution expense	868,729	1,016,570
<b>Total</b>	<b>4,709,070</b>	<b>5,628,494</b>

**8. FEES AND COMMISSIONS EXPENSE**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Commission paid for the Net Asset Value to the FSA	436,965	354,727
Custody commission	170,893	161,024
Trading costs	65,872	79,192
Other fees and commissions	28,243	793,006
<b>Total</b>	<b>701,973</b>	<b>1,387,949</b>

**9. OTHER OPERATING EXPENSES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Legal fees	436,663	188,869
Other tax expenses (i)	574,534	266,562
Fixed assets depreciation expense	477,732	190,232
Audit and consulting fees	282,664	10,500
Postal and telecommunication expenses	250,639	20,319
Supplies expense	84,910	58,388
Insurance premium expense	50,339	33,563
Utilities expense	70,371	34,913
Travel expense	35,343	28,746
Protocol, donations and sponsoring expense	87,627	15,829
Rent	42,539	14,613
Maintenance and repairs expense	23,024	4,223
Net gain/loss from unrealised foreign exchange rate differences	408	-

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Other expenses (ii)	898,797	92,752
<b>Total</b>	<b>3,315,591</b>	<b>959,509</b>

- (i) "Other tax expense" includes charges and local taxes for buildings, vehicles and land, as well as the collected VAT corresponding to the suppliers invoices.
- (ii) "Other expenses" include expenses related to the IT systems maintenance, security, archiving, translation services expense, etc.

**10. CURRENT INCOME TAX AND DEFERRED TAX**

The differences between the regulations issued by the Romanian Ministry of Finance and the accounting rules applied in preparing these financial statements give rise to temporary differences between the carrying value and fiscal value of certain assets and liabilities.

The deferred income tax will be calculated in case of temporary differences using the tax rate applicable at the date of such differences.

Income tax is represented by:

	<b>30 June 2017</b>	<b>30 June 2016</b>
Current income tax expense	3,081,652	4,388,416
Deferred tax income	-	-
<b>Total</b>	<b>3,081,652</b>	<b>4,388,416</b>

**Deferred tax analysed by type of temporary difference source**

Differences between IFRS and statutory taxation regulations in Romania give rise to temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

	<b>1 January 2017</b>	<b>Credited/ (charged) to other comprehensive income</b>	<b>30 June 2017</b>
<b>Tax effect of deductible/(taxable) temporary differences</b>			
Fair valuation of investment securities available for sale	32,031,999	7,886,965	39,918,964
Fair valuation of tangible assets	1,210,136	-	1,210,136
<b>Net deferred tax liability</b>	<b>33,242,135</b>	<b>7,886,965</b>	<b>41,129,100</b>

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**11. CASH AND CASH EQUIVALENTS**

	<b>30 June 2017</b>	<b>31 December 2016</b>
Current accounts at banks, in RON	733,363	1,356,917
Current accounts at banks, in foreign currency	179,957	4,860,365
Bank deposits, in RON	55,637,775	6,148,928
Petty cash, in RON	10,471	4,109
<b>Total</b>	<b>56,561,566</b>	<b>12,370,319</b>

At 30 June 2017 and 30 June 2016, cash and cash equivalents presented in the financial statements are neither past due, nor impaired.

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition: petty cash and bank deposits.

At 30 June 2017 and 30 June 2016, the bank deposits have a contractual maturity below 1 month.

**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Following the classification of the Company as an investment entity all its investments in subsidiaries and associates have been classified as financial assets at fair value through profit or loss and as such the Company has recognised them at fair value starting with 1 January 2015.

At 30 June 2017 the financial assets at fair value through profit or loss by the nature of the financial instrument is presented as follows:

	<b>30 June 2017</b>	<b>31 December 2016</b>
Equity securities quoted on internal markets	382,448,145	364,372,088
Unquoted equity securities	46,613,021	52,441,555
Corporate bonds issued by Romanian entities	10,820,166	10,890,481
<b>Total</b>	<b>439,881,332</b>	<b>427,704,124</b>

Investments in subsidiaries are the following:

<b>Entity</b>	<b>Fair value at 30 June 2017</b>	<b>Percentage of the share capital held</b>	<b>Voting rights %</b>
S.I.F. TRANSILVANIA PROJECT MANAGEMENT COMPANY SA	287,022	99.99	99.998
CRISTIANA SA	18,964,145	99.80	99.80
TERRACOTTA STAR SA	988,756	97.48	97.48
ORGANE DE ASAMBLARE SA	0	95.70	95.70
TURISM COVASNA SA	23,922,963	93.33	95.15
TRATAMENT BALNEAR BUZIAS SA	14,328,592	91.87	91.87
ANCA-IRINA SA VENUS-MANGALIA	0	91.07	91.07
SEMBRAZ SA	1,186,755	90.97	90.97
INTERNATIONAL TRADE&LOGISTIC CENTER SA	3,864,809	87.3	87.3
FEPER SA	45,008,242	85.8	97.53
ARO-PALACE SA	43,143,934	85.74	85.74
MECANICA CODLEA SA	5,855,199	81.07	81.07
TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA	42,472,461	77.71	77.71

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ROMRADIATOARE SA BRASOV	21,209,757	76.51	76.51
TUSNAD SA	15,173,577	76.41	76.41
GRUP BIANCA TRANS SA	4,004,831	70.85	70.85
UTILAJ GREU SA	4,544,291	70.39	70.39
GASTRONOM SA	6,507,241	70.29	70.29
TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV	16,674,946	68.51	68.51
TURISM FELIX SA	78,081,171	63.20	63.20
COMCM SA CONSTANTA	1,983,939	56.73	56.73
STATIUNEA OGLINZI SA	866,859	54.52	54.52
VIROLA-INDEPENDENTA SIBIU	3,235,810	53.62	53.62
CASA ALBA INDEPENDENTA SIBIU	11,484,591	53.32	53.32
INDEPENDENTA SA	1,237,978	53.30	53.30
SIBAREX SA	0	52.85	52.85
SANTIERUL NAVAL SA	17,020,067	50.00	50.00
<b>Total</b>	<b>382,047,936</b>		

All the Company's subsidiaries are incorporated in Romania.

The corporate bonds measured at fair value through profit or loss held by the Company at 30 June 2017 and 31 December 2016 are presented below:

Entity	Currency	Units at 31 December 2016	Units at 30 June 2017	Fair value at 31 December 2016	Fair value at 30 June 2017	Maturity date
Organe de Asamblare SA	RON	2,200,000	2,200,000	-	-	25 January 2017
Feper SA	RON	1,993,160	1,993,160	5,190,987	5,137,170	5 June 2018
Romradiatoare SA	RON	2,260,000	2,260,000	5,699,494	5,682,996	27 November 2017
Sibarex SA	RON	900,000	900,000	-	-	21 November 2016
<b>Total</b>				<b>10,890,481</b>	<b>10,820,166</b>	

At 30 June 2017 the Company held corporate bonds issued by:

- *Organe de Asamblare SA Braşov* – corporate bonds with a total nominal value of RON 5.5 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 2.50 per bond, with a maturity of 48 months (maturity date: 25 January 2017) and an annual interest rate represented by the variable interest of ROBOR 3 months plus 2.00%. Interest payments are made on an annual basis. At 30 June 2017, the accrued interest related to these bonds is RON 835,189. The principal and interest must be repaid in full by the date of repayment, early repayment can not be made without the written agreement of the owner. The bonds issued are secured by the assets from the patrimony of Organe de Asamblare. As a result of the issuer's bankruptcy starting from August 2016, the collection of principal and overdue interest became unlikely, the fair value of these receivables at 30 June 2017 being zero (31 December 2016: zero).
- *Feper SA* – bonds with a total nominal value of RON 4.98 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 2.50 per bond, with a maturity of 60 months (maturity date: 5 June 2018) and an annual interest rate represented by the variable interest of ROBOR 3 month plus 2.00%. The principal and interest must be repaid in full by the date of repayment, early repayment can not be made without the written agreement of the owner. The bonds have been taken over by Feper SA as a result of the merger process with Orizont Turism SA. At 30 June 2017, the accrued interest related to these bonds amounts to RON 33,023.

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- *Romradiatoare SA Braşov* - bonds with a total nominal value of RON 5.65 million. The bonds are unquoted, non-convertible into shares, issued at nominal value of RON 2.50 per bond, with a maturity of 60 months (maturity date: 27 November 2017) and an annual interest rate resulting from the variable interest of ROBOR at 6 months plus 1.50%. The interest will be paid on a half year basis. At 30 June 2017, the accrued interest related to these bonds amounts to RON 13,761. The principal and interest must be repaid in full by the date of repayment, early repayment can not be made without the written agreement of the owner. The bonds are secured with the assets from the patrimony of Romradiatoare.
- *Sibarex S.A.* – bonds with a total nominal value of RON 2.25 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 2.50 per bond, with a maturity of 3 years (maturity date: 21 November 2016) and an annual interest rate resulting from the variable interest of ROBOR at 6 months plus 2.00%. Interest payments are made quarterly. At 30 June 2017, the accrued interest related to these bonds was RON 211,247. The principal and interest must be repaid in full by the repayment date or anticipated (partial or total) at the issuer's request. Given the Resolution of the Extraordinary General Meeting of Shareholders of the issuer dated 14.11.2016 on the company's dissolution followed by liquidation, the fair value of the bonds as at 30 June 2017 is zero (31 December 2016: zero). The bonds issued are secured by pledge without dispossession over the production equipments, up to the value of bonds subscribed and paid plus the entire period estimated interest.

**13. INVESTMENT SECURITIES AVAILABLE FOR SALE**

The structure of the investment securities available for sale by the type of assets is presented as follows:

	<b>30 June 2017</b>	<b>31 December 2016</b>
Equity securities quoted on Romanian markets	486,569,572	456,792,323
Equity securities quoted on International markets	5,598,583	-
Unquoted equity securities	28,389,164	26,377,380
Corporate bonds	11,993,580	12,263,954
Quoted fund units	8,456,413	7,680,756
Unquoted fund units	15,240,532	13,919,856
<b>Total</b>	<b>556,247,844</b>	<b>517,034,269</b>

The corporate bonds portfolio as at 30 June 2017 is represented by:

- *Banca Transilvania* - the bonds are issued in EUR, are convertible, subordinated, unsecured, nominative and dematerialized. They are issued at a nominal value of EUR 0.60 per bond with a maturity of 7 years (maturity date: 25 May 2020) and an annual interest rate resulting from the variable interest of EURIBOR at 6 months plus 6.25%. At 30 June 2017, the accrued interest related to these bonds is RON 52,490. Interest payments are made bi-annually on 15 January and 15 June. The bonds can not be prepaid or redeemed before the redemption date. The unmatured bonds can be converted into shares.
- *S.A.I. Certinvest SA* – bonds with a total nominal value of RON 9 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 10,000 per bond, with a maturity of 5 years (maturity date: 12 December 2019) and a fixed interest rate of 7% per year, payable quarterly. The accrued interest at 30 June 2017 is RON 27,616.

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**13. INVESTMENT SECURITIES AVAILABLE FOR SALE (CONTINUED)**

The change in fair value of the corporate bonds available for sale is presented below:

Entity	30 June 2017		31 December 2016		Maturity date
	Units	Fair value	Units	Fair value	
Banca Transilvania	688,362	2,201,836	688,362	2,188,144	22.05.2020
Certinvest	900	9,791,744	900	10,075,810	12.12.2019
<b>Total</b>	<b>689,262</b>	<b>11,993,580</b>	<b>689,262</b>	<b>12,263,954</b>	

The portfolio of funds units classified as financial assets available for sale is as follows:

Entity	30 June 2017		31 December 2016	
	Units	Fair value	Units	Fair value
Fondul Inchis de Investitii Multicapital Invest	3,400	7,879,160	3,400	7,112,392
Fond Inchis de Investitii Bet-Fi Index Invest	2,054	1,105,052	2,054	963,326
Fondul Inchis de Investitii Star Value	9,154	7,361,372	9,154	6,807,464
iShares Gold Producers UCITS ETF	-	-	30,000	1,178,196
ETFS 2X Daily Long Gold	15,000	2,337,517	15,000	2,264,192
ETFS 3X Daily Short DAX 30	600,000	5,013,844	400,000	3,275,041
<b>Total</b>	<b>629,608</b>	<b>23,696,945</b>	<b>459,608</b>	<b>21,600,612</b>

**14. OTHER FINANCIAL ASSETS**

	30 June 2017	31 December 2016
<b><i>Other financial assets neither past due nor impaired</i></b>		
Other receivables	188,165	195,118
Receivables from group entities	-	202,603
Dividends receivable	420,586	10,672
Receivables from the withdrawal from the shareholding of the company	3,076,499	3,076,499
- Biroul de Turism si Tineret S.A. ("B.T.T.")	3,076,499	3,076,499
<b>Total</b>	<b>3,685,250</b>	<b>3,484,892</b>

**15. OTHER ASSETS**

	30 June 2017	31 December 2016
Consumables and other inventories	65,445	65,809
Prepayments	241,867	218,847
Other assets	26,273	11,354
<b>Total</b>	<b>333,585</b>	<b>296,010</b>

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**16. TANGIBLE AND INTANGIBLE ASSETS**

	Land and Buildings	Plant and equipment	Fixtures, fittings and furniture	Licenses	Other intangible assets	Total
<b>Balance at 1 January 2017</b>						
<b>Gross value</b>	<b>13,657,692</b>	<b>551,052</b>	<b>164,927</b>	<b>348,672</b>	<b>770,219</b>	<b>15,492,562</b>
<b>Acumulated depreciation</b>	-	-	-	<b>(257,048)</b>	<b>(646,805)</b>	<b>(903,853)</b>
<b>Net book value</b>	<b>13,657,692</b>	<b>551,052</b>	<b>164,927</b>	<b>91,624</b>	<b>123,414</b>	<b>14,588,709</b>
Additions	-	34,312	-	1,586	-	35,898
Disposals and transfers	-	-	-	-	-	-
Depreciation recorded during the year	(194,015)	(106,203)	(27,845)	(26,255)	(123,414)	(477,732)
Depreciation for the assets sold	-	-	-	-	-	-
Revaluation of assets in 2016	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>						
<b>Gross value</b>	<b>13,657,692</b>	<b>585,364</b>	<b>164,927</b>	<b>350,258</b>	<b>770,219</b>	<b>15,528,460</b>
<b>Acumulated depreciation</b>	<b>(194,015)</b>	<b>(106,203)</b>	<b>(27,845)</b>	<b>(283,303)</b>	<b>(770,219)</b>	<b>(1,381,585)</b>
<b>Net book value</b>	<b>13,463,677</b>	<b>479,161</b>	<b>137,082</b>	<b>66,955</b>	<b>0</b>	<b>14,146,875</b>

	Land and Buildings	Plant and equipment	Fixtures, fittings and furniture	Licenses	Other intangible assets	Total
<b>Balance at 1 January 2016</b>						
<b>Gross value</b>	<b>14,356,499</b>	<b>1,555,233</b>	<b>794,846</b>	<b>228,546</b>	<b>770,219</b>	<b>17,705,343</b>
<b>Acumulated depreciation</b>	<b>(3,222,757)</b>	<b>(1,077,822)</b>	<b>(670,741)</b>	<b>(167,733)</b>	<b>(399,977)</b>	<b>(5,539,029)</b>
<b>Net book value</b>	<b>11,133,742</b>	<b>477,411</b>	<b>124,105</b>	<b>60,813</b>	<b>370,242</b>	<b>12,166,313</b>
Additions	-	56,525	2,622	121,419	-	180,565
Disposals and transfers	-	(8,682)	-	(1,292)	-	(9,974)
Depreciation recorded during the year	(281,664)	(147,884)	(18,672)	(90,607)	(246,828)	(785,655)
Depreciation for the assets sold	-	(8,682)	-	(1,292)	-	(9,974)
Revaluation of assets in 2016	2,805,614	164,999	56,873	-	-	3,027,486
<b>Balance at 31 December 2016</b>						
<b>Gross value</b>	<b>13,657,692</b>	<b>551,052</b>	<b>164,927</b>	<b>348,672</b>	<b>770,219</b>	<b>15,492,562</b>
<b>Acumulated depreciation</b>	-	-	-	<b>(257,048)</b>	<b>(646,805)</b>	<b>(903,853)</b>
<b>Net book value</b>	<b>13,657,692</b>	<b>551,052</b>	<b>164,927</b>	<b>91,624</b>	<b>123,414</b>	<b>14,588,709</b>

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**16. TANGIBLE AND INTANGIBLE ASSETS (CONTINUED)**

The Company has no restrictions over its ownership titles and none of its tangible assets are pledged. At the end of H1 2017 the Company had no contractual obligations for the purchase of tangible assets. The latest revaluation of the land, buildings and other tangible assets owned by the Company was performed on 31 December 2016 and the differences from the revaluation were recorded in other comprehensive income.

**17. OTHER FINANCIAL LIABILITIES**

<b>Description</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Trade payables	2,216,491	507,924
Dividend payable	68,997,827	27,692,738
Collections made in advance from third parties	1,774,667	1,487,657
Liabilities with related parties	-	-
Other payables	3,092,487	-
<b>Total</b>	<b>76,081,472</b>	<b>29,688,319</b>

**18. OTHER LIABILITIES**

	<b>30 June 2017</b>	<b>31 December 2016</b>
Salary liabilities	236,170	324,112
Tax liabilities	90,705	1,180,001
Social contributions owed to the state budget	213,860	228,614
<b>Total</b>	<b>540,735</b>	<b>1,732,727</b>

**19. SHARE CAPITAL**

The statutory share capital of the Company as at 30 June 2017 is RON 218,428,666, out of which RON 218,428,666 represents the subscribed and paid-in share capital (registered with the Trade Register).

The subscribed and paid-in share capital is divided in 2,184,286,664 shares.

The Company's shares are common, nominative, indivisible, of equal value and dematerialized, issued at the nominal value of RON 0.10 per share.

**Shareholders structure as at 30 June 2017**

<b>Shareholders</b>	<b>Number</b>	<b>Shares held</b>	<b>% of the share capital</b>
<b>Resident shareholders</b>	<b>6,981,535</b>	<b>2,063,578,399</b>	<b>94.47</b>
natural persons	6,981,238	1,373,476,420	62.88
legal entities	297	690,101,979	31.59
<b>Non-resident shareholders</b>	<b>2,324</b>	<b>120,708,265</b>	<b>5.53</b>
natural persons	2,287	23,914,202	1.10
legal entities	37	96,794,063	4.43
<b>TOTAL</b>	<b>6,983,859</b>	<b>2,184,286,664</b>	<b>100.00</b>
natural persons	6,983,525	1,397,390,622	63.98
legal entities	334	786,896,042	36.02

**20. FAIR VALUE REVALUATION RESERVE FOR INVESTMENT SECURITIES AVAILABLE FOR SALE**

The reserve from the fair value revaluation of the investment securities available for sale is presented net of tax.

	<b>30 June 2017</b>	<b>31 December 2016</b>
Gross reserves from the fair value revaluation of investment securities available for sale	249,493,525	200,199,993
Related deferred tax liabilities	(39,918,965)	(32,031,999)
<b>Net reserve</b>	<b>209,574,560</b>	<b>168,167,994</b>

This note presents the movements recorded in the reserve from the fair value revaluation of the investment securities available for sale.

**21. REVALUATION RESERVE FOR TANGIBLE ASSETS**

The last revaluation of the Company's tangible assets was performed at 31 December 2016 by REVALTEX SRL (independent appraiser – ANEVAR member), which resulted in an increase of the revaluation reserve by RON 3,029,268, i.e. by 31.13%.

The revaluation reserves cannot be distributed to shareholders as dividends.

	<b>Gross</b>	<b>Deferred tax</b>	<b>Total Net</b>
<b>Balance at 1 January 2016</b>	<b>9,684,169</b>	-	<b>9,684,169</b>
Allocation of reserve to result carried forward	(950)	-	(950)
Revaluation differences	1,818,682	-	1,818,682
<b>Balance at 31 December 2016</b>	<b>11,502,852</b>	-	<b>11,502,852</b>
Allocation of reserve to result carried forward	-	-	-
<b>Balance at 30 June 2017</b>	<b>11,502,852</b>	-	<b>11,502,852</b>

**22. OTHER RESERVES**

Other reserves have been created as a result of the statutory profit allocation.

	<b>30 June 2017</b>	<b>31 December 2016</b>
Legal reserve	36,644,133	36,644,133
Reserves from previous years profits	431,487,511	410,117,469
Other reserves	3,912,094	3,912,094
<b>Total</b>	<b>472,043,738</b>	<b>450,673,696</b>

### 23. TRANSACTIONS WITH RELATED PARTIES

Entities and persons are considered to be related parties if they are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In the identifying process of the related parties, the Company takes into consideration the substance of the relationship, not merely the legal form.

At 30 June 2017 the Company's transactions with related parties, as compared to 30 June 2016, were as follows:

<b>Expenses with subsidiaries</b>	<b>Transaction type</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
A.P.I. Transilvania S.A.	Rent and utilities	-	29,937
International Trade Center S.A.	Renting services	22,546	5,917
Aro Palace S.A.	Hotel services	18,767	24,015
Cristiana	Rent	54,863	-
Transilvania Hotels&Travel	Services	-	1,761
Dorna Turism	Hotel services	320	-
<b>Total</b>		<b>96,496</b>	<b>61,630</b>

Expenses with subsidiaries are included in the "Other operating expenses" line in the statement of profit or loss and other comprehensive income.

In H1 2017 the Company has not concluded any transactions with its directors, members of the Supervisory Board, managers or employees.

The dividend income obtained by the Company from its subsidiaries as at 30 June 2017, compared to 30 June 2016, is presented as follows:

<b>Dividend income from subsidiaries</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
Gastronom SA Buzau	409,361	-
Transilvania Leasing&Credit IFN	353,283	-
Cristiana SA Braşov	2,761,380	1,133,958
<b>Total</b>	<b>3,524,024</b>	<b>1,133,958</b>

The dividend income from related parties are included in profit or loss and other comprehensive income, in the „Dividend income” line.

The interest income related to the corporate bonds held in related parties are included in profit or loss and other comprehensive income, in the "Interest income" line.

The interest income at 30 June 2017 as compared to 30 June 2016 is presented as follows:

<b>Interest income from subsidiaries</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
Romradiatoare S.A. Braşov	70,940	40,850
Feper S.A.	69,601	42,390
<b>Total</b>	<b>140,541</b>	<b>83,240</b>

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**23. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

Compared with the end of the previous year, the outstanding receivables in balance at 30 June 2017 (reduced with the value of the impairment adjustments) related to related parties, is presented as follows:

<b>Receivables from subsidiaries</b>	<b>Transaction type</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Feper SA	Bonds	5,137,170	5,190,987
Romradiatoare SA	Bonds	5,682,996	5,699,494
<b>Total</b>		<b>10,820,166</b>	<b>10,890,481</b>

The above amounts representing receivables from subsidiaries are included in the fair value of financial assets at fair value through profit or loss.

**24. PRESENTATION OF THE FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORIES**

For the purposes of measurement, IAS 39 "Financial Instruments: Recognition and Measurement" classifies the financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL"). As at 30 June 2017, the Company doesn't have any instruments classified as financial assets held to maturity.

The following table provides a reconciliation of the financial assets and liabilities with these measurement categories as at 30 June 2017:

	<b>Loans and receivables</b>	<b>Available for sale securities</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Financial liabilities measured at amortised cost</b>	<b>Total</b>
Cash and cash equivalents	56,561,566	-	-	-	56,561,566
Investment securities available for sale	-	556,247,844	-	-	556,247,844
Financial assets at fair value through profit or loss	-	-	439,881,332	-	439,881,332
Other financial assets	3,685,250	-	-	-	3,685,250
<b>Total financial assets</b>	<b>60,246,816</b>	<b>556,247,844</b>	<b>439,881,332</b>	<b>-</b>	<b>1,056,375,992</b>
Other financial liabilities	-	-	-	76,081,472	76,081,472
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,081,472</b>	<b>76,081,472</b>

## 25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES FAIR VALUE

According to the International Financial Reporting Standards, the fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

According to IFRS 13, the fair value levels based on the inputs used in valuation are defined as follows:

- **Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity has access at the measurement date;
- **Level 2 inputs** are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- **Level 3 inputs** are unobservable inputs for the asset or liability.

Determining the significance level of the inputs in the fair value measurement process as a whole requires the use of professional judgement considering the specific factors due to the complexity of measuring such investments, as well as reflecting the fair value changes in the financial statements.

The process of estimating the fair values of the financial instruments held by S.I.F. Transilvania is carried out according to the internal procedure and the related methodology.

At 30 June 2017 the Company only owned financial assets measured at fair value classified as Level 1 and Level 3 in the fair value hierarchy, as follows:

	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>			
<b>Investment securities available for sale, out of which:</b>	<b>494,249,116</b>	<b>61,998,728</b>	<b>556,247,844</b>
<i>Shares</i>	<i>485,792,703</i>	<i>34,764,616</i>	<i>520,557,319</i>
<i>Fund units</i>	<i>8,456,413</i>	<i>15,240,532</i>	<i>23,696,945</i>
<i>Corporate bonds</i>	<i>-</i>	<i>11,993,580</i>	<i>11,993,580</i>
<b>Financial assets at fair value through profit or loss, out of which:</b>	<b>137,573,700</b>	<b>302,307,632</b>	<b>439,881,332</b>
<i>Shares</i>	<i>137,573,700</i>	<i>291,487,466</i>	<i>429,061,166</i>
<i>Fund units</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Corporate bonds</i>	<i>-</i>	<i>10,820,166</i>	<i>10,820,166</i>
<b>Total financial assets</b>	<b>631,822,816</b>	<b>364,306,360</b>	<b>996,129,176</b>
<b>NON-FINANCIAL ASSETS</b>			
<i>Tangible assets</i>	<i>-</i>	<i>14,079,920</i>	<i>14,079,920</i>
<b>Total assets measured at fair value</b>	<b>631,822,816</b>	<b>378,386,280</b>	<b>1,010,209,096</b>

At 31 December 2016 the Company only owned financial assets measured at fair value classified as Level 1 and Level 3 in the fair value hierarchy, as follows:

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2017**  
**(All amounts in RON, unless otherwise stated)**

	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>			
<b>Investment securities available for sale, out of which:</b>	<b>455,400,466</b>	<b>61,633,803</b>	<b>517,034,269</b>
<i>Shares</i>	447,719,710	35,449,993	483,169,703
<i>Fund units</i>	7,680,756	13,919,856	21,600,612
<i>Corporate bonds</i>	-	12,263,954	12,263,954
<b>Financial assets at fair value through profit or loss, out of which:</b>	<b>121,344,293</b>	<b>306,359,831</b>	<b>427,704,124</b>
<i>Shares</i>	121,344,293	295,469,350	416,813,642
<i>Fund units</i>	-	-	-
<i>Corporate bonds</i>	-	10,890,481	10,890,481
<b>Total financial assets</b>	<b>576,744,759</b>	<b>367,933,634</b>	<b>944,738,393</b>
<b>NON-FINANCIAL ASSETS</b>			
<i>Tangible assets</i>	-	14,373,671	14,373,671
<b>Total assets measured at fair value</b>	<b>576,744,759</b>	<b>382,367,305</b>	<b>959,112,064</b>

The Company has estimated the fair value of its investments in companies undergoing bankruptcy, insolvency or reorganization procedures at zero value, in accordance with the F.S.A. Regulation 9/2014 and the Company's internal procedures.

In H1 2017, the following movements between the assets included in Level 3 took place:

	<b>Shares</b>	<b>Bonds</b>	<b>Fund units</b>	<b>Total</b>
<b>Balance at 1 January 2017</b>	<b>330,919,343</b>	<b>23,154,435</b>	<b>13,919,856</b>	<b>367,993,634</b>
Acquisitions during the year	-	-	-	-
Sales during the year	5,478,534	-	-	5,478,534
Transfers to Level 3	-	-	1,060,310	1,060,310
Transfers from Level 3	-	-	1,105,052	1,105,052
Gain/(loss) recognised in:				
Net gain / (loss) from financial assets available for sale	(685,376)	(270,374)	1,365,418	409,668
Gain from financial assets at fair value through profit or loss	1,496,649	(70,315)	-	1,426,334
<b>Balance at 30 June 2017</b>	<b>326,252,082</b>	<b>22,813,746</b>	<b>15,240,532</b>	<b>364,306,360</b>

**Financial assets and financial liabilities not measured at fair value as at 30 June 2017**

The following table summarizes the values of those financial assets and liabilities not recognized at fair value in the Company's statement of financial position. Purchase prices are used to estimate the value of assets and sales prices are considered for liabilities.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	10,471	56,551,095	-	56,561,566
Other financial assets	-	-	3,685,250	3,685,250
<b>Total financial assets</b>	<b>10,471</b>	<b>56,551,095</b>	<b>3,685,250</b>	<b>60,246,816</b>
<b>Financial liabilities</b>				
Other financial liabilities	-	-	76,081,472	76,081,472
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>76,081,472</b>	<b>76,081,472</b>

**26. FINANCIAL RISK MANAGEMENT**

The risk management activity can be found in the Company organizational structure and it encompasses both general and specific risks, as set forth in the specific law.

The most important types of financial risks to which the Company is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity price risk.

**26.1 Credit risk**

Credit risk is the risk of a financial loss for the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations.

The main concentration to which the Company is exposed arises from the Company's investments in corporate bonds. The Company is also exposed to the counterparty credit risk on cash and cash equivalents and other financial assets balances.

The maximum exposure to the credit risk is represented by the carrying amounts of the financial assets recognized in the statement of financial position. The Company is not exposed to credit risk from off-balance sheet.

The credit risk related to investment activities is managed through the market risk management procedures. This risk is controlled both by the way of selecting the partners, by monitoring their activities and by monitoring the exposure limits.

Considering that through its activity, the Company has long term exposure in relation to its participation in a series of financial and non-financial entities, the management is permanently reviewing the risk the Company is exposed to by maintaining it at prudent and manageable level.

Thus, the Company's management uses from case to case, depending on the debtor/entity characteristics, appropriate instruments to reduce the credit risk and in the same time permanently monitors their financial evolution. As of today the Company has not used derivatives in order to reduce the credit risk related to exposure to any debtor.

## **26. FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **26.2 Market risk and position risk**

Market risk is the present or future risk of recording losses related to balance and off-balance sheet due to adverse movements in market price (such as stock prices, interest rates, foreign exchange rates). The Company's management sets the limits of the value of risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Position risk is associated with the financial instruments portfolio held by the Company with intention to benefit from positive evolution of prices of underlined financial assets or from potential dividends/coupons issued by entities. The Company is exposed to general position risk as well as specific, due to short term investments made in bonds, shares and fund units.

The Company's management permanently monitors the reduction to minimum of the possible adverse effects related to this financial risk, through an active policy of diversifying the investment portfolio and by using one or more technics of diminishing of the risk depending on the dynamics of trading places or the evolution of the market prices of the financial instruments held by the Company.

### **26.3 Concentration risk**

Concentration risk relates to all financial assets of the Company regardless the holding period and, by diminishing this risk, the Company seeks to avoid large exposure against the same debtor/entity at the Company level.

The Company policy on diversifying exposures is applied to portfolio structure, business model structure as well as to the structure of financial risks exposure. Thus, this diversifying policy implies: diversifying the portfolio by avoiding excessive exposures against the same debtor, issuer or geographical area; diversifying the business plan structure implies avoiding at Company's level excessive exposure against a specific type of business or sector; diversifying the structure of financial risks intends to avoid excessive exposure against a specific type of financial risk.

In order to meet these objective, the Company initiated an extensive process of portfolio restructuring and business policies re-modeling.

### **26.4 Currency risk**

The Company is slightly exposed to exchange rate fluctuations, primarily in the case of shares acquired from foreign markets, foreign currency current accounts, receivables and liabilities in other currencies, as well as receivables and liabilities in RON, but which according to contracts are consolidated in relation to other currencies, usually EUR and/or USD.

The Company did not use and is not using at this time derivatives to protect itself from exchange rate fluctuations against other currencies as the capital requirements level related to this financial risk is insignificant.

By computing and monitoring foreign currency net position and foreign currency rate volatility, the Company is aiming to maintain a balance between foreign currency assets and liabilities against total assets and liabilities of the Company.

### **26.5 Interest rate risk**

Interest rate risk is the current or future risk that profits and equity are negatively impacted by adverse changes of interest rates. The Company operational cash flows are impacted by interest rates fluctuations especially in case of cash placed in bank deposits and corporate bonds. At 30 June 2017 the Company has not contracted any loans.

## **26. FINANCIAL RISK MANAGEMENT (CONTINUED)**

By the interest rate risk strategy, the Company aims to optimize the gap between the assets and liabilities that are sensitive to interest rate fluctuation overall and on time horizon so as the impact of interest rate fluctuation on the net interest income is minimum, thus ensuring the risk impact is maintained within limits. The Company did not use and is not using at this date derivatives to protect itself against interest rate fluctuation, the weight of assets exposed to interest rate fluctuation being insignificant.

The Company adopted risk management policies as well as a procedure on risk management, with a main focus on prudential diversification of the portfolio, in the context of both capital market regulator requirements and financial markets evolution.

### **26.6 Liquidity risk**

Liquidity risk is the current or future risk that profits and equity are negatively impacted by the inability of the Company to meet its obligations at maturity.

The main focus was placed on the Company's ability to invest in liquid assets in a reasonable time frame, enabling the Company to face easier challenges on financial markets such as high volatility, discrepancies between markets, reduced level of transactions on Bucharest Stock Exchange, inability of liquidity suppliers / market makers to perform their roles.

The strategy on liquidity risk management initiated by the Company's management is to restructure the portfolio so as the assets with high liquidity to represent the most important weight in the portfolio structure, both in terms of number of financial instruments and value.

### **26.7 Business environment**

In the past years, the European financial sector faced a significant public debt crisis, triggered by major fiscal imbalance and high public debt in several European countries. Current fears that deteriorating financial conditions could contribute to a further reduction at a later stage of the investor confidence, led to a joint effort of governments and central banks to adopt special measures to counter the vicious circle of increasing risk aversion to ensure the normal operation of the market.

The identification and valuation of investments influenced by a lending market lacking liquidity, the credit analysis of compliance with contracts and other contractual obligations, evaluation of significant uncertainties, including the uncertainties related to the ability of entities to continue to operate for a reasonable period of time, all of these raise new challenges.

Their effects on the Romanian financial market were represented by price and liquidity cuts in the capital markets and increases in long-term interest rates due to liquidity conditions at international and national level.

The debtors of the Company can also be impacted by the liquidity crisis that could affect their ability to meet their current liabilities. The deterioration of the operating conditions of creditors is also impacting the management of cash flow forecasts and the assessment of the impairment of financial and non-financial assets. To the extent to which that information is available, the Company's management has reflected the revised estimates of future cash flows in its investment impairment policy.

## **27. CAPITAL MANAGEMENT**

The Company's objectives on capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The equity managed by the Company as of 30 June 2017 amounted to RON 953,038,283 (31 December 2016:RON 913,829,933).

Consistent with others in the industry, the Company monitors the capital on the basis of unitary net asset value. This value is calculated as a ratio between net asset value and number of shares issued by the Company.

## **28. COMMITMENTS AND CONTINGENCIES**

### **28.1. Litigations**

At the end of the first half of 2017, the Company continued to be involved in litigations specific to the activity performed. The Company's management believes that these litigations will not have a material adverse effect on the economic and financial position of the Company presented in these financial statements. At 30 June 2017, the Company had no provisions for litigations.

In the reporting period, the number of litigations in which the Company is engaged and their structure were similar to those recorded in the corresponding period of the previous year, predominant being the ones regarding the defence of the Company's corporate rights, as well as litigations in which other rights of the Company are defended.

### **28.2. Contingent liabilities**

At 30 June 2017, the Company had no contingent liabilities.

## **29. SUBSEQUENT EVENTS**

In accordance with the proposal on profit distribution, based on the Resolution of the General Meeting of Shareholders of 28 April 2017, the Company allocated the net profit obtained in 2016 as follows:

<b>No.</b>	<b>Destination</b>	<b>Amount (RON)</b>
1.	Legal reserves	3,743,893.81
	Dividends*	43,685,733.28
2.		(0,02 lei/acțiune)
3.	Other reserves – own financing sources created from profit	21,370,042.20
	<b>TOTAL net profit achieved and distributed</b>	<b>68,799,669.29</b>

\* The gross dividend for one share held at the record date is set at RON 0.02 /share, representing a yield of 7.73% by reference to SIF3 shares average trading price on BVB – REGS between 01.01.2016 and 31.12.2016.

The Company registered no other subsequent events requiring adjustments or presentation in the financial statements prepared as at 30 June 2017.



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**RINA SIMTEX**  
ISO 27001 REGISTERED 1.91.1

Societate administrată în sistem dualist

13.07.2017

According to the F.S.A. Regulation no. 9/2014

Certified by BRD - Groupe Société Générale S.A. Bucuresti

STATEMENT OF ASSETS AND LIABILITIES OF S.I.F. TRANSILVANIA			
as at 30.06.2017			
		RON	% of total assets
<b>1</b>	<b>NON-CURRENT ASSETS, of which:</b>	<b>267,324,187</b>	<b>24.96</b>
1.1	Intangible Assets	66,955	0.01
1.2	Tangible Assets	14,079,920	1.32
1.3	Financial Non-Current Assets, of which:	253,177,312	23.64
1.3.1	Listed Shares	142,586,572	13.32
1.3.2	Unlisted Shares**	73,686,374	6.88
1.3.3	Government Securities	0	0.00
1.3.4	Certificates of Deposit	0	0.00
1.3.5	Bank Deposits (Guarantees)	4,204	0.00
1.3.6	Municipal Bonds	0	0.00
1.3.7	Corporate Bonds (including Accrued Interest)	21,640,630	2.02
1.3.8	Newly Issued Securities	0	0.00
1.3.9	UCITS and/or non-UCITS Equity Securities	15,240,532	1.42
1.3.10	Other Non-Current Financial Assets - Total, of which:	19,000	0.00
1.3.10.1	Shares and Bonds from subscription to public offerings, share capital increases and bond issues (subscribed amount)	0	0.00
1.3.10.2	Shares from dividend capitalization (valued amount)	0	0.00

CUI / CIF: RO 3047687 • R.C. J08/3306/92 • Capital social subscris și vărsat: 218.428.666,40 lei • IBAN: RO08RNCB0053008581440001, BCR Braşov  
Număr registru C.N.V.M: PJR 09 SIIR/080004/06.03.2006 • Înregistrată în Registrul de Evidență a Prelucrărilor de Date cu Caracter Personal sub nr. 22940



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1.3.10.3	Shares Receivable (valued amount)	0	0.00
1.3.10.4	Other Non-Current Financial Assets	19,000	0.00
<b>2</b>	<b>CURRENT ASSETS, of which:</b>	<b>803,291,522</b>	<b>75.01</b>
2.1	Inventory	65,445	0.01
2.2	Receivables- Total, of which:	3,628,227	0.34
2.2.1.	Bills of Exchange Receivable	0	0.00
2.2.2.	Dividends or Other Receivable Rights	3,486,725	0.33
2.2.3.	Amounts Receivable from the sale of shares with settlement date in the next month	0	0.00
2.2.4.	Other Receivables	141,502	0.01
2.3	Cash and Cash Equivalents	923,791	0.09
2.4	Short-term Financial Investments, of which:	717,410,010	66.99
2.4.1	Listed Shares	684,117,008	63.89
2.4.2	Unlisted Shares	0	0.00
2.4.3	Municipal Bonds	0	0.00
2.4.4	Corporate Bonds	0	0.00
2.4.5	UCITS and/or non-UCITS Equity Securities	33,293,002	3.11
2.4.6	Preference Rights	0	0.00
2.5	Newly Issued Securities	0	0.00
2.6	Government Securities	0	0.00
2.7	Bank Deposits	55,637,775	5.20
2.8	Certificates of Deposit	0	0.00
2.9	Other Current Assets	25,626,274	2.39
<b>3</b>	<b>Derivatives</b>	<b>0</b>	<b>0.00</b>



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4	<b>Prepaid Expenses</b>	<b>240,743</b>	<b>0.02</b>
5	<b>TOTAL ASSETS</b>	<b>1,070,856,452</b>	<b>100.00</b>
6	<b>TOTAL LIABILITIES, of which:</b>	<b>117,818,169</b>	
6.1	Debenture Loans	0	
6.2	Amounts Owed to Credit and Leasing Institutions	0	
6.3	Advance Payments from Customers	1,774,667	
6.4	Trade Liabilities	160,575	
6.5	Bills of Exchange Payable	0	
6.6	Amounts Owed to Group Companies	1,987	
6.7	Amounts Owed related to Participation Interests	0	
6.8	Other Liabilities-Total, of which:	115,880,940	
6.8.1	Dividends Payable	68,997,827	
6.8.2	Amounts Subscribed and not paid-in to share capital increases and bond issues	0	
6.8.3	Amounts Payable for Acquisition of Shares with settlement date in the next month	3,090,500	
6.8.4	Other Liabilities	43,792,613	
7	<b>PROVISIONS FOR EXPENSES AND TAXES</b>	<b>0</b>	
8	<b>DEFERRED INCOME, of which:</b>	<b>0</b>	
8.1	Investment Subsidies	0	
8.2	Deferred income	0	
9	<b>SHAREHOLDERS' EQUITY, of which:</b>	<b>953,038,283</b>	
9.1	Adjusted Share Capital, of which:	218,428,666	
9.1.1	Subscribed and Paid-in Share Capital	218,428,666	



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9.1.2	Share Capital Adjustments under IFRS according to IAS 29 hyperinflation	0	
9.2	Differences from the Change in the Fair Value of non-monetary financial assets available for sale	209,574,561	
9.3	Premium related to Capital	0	
9.4	Revaluation Differences	11,502,851	
9.5	Reserves	472,043,738	
9.6	Retained Earnings	950	
9.6.1	Retained Earnings (including from the application of IFRS, with the exception of IAS 29)	0	
9.6.2	Retained Earnings from the first-time adoption of IAS 29	0	
9.6.3	Retained Earnings- Profit Carried Forward	950	
9.7	Profit (loss) for the Period	41,487,517	
9.8	Profit Appropriation (to be deducted)	0	
10	<b>Total Liabilities and Shareholders' Equity</b>	<b>1,070,856,452</b>	
11	<b>NET ASSET VALUE</b>	<b>953,038,283</b>	
12	<b>NUMBER OF SHARES ISSUED</b>	<b>2,184,286,664</b>	
13	<b>NET ASSET VALUE PER SHARE (RON/share)</b>	<b>0.4363</b>	
14	<b>Number of Companies in Portfolio- total, of which:</b>	<b>149</b>	
14.1	Companies Admitted to trading on a Regulated Market	27	
14.2	Companies Admitted to trading on an Alternative Trading System	34	
14.3	Companies not Admitted to Trading	88	
15	<b>Number of Companies for which Financial Statements have not been available*</b>	<b>0</b>	



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Societate administrată în sistem dualist

16	<b>Number of Investment Funds in which the Company holds Fund Units- total, of which:</b>	5	
16.1	Number of open-end Investment Funds in which the Company holds Fund Units	2	
16.2	Number of closed-end Investment Funds in which the Company holds Fund Units	3	

\*These companies are included in NAV at nil value.

\*\* Includes the value of the share package issued by the Sibex Sibiu Stock Exchange as a result of the decision to cease trading on the regulated spot market administered by Sibex as of 19.06.2017. After the completion of the merger with the Bucharest Stock Exchange, the said value will be included in the value of the shares held by S.I.F. Transilvania (quoted shares) at the Bucharest Stock Exchange.

Note: The Company's procedure for drafting the statement of assets and liabilities, harmonized with the provisions of the F.S.A. Regulation no. 9/2014, is available on the Company's website: [www.siftransilvania.ro](http://www.siftransilvania.ro)

**EXECUTIVE PRESIDENT/C.E.O.,**  
Mihai FERCALA

**Certified by the Depository Company**  
**BRD-Groupe Societ  Generale S.A. Bucharest**  
Director Claudia IONESCU

**EXECUTIVE VICE PRESIDENT/  
DEPUTY C.E.O.,**  
Iulian STAN

**FINANCIAL MANAGER,**  
Diana VERES

**PORTFOLIO MANAGEMENT  
DIVISION  
MANAGER,**  
Sorin Ion RADULESCU



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Societate administrată în sistem dualist

13/7/2017

According to Annex no. 17  
to the N.S.C. Regulation no. 15/2004

## REPORT AS AT 30 June 2017

### Statement of Assets

RON 979,592,355 Total assets (Annex 16) = RON1,070,856,452

RON 913,829,898 Net Assets (Annex 16) = RON 953,038,283

Item		Beginning of the reporting period				End of the reporting period				Differences
		% of net assets	% of total assets	Currency - (equivalent in RON)	RON	% of net assets	% of total assets	Currency - (equivalent in RON)	RON	RON
1	2	3	4	5	6	7	8	9	10	11
I.	Total assets	107.20	100.00	14,911,538	964,675,105	112.36	100.00	15,268,911	1,055,587,541	91,269,809
1.	Securities and money market instruments, of which:	89.87	83.84	-	821,250,940	86.74	77.20	5,598,583	821,104,997	5,452,640
1.1.	Securities and money market instruments admitted or traded on a regulated market in Romania, of which:	89.87	83.84	-	821,250,940	86.16	76.68	-	821,104,997	-145,943



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1.1.1.	- shares	89.87	83.84	-	821,250,940	86.16	76.68	-	821,104,997	-145,943
1.1.2.	- bonds	-	-	-	-	-	-	-	-	-
1.2.	Securities and money market instruments admitted or traded on a regulated market in a member state, of which:	-	-	-	-	-	-	-	-	-
1.2.1.	- shares	-	-	-	-	-	-	-	-	-
1.2.2.	- bonds	-	-	-	-	-	-	-	-	-
1.3.	Securities and money market instruments admitted to a stock exchange in a non-member state or negotiated on another regulated market in a non-member state	-	-	-	-	0.59	0.52	5,598,583	-	5,598,583
1.3.1.	- shares	-	-	-	-	0.59	0.52	5,598,583	-	5,598,583
1.3.2.	- bonds	-	-	-	-	-	-	-	-	-
2.	Newly issued securities	-	-	-	-	-	-	-	-	-
3.	Other securities and money market instruments referred to in art. 187 indent a), of which:	10.79	10.07	2,231,733	96,412,256	10.00	8.90	2,128,653	93,198,351	-3,316,985
3.1.	- securities: unlisted shares <sup>*)</sup>	8.42	7.85	302,833	76,637,154	7.73	6.88	195,325	73,491,049	-3,253,613
3.2.	- unlisted bonds	2.38	2.22	1,928,900	19,775,102	2.27	2.02	1,933,329	19,707,301	-63,372
4.	Bank deposits, of which:	0.67	0.63	-	6,148,892	5.84	5.20	-	55,637,775	49,488,882
4.1.	bank deposits held at credit institutions in Romania, total, of which:	0.67	0.63	-	6,148,892	5.84	5.20	-	55,637,775	49,488,882
4.1.1.	- bank deposits in RON	0.67	0.63	-	6,148,892	5.84	5.20	-	55,637,775	49,488,882
5.	Derivatives traded on a regulated market	-	-	-	-	-	-	-	-	-



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6.	Current bank accounts and cash, total, of which:	0.68	0.64	4,860,365	1,361,026	0.10	0.09	179,957	743,834	-5,297,600
6.1.	in RON	0.15	0.14	-	1,361,026	0.08	0.07	-	743,834	-617,192
6.2.	in USD, equivalent in RON	0.50	0.47	4,575,261	-	0.01	0.01	73,215	-	-4,502,046
6.3.	in EUR, equivalent in RON	0.03	0.03	284,739	-	0.01	0.01	106,502	-	-178,237
6.4.	in GBP, equivalent in RON	0.00	0.00	365	-	0.00	0.00	240	-	-125
7.	Money market instruments, other than those traded on a regulated market, in accordance with article 101 paragraph (1) indent g) of Law no. 297/2004 - Government securities	0.00	0.00	-	0	0.00	0.00	-	0	0
8.	Equity securities held with NON-UCITS/ UCITS, total, of which:	6.17	5.76	7,809,109	48,584,289	5.09	4.53	7,351,358	41,182,176	-7,859,864
8.1.	Shares listed on BSE	3.69	3.44	-	33,701,107	2.61	2.32	-	24,836,592	-8,864,515
8.2.	Fund units – Investment Funds	2.48	2.32	7,809,109	14,883,182	2.49	2.21	7,351,358	16,345,584	1,004,651
9.	Other assets (amounts in transit, amounts at distributors, amounts at financial investment service firms, tangible and intangible assets, receivables, etc.)	-0.99	-0.93	10,331	-9,082,299	4.59	4.08	10,360	43,720,408	52,802,736

\*) Includes the value of the shares package issued by the Sibex Sibiu Stock Exchange, as a result of the decision to cease trading on the regulated spot market administered by Sibex as of 19.06.2017. After the completion of the merger with the Bucharest Stock Exchange, the said value will be included in the value of the shares held by S.I.F. Transilvania at the Bucharest Stock Exchange (quoted shares).



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**Net Asset Value per Unit**

Item	30.06.2017	30.06.2016	Differences
<b>Net Asset Value</b>	953,038,283	809,346,187	143,692,096
<b>Number of outstanding shares</b>	2,184,286,664	2,184,286,664	0
<b>Net Asset Value per share (RON/share)</b>	0.4363	0.3705	0.0658



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**Detailed Statement of Investments**

**Securities admitted or traded on a regulated market in Romania**

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value RON/share	Share value RON/share	Total value - RON -	Weight in the issuer's share capital %	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %
<b>Securities and money market instruments admitted or traded on a regulated market in Romania</b>										
1	ALUMIL ROM INDUSTRY BUCURESTI	ALU	30/06/2017	323,367	0.2000	0.6260	202,427.74	1.035	0.02	0.02
2	ANTIBIOTICE	ATB	30/06/2017	21,968,015	0.1000	0.5420	11,906,664.13	3.272	1.11	1.25
3	ARMAX GAZ SA	ARAX	30/06/2017	88,135	10.0000	2.4400	215,049.40	1.435	0.02	0.02
4	ARO-PALACE SA	ARO		345,704,600	0.1000	0.1248	43,143,934.08	85.740	4.03	4.53
5	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	BRD	30/06/2017	22,500,000	1.0000	13.4800	303,300,000.00	3.229	28.32	31.82
6	BIROUL DE TURISM PENTRU TINERET (BTT) SA	BIBU	28/06/2017	0	2.5000	1.0000	0.00	0.000	0.00	0.00
7	BURSA DE VALORI BUCURESTI SA	BVB	30/06/2017	671,184	10.0000	32.7000	21,947,716.80	8.746	2.05	2.30
8	CASA ALBA INDEPENDENTA SIBIU	CAIN	06/03/2017	419,484	2.5000	27.3779	11,484,591.00	53.319	1.07	1.21
9	CASA DE BUCOVINA-CLUB DE MUNTE SA	BCM	30/06/2017	6,434,481	0.1000	0.0696	447,839.88	3.845	0.04	0.05
10	COCOR SA	COCR	31/05/2017	30,911	40.0000	46.0000	1,421,906.00	10.246	0.13	0.15
11	COMCM SA CONSTANTA	CMCM	01/09/2014	134,049,930	0.1000	0.1569	21,032,434.02	56.725	1.96	2.21
12	COMP SA SIBIU	CMP	30/06/2017	3,353,936	0.1000	1.1850	3,974,414.16	1.533	0.37	0.42
13	CONCAS SA	CONK	17/10/2013	336,756	2.5000	39.5653	13,323,852.17	47.207	1.24	1.40
14	CONDMAG BRASOV	COMI	20/07/2015	19,000,000	0.1000	0.0000	0.00	4.982	0.00	0.00
15	DIGI Communications N.V.	DIGI	30/06/2017	50,000	0.0100	39.0000	1,950,000.00	0.146	0.18	0.20



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16	DORNA TURISM SA	DOIS	22/03/2017	455,793	2.5000	10.5205	4,795,170.26	32.014	0.45	0.50
17	DUPLEX SA	DUPX	09/05/2017	32,772	2.5000	0.0000	0.00	26.867	0.00	0.00
18	ELECTROMAGNETICA S.A.	ELMA	29/06/2017	5,426,452	0.1000	0.1715	930,636.52	0.803	0.09	0.10
19	EMAILUL SA	EMAI	28/06/2017	729,551	2.5000	12.0000	8,754,612.00	28.926	0.82	0.92
20	FEPER SA	FEP	23/06/2017	312,123,729	0.1000	0.0402	12,547,373.91	85.800	1.17	1.32
21	GASTRONOM SA	GAOY	30/06/2017	215,453	2.5000	23.0000	4,955,419.00	70.288	0.46	0.52
22	IAR SA	IARV	30/06/2017	863,212	2.5000	6.3200	5,455,499.84	4.572	0.51	0.57
23	INDEPENDENTA SA	INTA	06/06/2017	1,530,636	2.5000	5.0000	7,653,180.00	53.301	0.71	0.80
24	IUS SA	IUBR	28/06/2017	1,161,362	0.1000	0.1200	139,363.44	2.526	0.01	0.01
25	LEGMAS SA	LGMS	19/09/2012	175,429	2.5000	0.7992	140,202.86	7.276	0.01	0.01
26	LIDO SA	LIDO	30/06/2017	409,710	0.1000	0.3000	122,913.00	3.309	0.01	0.01
27	MECANICA CODLEA SA	MEOY	11/05/2017	100,260,250	0.1000	0.0584	5,855,198.60	81.072	0.55	0.61
28	MECON SA	MECP	26/06/2017	58,966	11.6000	4.6300	273,012.58	12.284	0.03	0.03
29	NEPTUN-OLIMP SA	NEOL	16/06/2017	30,194,757	0.1000	0.2000	6,038,951.40	41.185	0.56	0.63
30	OIL TERMINAL	OIL	30/06/2017	8,249,697	0.1000	0.1335	1,101,334.55	1.416	0.10	0.12
31	OMV PETROM SA BUCURESTI	SNP	30/06/2017	121,952,173	0.1000	0.2835	34,573,441.05	0.215	3.23	3.63
32	ORGANE DE ASAMBLARE SA	ORAS	14/03/2016	129,845,110	0.1000	0.0000	0.00	95.697	0.00	0.00
33	PRAHOVA ESTIVAL 2002 SA	PRAH	09/02/2017	1,288,584	0.1000	0.2572	331,423.80	39.624	0.03	0.03
34	PROSPECTIUNI SA BUCURESTI	PRSN	06/04/2016	41,129,011	0.1000	0.0000	0.00	5.728	0.00	0.00
35	ROMRADIATOARE SA BRASOV	RRD		11,477,141	1.6300	1.8480	21,209,756.57	76.514	1.98	2.23
36	S.N. NUCLEARELECTRICA	SNN	30/06/2017	1,135,402	10.0000	6.3900	7,255,218.78	0.377	0.68	0.76
37	S.N.G.N. ROMGAZ S.A.	SNG	30/06/2017	2,020,647	1.0000	30.7500	62,134,895.25	0.524	5.80	6.52
38	SANTIERUL NAVAL CONSTANTA SA	SNC	30/06/2017	471,605	2.5000	1.0600	499,901.30	0.726	0.05	0.05
39	SANTIERUL NAVAL SA	SNO	30/06/2017	5,711,432	2.5000	2.9800	17,020,067.36	50.000	1.59	1.79
40	SEMBRAZ SA	SEBZ	08/03/2017	719,900	2.5000	1.6485	1,186,755.15	90.968	0.11	0.12
41	SERVICE NEPTUN 2002 SA	SECE	29/01/2016	3,610,420	0.1000	0.4238	1,530,096.00	39.624	0.14	0.16



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42	SIBAREX SA	SIBX	25/11/2016	1,215,711	1.6000	0.0000	0.00	52.853	0.00	0.00
43	SIMEC SA	SIMI	30/06/2017	197,044	2.5000	4.5200	890,638.88	45.775	0.08	0.09
44	SSIF BRK FINANCIAL GROUP S.A.	BRK	30/06/2017	2,039,480	0.1600	0.0870	177,434.76	0.604	0.02	0.02
45	TERRACOTTA STAR SA	BAZL	13/04/2017	2,209,017	1.8000	0.4476	988,756.01	97.483	0.09	0.10
46	TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV	TSLA	30/06/2017	353,282,752	0.1000	0.0296	10,457,169.46	68.507	0.98	1.10
47	TRATAMENT BALNEAR BUZIAS SA	BALN	27/04/2017	145,615,772	0.1000	0.0984	14,328,591.96	91.871	1.34	1.50
48	TURISM COVASNA SA	TUAA	26/06/2017	439,760,355	0.1000	0.0474	20,844,640.83	93.326	1.95	2.19
49	TURISM FELIX SA	TUFE	26/06/2017	313,579,000	0.1000	0.2490	78,081,171.00	63.203	7.29	8.19
50	TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA	EFO	30/06/2017	449,920,140	0.1000	0.0944	42,472,461.22	77.713	3.97	4.46
51	TUSNAD SA	TSND	27/06/2017	230,601,476	0.1000	0.0430	9,915,863.47	76.408	0.93	1.04
52	UTILAJ GREU SA	UTGR	26/06/2017	476,226	2.5000	1.8000	857,206.80	70.387	0.08	0.09
53	VIOLA-INDEPENDENTA SIBIU	VIRO	11/06/2015	74,307	2.5000	43.5465	3,235,809.78	53.616	0.30	0.34
<b>TOTAL Securities and money market instruments admitted or traded on a regulated market in Romania</b>							<b>821,104,997</b>		<b>76.68</b>	<b>86.16</b>
<b>UCITS/NON-UCITS equity securities</b>										
1	FONDUL PROPRIETATEA SA	FP	30/06/2017	29,445,178	0.5700	0.8300	24,439,497.74	0.292	2.28	2.56
2	SOCIETATEA DE INVESTITII FINANCIARE OLTENIA S.A.	SIF5	30/06/2017	224,094	0.1000	1.7720	397,094.57	0.039	0.04	0.04
<b>TOTAL UCITS/NON-UCITS equity securities</b>							<b>24,836,592</b>		<b>2.32</b>	<b>2.61</b>
<b>TOTAL SHARES</b>							<b>845,941,589</b>		<b>79.00</b>	<b>88.76</b>

<sup>x)</sup> includes the shares presented in Chapter I row 1.1., as well as the shares held at FONDUL PROPRIETATEA and SOCIETATEA DE INVESTITII FINANCIARE OLTENIA S.A., presented in Chapter I row 8.



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Securities admitted or traded on a regulated market in a member state

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Share value	Total value	Weight in the issuer's share capital %	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %
	<b>TOTAL SHARES</b>								<b>0.00</b>	<b>0.00</b>

Securities admitted or traded on a regulated market in a non-member state

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Share value	Total value	Weight in the issuer's share capital %	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %
1	AGNICO EAGLE MINES Ltd.	AEM	30/06/2017	5,000	1.0000	179.6681	898,340.50	0.000	0.08	0.09
2	BIOGEN Inc.	BIIB	30/06/2017	500	1.0000	1,083.1334	541,566.70	0.000	0.05	0.06
3	ELDORADO GOLD CORP.	EGO	30/06/2017	100,000	1.0000	10.5687	1,056,870.00	0.010	0.10	0.11
4	GOLDCORP INC.	GG	30/06/2017	40,000	1.0000	51.3689	2,054,756.00	0.010	0.19	0.22
5	MYLAN NV	MYL	30/06/2017	2,500	1.0000	154.9500	387,375.00	0.000	0.04	0.04
6	SHIRE Plc.	SHPG	30/06/2017	1,000	1.0000	659.6752	659,675.20	0.000	0.06	0.07
	<b>TOTAL SHARES</b>						<b>5,598,583.40</b>		<b>0.59</b>	<b>0.52</b>

Money market instruments admitted or traded on a regulated market in Romania

No.	Issuer	Instrument symbol / series	Date of last trading session	Number	Instrument value	Total value	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %



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Money market instruments admitted or traded on a regulated market in a member state

No.	Issuer	Instrument symbol / series	Date of last trading session	Number	Instrument value	Total value	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %

Money market instruments admitted or traded on a regulated market in a non-member state

No.	Issuer	Instrument symbol / series	Date of last trading session	Number	Instrument value	Total value	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %

Instruments referred to in art. 187, indent a)

No.	Issuer	No. of shares/bonds held	Acquisition date <sup>1)</sup>	Maturity date	Acquisition price RON/share <sup>2)</sup> (RON/bond)	Share (bond) value (RON or equivalent RON)	Total value RON <sup>3)</sup> or equivalent RON	Weight in the issuer's share capital %	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %
<b>TOTAL SHARES , of which:</b>							<b>73,686,374</b>		<b>6.88</b>	<b>7.73</b>
1	ADES SA CONSTANTA CT	138,221	01.11.1996		0.0000	0.0000	0.00	40.81	0.00	0.00
2	AGRIAS SA CASTELU CT	39,098	01.11.1996		0.0000	0.0000	0.00	8.71	0.00	0.00
3	AGROHOLDING SA CONSTANTA CT	107,409	01.11.1996		0.0000	0.0000	0.00	21.73	0.00	0.00
4	AGROINDUSTRIALA SA BV	132,143	01.11.1996		0.0000	0.0000	0.00	12.20	0.00	0.00
5	ANCA-IRINA SA VENUS-MANGALIA CT	792,630	01.11.1996		0.0000	0.0000	0.00	91.07	0.00	0.00
6	APOLLO ESTIVAL 2002 SA CT	2,350,890	31.07.2002		0.4893	0.4893	1,150,290.48	39.62	0.11	0.12
7	ARCOM S.A. BUCURESTI BU	667	27.07.2007		0.0000	0.0000	0.00	0.19	0.00	0.00



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8	BANCA DE EXPORT IMPORT A ROMANIEI SA EXIMBANK BU	414,740	01.11.1996		1.9781	1.9781	820,397.19	0.31	0.08	0.09
9	BANCA INTERNATIONALA A RELIGIILOR SA BU	460,440	28.11.1997		0.0000	0.0000	0.00	2.30	0.00	0.00
10	BANCA ROMANA DE SCONT SA BV	150,000	01.11.1996		0.0000	0.0000	0.00	7.50	0.00	0.00
11	BRAV ROMPROT 2000 SA BV	4,060	31.12.1999		0.0000	0.0000	0.00	42.42	0.00	0.00
12	CEZOTOR SA TORTOMANU CT	68,783	01.11.1996		0.0000	0.0000	0.00	16.50	0.00	0.00
13	CNM PETROMIN SA CONSTANTA CT	5,358,861	01.11.1996		0.0000	0.0000	0.00	23.83	0.00	0.00
14	COMET SA HIRSOVA CT	65,453	01.11.1996		0.0000	0.0000	0.00	39.44	0.00	0.00
15	COMSIG SA MS	29,304	01.11.1996		0.0000	0.0000	0.00	27.09	0.00	0.00
16	CONSTRUCTII AERONAUTICE SA BV	4,283	30.11.2004		0.0000	0.0000	0.00	4.57	0.00	0.00
17	CONSTRUCTII COMPLEXE CONSTANTA SA CT	674	01.11.1996		0.0000	0.0000	0.00	14.15	0.00	0.00
18	CONSTRUCTII FERROVIARE CONSTANTA SA CT	7,083	01.11.1996		0.0000	0.0000	0.00	10.35	0.00	0.00
19	CONTINENTAL HOTELS SA BUCURESTI BU	2,729,171	31.12.1997		7.4521	7.4521	20,338,055.21	9.30	1.90	2.13
20	CRISTIANA SA BV	153,410	01.11.1996		123.6174	123.6174	18,964,145.33	99.80	1.77	1.99
21	DELTAROM SA TL	91,538	01.11.1996		0.0000	0.0000	0.00	21.59	0.00	0.00
22	DEPOZITARUL CENTRAL SA BUCURESTI BU	10,128,748	12.08.1999		0.0291	0.0291	294,746.57	4.00	0.03	0.03
23	DEPOZITARUL SIBEX SA SB	12,480	24.03.2009		22.9755	22.9755	286,734.24	5.44	0.03	0.03
24	DIVERSIS SA VN	11,149	01.11.1996		0.0000	0.0000	0.00	6.68	0.00	0.00
25	DOCURI SA GL	60,579	01.11.1996		4.9804	4.9804	301,707.65	3.53	0.03	0.03
26	ELECTROMECC SA CV	37,577	01.11.1996		0.0000	0.0000	0.00	23.81	0.00	0.00
27	ENERGO SA BV	113,047	01.11.1996		6.8998	6.8998	780,001.69	15.00	0.07	0.08
28	FELAM SA SB	374,907	01.11.1996		0.0000	0.0000	0.00	36.22	0.00	0.00
29	FERMA STUPINI UTB SA BV	5,343,195	23.02.2000		0.0000	0.0000	0.00	26.69	0.00	0.00



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30	FERMIT SA BZ	151,468	01.11.1996		11.9447	11.9447	1,809,239.82	16.37	0.17	0.19
31	FONDUL ROMAN DE GARANTARE A CREDITELOR PT.INTREPRI BU	3,697,948	21.12.2006		0.6454	0.6454	2,386,655.64	23.02	0.22	0.25
32	FRUVIILEG SA BRASOV BV	154,055	01.11.1996		0.0000	0.0000	0.00	30.00	0.00	0.00
33	FRUVIMED SA MEDGIDIA CT	332,528	01.11.1996		0.0000	0.0000	0.00	20.82	0.00	0.00
34	GRUP BIANCA TRANS SA BV	7,694,200	31.07.2006		0.5205	0.5205	4,004,831.10	70.84	0.37	0.42
35	HARGHITA SA HR	45,633	01.11.1996		0.0000	0.0000	0.00	31.42	0.00	0.00
36	HIDROMECHANICA SA BV	1,170,304	01.11.1996		0.0000	0.0000	0.00	36.27	0.00	0.00
37	ICIM SA BV	29,748	01.11.1996		0.0000	0.0000	0.00	3.59	0.00	0.00
38	ILEDIFICIA SA IL	35,768	28.02.2003		0.0000	0.0000	0.00	34.47	0.00	0.00
39	IMUM SA MEDGIDIA CT	405,313	01.11.1996		0.0000	0.0000	0.00	22.49	0.00	0.00
40	INTERNATIONAL TRADE&LOGISTIC CENTER SA BV	81,708,428	01.11.1996		0.0473	0.0473	3,864,808.64	87.30	0.36	0.41
41	IRUCOM SA HR	6,269	01.11.1996		0.9632	0.9632	6,038.30	17.41	0.00	0.00
42	ISTRIA ESTIVAL 2002 SA CT	543,940	31.07.2002		0.2638	0.2638	143,491.37	39.62	0.01	0.02
43	LEGUME FRUCTE BUZAU S.A. BZ	207,822	01.11.1996		2.7983	2.7983	581,548.30	25.23	0.05	0.06
44	LIANA 95 SA VENUS-MANGALIA CT	14,432,354	01.11.1996		0.0000	0.0000	0.00	29.79	0.00	0.00
45	MARCHIM SA VN	614,852	01.11.1996		0.0000	0.0000	0.00	23.76	0.00	0.00
46	MASINI UNELTE SI MECANIZARI UTB SA BV	11,009,890	23.02.2000		0.0000	0.0000	0.00	18.12	0.00	0.00
47	MECANICA SA SB	422,503	01.11.1996		0.0000	0.0000	0.00	10.89	0.00	0.00
48	MIDEX SA CT	32,338	01.11.1996		0.0000	0.0000	0.00	24.89	0.00	0.00
49	MOLDOVA ESTIVAL 2002 SA CT	1,862,343	31.07.2002		0.0000	0.0000	0.00	8.88	0.00	0.00
50	MULTI PREST SA MS	149,686	01.11.1996		0.0000	0.0000	0.00	14.48	0.00	0.00
51	MUNCA OVIDIU SA CT	326,479	01.11.1996		0.0000	0.0000	0.00	18.26	0.00	0.00
52	NAZARCEA OVIDIU SA CT	149,722	01.11.1996		0.0000	0.0000	0.00	30.08	0.00	0.00



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53	NEVOCECA SA NEGRU VODA CT	75,343	01.11.1996		0.0000	0.0000	0.00	13.63	0.00	0.00
54	NICOVALA SA MS	150,001	01.11.1996		0.0000	0.0000	0.00	23.72	0.00	0.00
55	NITRAMONIA SA BV	315,283	01.11.1996		0.0000	0.0000	0.00	2.10	0.00	0.00
56	REUTCOM UTB SA BV	2,134,920	23.02.2000		0.0308	0.0308	65,755.54	8.99	0.01	0.01
57	ROMAGRIBUZ SA RAMNICU SARAT BZ	83,146	01.11.1996		0.0000	0.0000	0.00	7.88	0.00	0.00
58	ROMAGRIBUZ VERGULEASA SA BZ	280,631	01.11.1996		0.0000	0.0000	0.00	37.30	0.00	0.00
59	ROMLAG SA BV	247,917	01.11.1996		0.0000	0.0000	0.00	22.84	0.00	0.00
60	S.I.F. TRANSILVANIA PROJECT MANAGEMENT COMPANY SA BV	44,999	26.03.2014		6.3784	6.3784	287,021.62	100.00	0.03	0.03
61	S.U.D.V. BRASOV S.A. BV	2,154,539	28.07.2004		0.0736	0.0736	158,574.07	9.33	0.01	0.02
62	SCUDIVER UTB SA BV	2,232,707	23.02.2000		0.0000	0.0000	0.00	11.91	0.00	0.00
63	SECOM SA MS	26,312	01.11.1996		0.0000	0.0000	0.00	27.09	0.00	0.00
64	SEMLACT SACELE SA CT	98,660	01.11.1996		0.0000	0.0000	0.00	30.00	0.00	0.00
65	SERE CODLEA SA BV	1,218,707	01.11.1996		0.0000	0.0000	0.00	12.52	0.00	0.00
66	SIBEX SIBIU STOCK EXCHANGE SB	1,714,283	31.01.2006		0.9733	0.9733	1,668,511.64	5.13	0.16	0.18
67	SIMARO-SIB SA SB	20,732	31.03.1998		0.0000	0.0000	0.00	10.02	0.00	0.00
68	SIRETUL PASCANI IS	17,116,533	23.03.2004		0.0000	0.0000	0.00	10.78	0.00	0.00
69	SOCIETATEA DE INVESTITII CERTINVEST IMM S.A. B1	1,125	11.11.2014		70.2778	70.2778	79,062.53	15.63	0.01	0.01
70	SOFT APLICATIV SI SERVICII SA SB	47,728	01.11.1996		5.5095	5.5095	262,957.42	28.33	0.02	0.03
71	STATIUNEA OGLINZI SA NT	1,093,552	23.02.2000		0.7927	0.7927	866,858.67	54.52	0.08	0.09
72	TOMIS CAR SA CT	61,561	01.11.1996		0.0000	0.0000	0.00	15.99	0.00	0.00
73	TOMIS ESTIVAL 2002 SA CT	522,893	31.07.2002		0.5817	0.5817	304,166.86	39.62	0.03	0.03
74	TOPLACER SA CT	179,022	01.11.1996		0.0000	0.0000	0.00	27.26	0.00	0.00
75	TRANSIL SA IL	16,857	01.11.1996		7.2376	7.2376	122,004.22	33.16	0.01	0.01



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76	TRANSILVANIA ESTIVAL 2002 SA CT	3,589,861	31.07.2002		0.1294	0.1294	464,528.01	11.14	0.04	0.05
77	TRANSILVANIA HOTELS & TRAVEL S.A. BU	1,123,180	01.11.1996		0.0000	0.0000	0.00	37.01	0.00	0.00
78	TURISM LOTUS FELIX SA BH	484,853,142	09.12.2009		0.0278	0.0278	13,478,917.35	38.27	1.26	1.41
79	The Foundations Feeder AA	124,000	23.02.2015		1.5752	1.5752	195,324.80	26.67	0.02	0.02
80	UNIVERSAL-IND SA IL	11,571	01.11.1996		0.0000	0.0000	0.00	25.91	0.00	0.00
81	UNIVERTIS SA CT	14,708	01.11.1996		0.0000	0.0000	0.00	18.03	0.00	0.00
82	UPRUC RAMA SA BV	312,639	29.12.2000		0.0000	0.0000	0.00	31.54	0.00	0.00
83	UPRUC SERV SA BV	192,850	29.12.2000		0.0000	0.0000	0.00	20.69	0.00	0.00
84	UPRUC TAP-SDV SA BV	200,197	29.12.2000		0.0000	0.0000	0.00	12.63	0.00	0.00
85	UPRUC UTCH SA BV	130,869	29.12.2000		0.0000	0.0000	0.00	23.34	0.00	0.00
86	VERITAS PANCIU SA VN	656,693	01.11.1996		0.0000	0.0000	0.00	26.33	0.00	0.00
87	VITIPOMICOLA FETESTI SA IL	74,336	01.11.1996		0.0000	0.0000	0.00	11.34	0.00	0.00
88	VITIVINICOLA BASARABI SA CT	342,580	01.11.1996		0.0000	0.0000	0.00	10.86	0.00	0.00
<b>TOTAL BONDS, of which:</b>							<b>21,640,630</b>		<b>2.02</b>	<b>2.27</b>
1	BANCA TRANSILVANIA SA	688,362	22.05.2013	22.05.2020	2.6079	2.8086	1,933,329		0.18	0.20
	<b>TOTAL BANCA TRANSILVANIA SA</b>	688,362					<b>1,933,329</b>		<b>0.18</b>	<b>0.20</b>
2	FEPER SA	800,000	30.12.2015	05.06.2018	2.5000	2.5172	2,013,791		0.19	0.21
3	FEPER SA	1,193,160	30.12.2015	05.06.2018	2.5000	2.5161	3,002,133		0.28	0.32
	<b>TOTAL FEPER SA</b>	1,993,160					<b>5,015,923</b>		<b>0.47</b>	<b>0.53</b>
4	ROMRADIATOARE SA BRASOV	2,260,000	27.11.2012	27.11.2017	2.5000	2.5061	5,663,761		0.53	0.59
	<b>TOTAL ROMRADIATOARE SA BRASOV</b>	2,260,000					<b>5,663,761</b>		<b>0.53</b>	<b>0.59</b>
5	S.A.I. CERTINVEST S.A.	900	12.12.2014	12.12.2019	10,000.0000	10,030.6849	9,027,616		0.84	0.95
	<b>TOTAL S.A.I. CERTINVEST S.A.</b>	900					<b>9,027,616</b>		<b>0.84</b>	<b>0.95</b>
<b>TOTAL Instruments referred to in art. 187, indent a) (total shares + total bonds)</b>							<b>95,327,004</b>		<b>8.90</b>	<b>10.00</b>



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<sup>1)</sup> For all the companies in the portfolio on the date of S.I.F. Transilvania's setting up (through reorganization of the former F.P.P. III Transilvania, according to Law no. 133/1996), the acquisition date is considered 1 November 1996; for all the other companies, the acquisition date is considered the date of first acquisition (irrespective of whether the stock existing on the reporting date was acquired through several acquisitions). In the case of bonds, the acquisition date is the payment date of the amount subscribed.

<sup>2)</sup> "Acquisition price" represents the average acquisition price for the securities in portfolio on the reporting date.

<sup>3)</sup> In the case of bonds, the total value includes the interest accrued up to the reporting date.

**Bonds or other traded debt securities issued or guaranteed by the State or by central public administration authorities**

No.	Series and number of issue	No. of securities	Acquisition date	Maturity date	Initial value	Daily increase	Accrued interest	Discounted value	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %	Intermediary bank

**Bonds or other traded debt securities issued or guaranteed by local public administration authorities**

No.	Issuer	No. of securities	Acquisition date	Maturity date	Initial value	Daily increase	Accrued interest	Discounted value	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %



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Bank deposits															
No.	Bank name	Currency	Set-up date	Maturity*	Initial value		Daily interest		Accrued interest		Discounted value		Weight in the SIF total assets %	Weight in the SIF net assets %	
					Currency	RON	Currency	RON	Currency	RON	Currency	RON			
1	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON	27.06.2017	04.07.2017		5,000,000		29.17		117		5,000,117	0.47	0.52	
2	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON	29.06.2017	06.07.2017		5,000,000		31.94		64		5,000,064	0.47	0.52	
3	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON	29.06.2017	06.07.2017		5,000,000		31.94		64		5,000,064	0.47	0.52	
4	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON	30.06.2017	03.07.2017		8,684,687		60.31		60		8,684,747	0.81	0.91	
	<b>TOTAL BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI</b>	<b>RON</b>				<b>23,684,687</b>				<b>305</b>		<b>23,684,992</b>	<b>2.21</b>	<b>2.49</b>	
1	ING BANK	RON	28.06.2017	05.07.2017		5,000,000		30.56		92		5,000,092	0.47	0.52	
2	ING BANK	RON	28.06.2017	05.07.2017		5,000,000		30.56		92		5,000,092	0.47	0.52	
3	ING BANK	RON	30.06.2017	03.07.2017		1,947,485		11.90		12		1,947,497	0.18	0.20	
	<b>TOTAL ING BANK</b>	<b>RON</b>				<b>11,947,485</b>				<b>195</b>		<b>11,947,680</b>	<b>1.12</b>	<b>1.25</b>	
1	OTP BANK ROMANIA SA	RON	08.06.2017	10.07.2017		5,000,000		47.95		1.103		5,001,103	0.47	0.52	
	<b>TOTAL OTP BANK ROMANIA SA</b>	<b>RON</b>				<b>5,000,000</b>				<b>1.103</b>		<b>5,001,103</b>	<b>0.47</b>	<b>0.52</b>	
1	UNICREDIT TIRIAC BANK	RON	07.06.2017	07.07.2017		5,000,000		55.56		1.333		5,001,333	0.47	0.52	
2	UNICREDIT TIRIAC BANK	RON	07.06.2017	07.07.2017		5,000,000		55.56		1.333		5,001,333	0.47	0.52	
3	UNICREDIT TIRIAC BANK	RON	07.06.2017	07.07.2017		5,000,000		55.56		1.333		5,001,333	0.47	0.52	
	<b>TOTAL UNICREDIT TIRIAC BANK</b>	<b>RON</b>				<b>15,000,000</b>				<b>4.000</b>		<b>15,004,000</b>	<b>1.40</b>	<b>1.57</b>	
<b>TOTAL DEPOSITS IN RON</b>							<b>55,632,172</b>				<b>5,603</b>		<b>55,637,775</b>	<b>5.20</b>	<b>5.84</b>
<b>GRAND TOTAL DEPOSITS</b>							<b>55,632,172</b>				<b>5,603</b>		<b>55,637,775</b>	<b>5.20</b>	<b>5.84</b>



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\* Maturity date represents the last day of the deposit (the amount being available in the current account the next day)

Fund units held in investment funds									
No.	Issuer	No. of fund units	Acquisition date	Acquisition price	Value /fund unit - RON or equivalent RON-	Total value	Weight in the issuer's share capital %	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %
1	ETFS 2X Daily Long Gold	15,000	14.11.2016	155.8345	155.8345	2,337,518	0.15	0.22	0.25
2	ETFS 3X Daily Short DAX 30	600,000	11.03.2015	8.3564	8.3564	5,013,840	6.00	0.47	0.53
<b>Subtotal open-end funds</b>						<b>7,351,358</b>		<b>0.69</b>	<b>0.77</b>
1	FOND INCHIS DE INVESTITII BET-FI INDEX INVEST	2,054	01.09.2014	538.0000	538.0000	1,105,052	9.82	0.10	0.12
2	FONDUL INCHIS DE INVESTITII MULTICAPITAL INVEST	3,400	14.11.2012	2,317.4000	2,317.4000	7,879,160	36.19	0.74	0.83
3	FONDUL INCHIS DE INVESTITII STAR VALUE	9,154	07.08.2015	804.1700	804.1700	7,361,372	29.44	0.69	0.77
<b>Subtotal closed-end funds</b>						<b>16,345,584</b>		<b>1.53</b>	<b>1.72</b>
<b>TOTAL Fund units</b>						<b>23,696,942</b>		<b>2.21</b>	<b>2.49</b>

Securities pending the sale according to Law no. 151/2014										
No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Share value	Total value	Weight in the issuer's share capital %	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %
3	CORAL SA			165,500	2.5000	0.0000	0.00	34.580	0.00	0.00
2	GALGROS			568,000	2.5000	3.5233	2,001,234.40	13.699	0.19	0.21
1	METALICA MEDGIDIA SA			19,875	2.5000	0.0000	0.00	6.667	0.00	0.00
4	VULTURUL SA			2,105,276	1.0000	0.2660	560,003.42	7.127	0.05	0.06
<b>TOTAL SHARES</b>							<b>2,561,238</b>		<b>0.00</b>	<b>0.00</b>



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**Money market instruments referred to in art. 187 indent a)**

No.	Issuer	Acquisition date	Maturity	Initial value	Daily increase	Discounted value	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %

**Newly issued securities**

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Share value	Total value	Weight in the issuer's share capital %	Weight in the S.I.F. total assets %	Weight in the S.I.F. net assets %
	TOTAL									



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**NAV and NAV/share in the last 3 years**

	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2017</b>
<b>Net Asset Value</b>	1,095,359,230.00	809,346,187.00	953,038,283.00
<b>Net Asset Value per share (RON/share)</b>	0.5015	0.3705	0.4363

Executive President / C.E.O.,  
Mihai FERCALA

Executive Vice President / Deputy C.E.O.,  
Iulian STAN

Financial Manager,  
Diana VERES

Portfolio Management Division  
MANAGER,  
Sorin Ion RADULESCU

## STATEMENT

The undersigned, Mihai Fercala- Executive President/CEO and Ștefan Szitas- Member of the Executive Board/Director, in the capacity of legal representatives of SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA S.A., with registered office in Brasov, 2, Nicolae Iorga Street, Unique Registration Code 3047687, under article 113, letter D, paragraph (1) indent c) of the N.S.C. Regulation no.1/2006

we hereby declare that, to the best of our knowledge, the Financial Statements prepared for the first half of 2017 reflect in a fair manner, from all significant points of view, the Company's financial position at 30 June 2017 and the result of its operations concluded at this date in accordance with the provisions of the Romanian accounting rules, namely the Accounting Law no. 82/1991, republished and the F.S.A. Norm no. 39/2015 on the approval of the Accounting regulations complying with the I.F.R.S. applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority from the Financial Instruments and Investments Sector.

We hereby declare that we take full responsibility for the preparation of the interim condensed financial statements as at 30 June 2017 and we confirm that:

**a)** The accounting policies used for preparing the interim condensed financial statements as at 30 June 2017 are compliant with the accounting regulations approved by the F.S.A. Norm no. 39/2015; the accounting policies and the calculation methods applied for preparing the H1 2017 financial statements are the same to the ones used for preparing the annual financial statements;

**b)** The interim condensed financial statements as at 30 June 2017 prepared by the Company under the legal regulations in force mentioned above, provide a fair, accurate and reality-based image of the Company's assets, liabilities, financial position, profit and loss and other comprehensive income, changes in shareholders' equity, cash flows, informative data, statement of non-current assets and of the other information included in the explanatory notes;

**c)** The Executive Board Report (accompanying the half-year financial statements) contains a correct analysis of the Company's development and achievements and describes the main risks and uncertainties specific to the activity carried out by the Company as "Other collective investment undertakings" with a diversified investment policy, set up by Articles of Incorporation;

**d)** The Company carries out its activity under the going concern principle.

Therefore, on behalf of the Company's Executive Board, we give the herein statement that will accompany the interim condensed financial statements prepared by the Company as at 30.06.2017 that have been approved by the Supervisory Board and the Executive Board.

The financial statements are not audited.

Ec. Mihai Fercala, PhD.  
Executive President/CEO

Ec. Ștefan Szitas.  
Member of the Executive Board/Director