SOCIETATEA DE INVESTIŢII FINANCIARE
TRANSILVANIA S.A.

HALF-YEAR REPORT AS AT 30 JUNE 2018

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- INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2018 prepared in accordance with Rule 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 F.S.A.

- Statement of assets and liabilities as at 29 June 2018 prepared according to Annex no. 16 to F.S.A. Regulation no. 15/2004

- Statement of investments as at 29 June 2018 prepared according to Annex no. 17 to F.S.A. Regulation no. 15/2004

INFORMATION ON THE COMPANY

The Half-year report as at 30 June 2018 prepared in accordance with: Law no. 297/2004, Law no. 24/2017, F.S.A. Regulation no. 5/2018 and R.N.S.C. (*Romanian National Securities Commission*) Regulation no. 15/2004, as subsequently amended and supplemented, B.S.E. (*Bucharest Stock Exchange*) Rulebook and F.S.A. Rule 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 from the Financial Instruments and Investments Sector.

Date of the report: 16 August 2018

Company name	Societatea de Investiţii Financiare Transilvania S.A.
Registered office	Brasov, 2 Nicolae Iorga Street, Zip Code 500057
Telephone / Facsimile	0268 41 61 71 0268 47 32 15
Web	www.siftransilvania.ro
Sole Registration Code	3047687
Tax code	RO3047687
Trade Register Number	J 08/3306/1992
Registered with F.S.A. as	Other Collective Investment Undertakings with a diversified investment policy under the Attestation no. 258/14 December 2005;
Registered with the Securities Registration Office within F.S.A.	Registration Certificate no. 401/20 August 1999, and no. 401/12 July 2007, respectively
Registered with F.S.A. Register at Section 9	Closed-end investment companies - under PJR09SIIR/080004, under Attestation 146/6 March 2006
Registered with F.S.A. Register at Section 7^1	Alternative Investment Fund Managers, Subsection 3 – Alternative Investment Fund Managers authorized by F.S.A. (A.I.F.M.) under no. PJR07^1 A.I.F.M./080005
Subscribed and paid-in share capital	RON 218,428,666.40
Main characteristics of the securities issued by the company	Common, nominal, undividable, of equal value and dematerialized, issued at the nominal value of RON 0.10/share
Regulated market on which the issued securities are traded	PREMIUM category of the BUCHAREST STOCK EXCHANGE (market symbol: SIF3)

The company is managed in a two tier system by an Executive Board under the control of a Supervisory Board.
The register of the company's shareholders is kept under contract and as provided by law, by the independent depositary and registry company Depozitarul Central S.A. Bucharest.
The depository services related to the financial instruments held in portfolio are provided by BRD Groupe Société Générale and the company's financial statements are audited by the financial (statutory) auditor Deloitte Audit S.R.L. Bucharest.

PREAMBLE

Due to the specific activity performed, the activity of S.I.F. Transylvania is related both to the Romanian economic and legal context and to the regional/global macroeconomic framework, a series of events recorded during the first semester of 2018, directly or indirectly influencing the Company's results and performance.

General macroeconomic context

At global level, in terms of macroeconomics, there were trends/general events with impact at the level of the financial markets.

The protective measures of the U.S. administration had a significant impact, at global level, on the volume and dynamics of the commercial exchanges, especially on the ones with China. The uncertainties regarding the pace in which FED shall continue the reference interest rate increase strategy maintain, the purpose of the monetary policy decision being the intention to allow enough space for counteracting a future recession.

In Europe, the delay in promoting significant structural reforms at the level of important economies which are part of the Community, and also the amplification of risks generated by speculations regarding some important chapters of the bilaterally negotiated agenda (UK vs. EU) for BREXIT implementation are the main tensions which could generate reconsiderations regarding the risk aversion of the investors.

At local level, a series of uncertainty-generating elements were rendered evident, influencing the perception of the investors with regard to the predictability of the national economic model.

The presence in the public space of contradictory messages in relation to themes of interest for the participants in the local capital market has determined the lack of predictability with regard to the level of stability of the macroeconomic indicators.

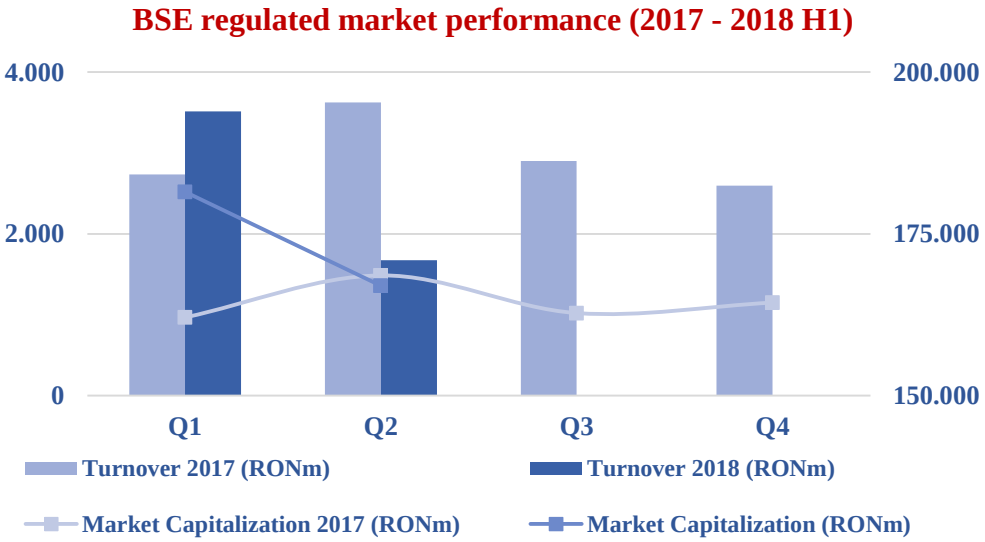
At the level of the estimations regarding the developments of the emerging economies from the South-Eastern and Central Europe, Romania maintains the status of performer with regard to the expected annual average dynamics of the Gross Domestic Product. It remains an uncertainty element the fact that the current pace of deceleration maintains such estimations over the interval which characterizes the potential growth (in this way continuing the tendency of exhausting the reserves of capacity and accumulation of inherent imbalances). Nevertheless, the strategy of gradual normalization of the monetary policy remains an instrument of calibration of the deceleration process towards/below the growth paces close to the level estimated as potential.

By reviewing the elements which determined the restoration of the trust of the consumers at the pre-crisis levels, we observe the same determinant factors, i.e. the low unemployment rate and the fast growth in real terms of the salary (with direct implications at the level of the real disposable income), the feeling of the consumers maintaining its role of favourable support for the latest developments of the private consumption and, implicitly, of the Gross Domestic Product.

Context of the Romanian capital market

During the first semester of 2018, the performance of the shares quoted on the regulated market, a basic segment of the Bucharest Stock Exchange, as compared to the one from the previous financial year, has recorded the following significant aspects:

- ⇨ by reference to the similar period of the previous year, the half-year value of the transactions made on B.S.E. regulated segment has recorded a lower level;
- ⇨ at the end of the first semester of the financial year 2018, the stock exchange capitalization of the regulated market was below the one recorded during the similar period of 2017 (yoy decline); still, the value of the indicator is above the reference level recorded at the end of the previous year (slight ytd advance); the analysis is not total return.



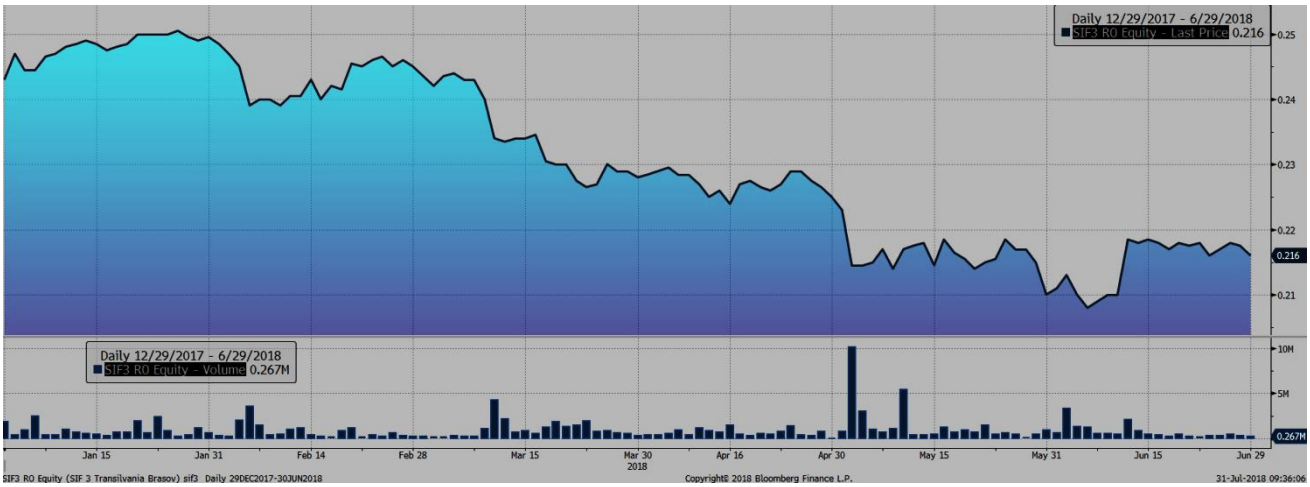
Source: Bucharest Stock Exchange

During the first semester of 2018, the TOTAL RETURN performance (calculated in the local currencies), recorded by the main index of the regulated market (BET), was upward, concretizing at the end of the period in a positive yield. During the entire considered period, the trend has consolidated the statute of performer assigned to the local capital market.

PERFORMANCE OF S.I.F. TRANSILVANIA SHARES DURING THE FIRST SEMESTER OF 2018

During the first semester of 2018, the SIF3 shares performance was characterized by the following trading milestones on the main market (BVB-Regs):

⇨ minimum closing quotation	RON 0.2080 /share
⇨ average quotation	RON 0.2284 /share
⇨ maximum closing quotation	RON 0.2505/ share
⇨ traded volume	112.2 million shares
⇨ number of trading sessions	122 sessions
⇨ daily average trading volume	0.9 million shares / session



Source: Bloomberg

The first six months of 2018 have recorded for SIF3 shares a negative trend concretized at the end of the period in a closing quotation lower as compared to the reference price of the period (closing of the trading session of 29 December 2017).

During the period, no registration data for dividend payments/cash distributions/other corporate events were recorded. Therefore, the aggregate yield is equal 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 closed-end financial investment company and it is authorized in the capacity of Alternative Investment Fund Manager (A.I.F.M.) according to the provisions of the Law no. 74/2015 on the alternative investment fund managers, under F.S.A. Authorization no. 40/15 February 2018. The company is authorized and supervised by the Financial Supervisory Authority, being classified in the category "Other collective investment undertakings (A.O.P.C) with a diversified investment policy". The company is managed in a two tier system by an Executive Board supervised by a Supervisory Board. S.I.F. Transilvania shares are traded on Bucharest Stock Exchange – symbol SIF3, Main segment, Premium category.

The objective of S.I.F. Transilvania is the administration of the investments in its portfolio and the permanent identification of investment opportunities, provided that a reasonable level of investment risk dispersion is ensured for the purpose of providing its shareholders with the possibility of obtaining attractive performances concomitantly with the increase of the invested capital.

The company holds and manages an investment portfolio which mainly consists in shares, bonds and other financial instruments. With regard to the share sub-portfolio, it includes shares listed on capital markets from Romania and international stock exchanges, and also unlisted shares. The investment portfolio of S.I.F. Transilvania is diversified and it includes both financial instruments which provide the right of control or of exercising a significant influence on other entities, and also other financial instruments.

Starting with the financial year 2015, S.I.F. Transilvania adopted the I.F.R.S. standards as the accounting base, in accordance with the requirements of the F.S.A. Rule 39/2015.

I.F.R.S. 10.4 provides certain exceptions from the preparation of the consolidated financial statements among which the exception applicable to the parent companies which are classified as "investment entities". During the investment entity statute revaluation process, S.I.F. Transilvania regularly reviews the extent to which the conditions of classification as investment entity are complied with. As of 1 January 2015, as a result of the carried out reviews, S.I.F. Transilvania management has found that the company complies with the requirements of the definition of an "investment entity" in accordance with I.F.R.S. 10.

Under these conditions, for the financial year 2017, S.I.F. Transilvania prepared a single set of financial statements, i.e. separate 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 several investors for the purpose of providing them 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.

As of 1 January 2015, the Company's financial investments have been measured at fair value. As of 1 January 2018, in IFRS 9 context, S.I.F. Transilvania has classified the investments in subsidiaries and associated entities, and the bonds and units held by the company as financial instruments at fair value through profit or loss. The investments of the company in other equity instruments (other than the subsidiaries and associated entities) are classified as financial assets at fair value through other comprehensive income and/or financial assets at fair value through profit or loss.

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

S.I.F. Transilvania applies an exit strategy based on the permanent monitoring of the investments made through the approved investment programs and on the analysis of the current market conjunctures, obtaining of higher yields and meeting the objectives established through the annual revenue and expenditure budgets.

S.I.F. Transilvania presents its strategy to its current and potential investors, being based on two documents which are discussed and approved by the General Meeting of Shareholders: multiannual strategic guidelines and the annual investment program.

On the date of this report, the following documents are valid:

- ✓ Strategic guidelines for the period 2017-2021;
- ✓ Investment Program for 2018.

The company frequently monitors the structure and performance of the investment portfolio and:

i. publishes on monthly basis the statement of assets and liabilities (net asset – Annex no. 16 according to F.S.A. Regulation 15 / 2004);

ii. calculates on monthly basis and publishes together with the quarterly/half-yearly/yearly reporting the Statement of the Assets (Detailed Statement of Investments – Annex no. 17 according to F.S.A. Regulation 15 / 2004).

Financial assets at fair value

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

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

- Level 1 input data are (unadjusted) quoted prices on active markets for identical assets and liabilities which the entity has access to on the measurement date;

- Level 2 input data are input data different from the quoted prices included at level 1, which are directly or indirectly observable for the asset or the liability;

- Level 3 input data are input data unobservable for the asset or the liability.

The establishment of the level of importance of the input data within the process of the fair value measurement in its aggregate requires the use of the professional rationale, considering the specific factors as a result of the complexity implied by the measurement of these investments and also of the reflection of the modifications of the fair value in the financial statements.

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

As at 31 December 2018, the Company holds in its portfolio financial assets measured at fair value classified at level 1 and 3 in the fair value hierarchy, as follows:

-RON-

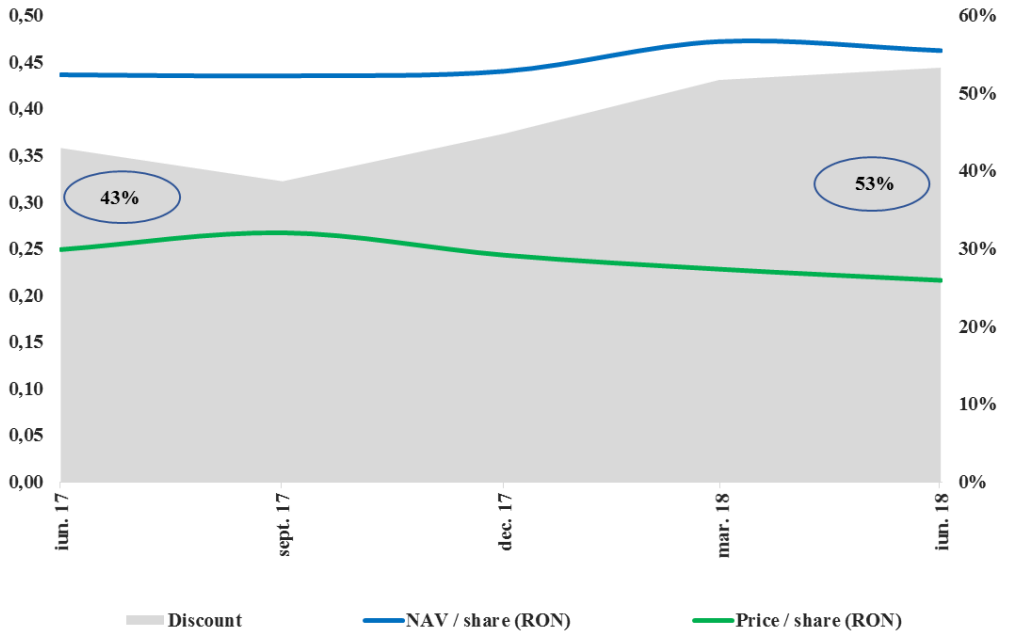
Financial assets as at 30 June 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	**433,575,272**	**-**	**29,328,221**	**462,903,493**
Shares	433,575,272	-	29,328,221	462,903,493
Corporate bonds	-	-	-	-
Fund units	-	-	-	-
Financial assets at fair value through profit and loss account	**216,637,343**	**-**	**337,484,998**	**554,122,341**
Shares	208,784,201	-	308,501,578	517,285,779
Corporate bonds	-	-	11,942,303	11,942,303
Fund units	7,853,142	-	17,041,117	24,894,259
Total financial assets at fair value as at 30 June 2018	**650,212,615**		**366,813,219**	**1,017,025,834**

Net asset

The Statement of assets and liabilities is prepared in RON for the end of the last business day of the month, and, if applicable, also for other dates. The statement of assets and liabilities, for a certain date, shall also be prepared and submitted in the format requested by F.S.A. (according to F.S.A. Regulations no. 9/2014 and 15/2004). The net asset is calculated on monthly basis by the Company, certified by the depository BRD – Groupe Societe Generale S.A. Bucharest and submitted to F.S.A. and B.S.E. no later than the 15th day of the following month.

The monthly value of the Company's net asset is determined as the difference between the total value of the held assets and the aggregate value of liabilities and deferred income.

Changes in SIF 3 shares' trading discount in the last 12 months



Source: S.I.F. Transilvania

Main aspects regarding the changes in the portfolio of financial instruments during the 2nd trimester of 2018

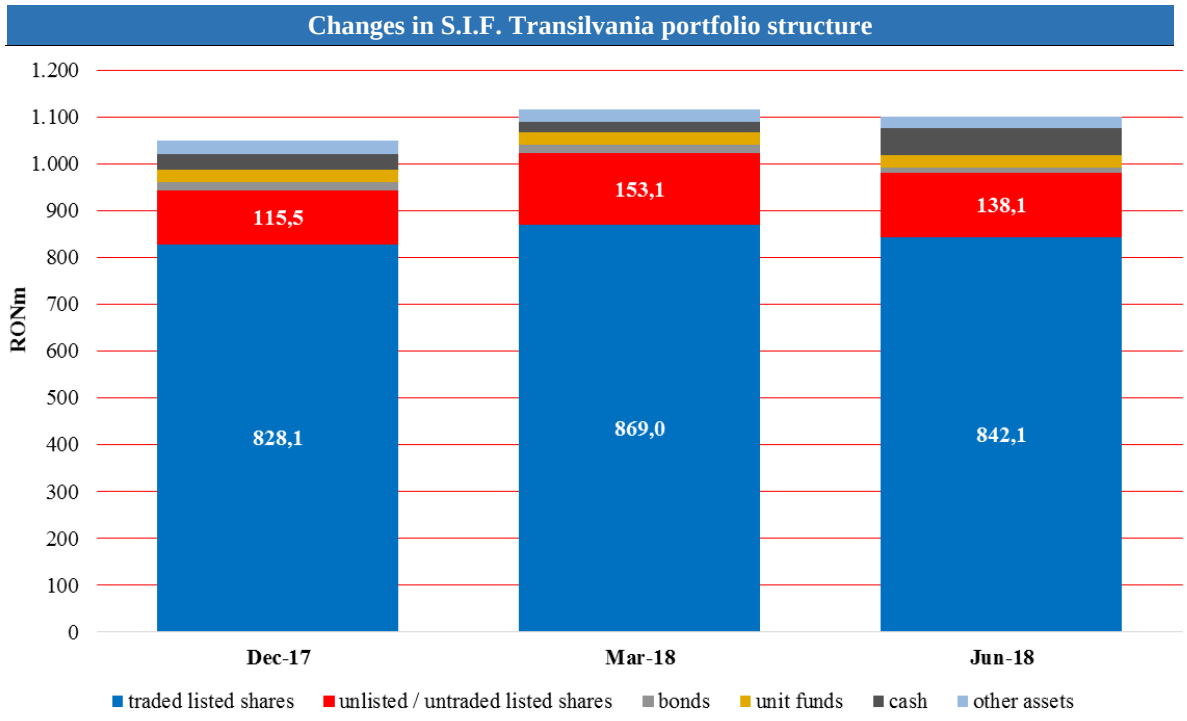
- ❖ half-year advance of the value of the total assets, considering a non-annualised growth rate of 4.9% corresponding to the first six months of 2018;

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

- RON million -	**Dec.-17**	*trend*	**Mar.-18**	*trend*	**June-18**
total assets	1,048.2	↗	1,114.9	↘	1,100.1
net asset	966.7	↗	1,028.7	↘	1,001.2
*companies in portfolio**	115	↘	107	↘	105
portfolio of financial instruments (including cash)	1,021.0	↗	1,089.8	↘	1,075.7
portfolio of financial instruments	987.1	↗	1,066.3	↘	1,017.0
cash and equivalent	33.9	↘	23.5	↗	58.6

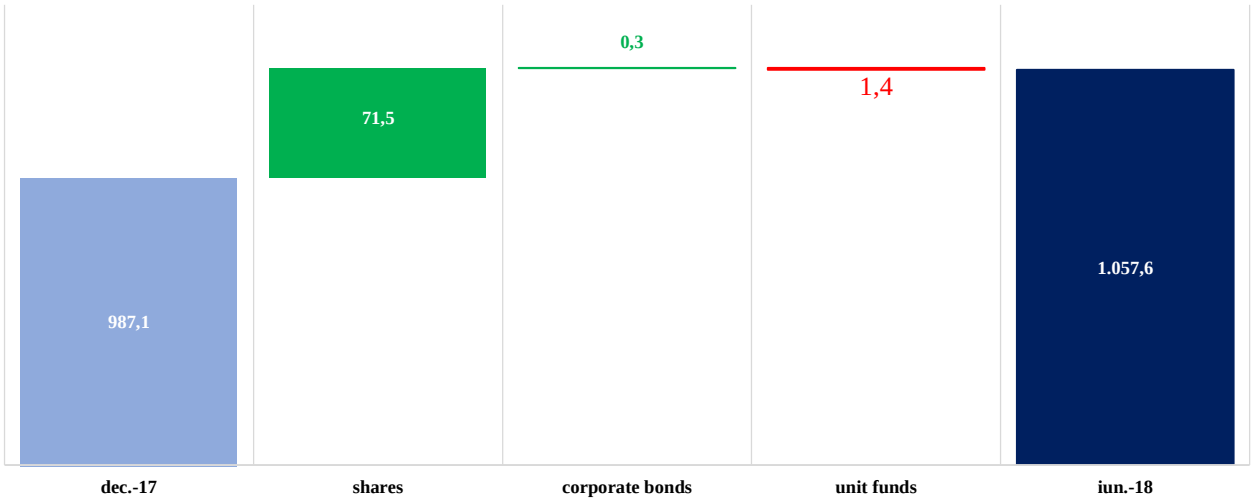
** including shares pending sale*

Source: S.I.F. Transilvania, I.F.R.S. fair value, Annex no. 16 according to F.S.A. Reg. 15 / 2004, F.S.A. Reg. 9 / 2014



Source: S.I.F. Transilvania, Annex no. 16 according to F.S.A. Reg. 15 / 2004, F.S.A. Reg. 9 / 2014

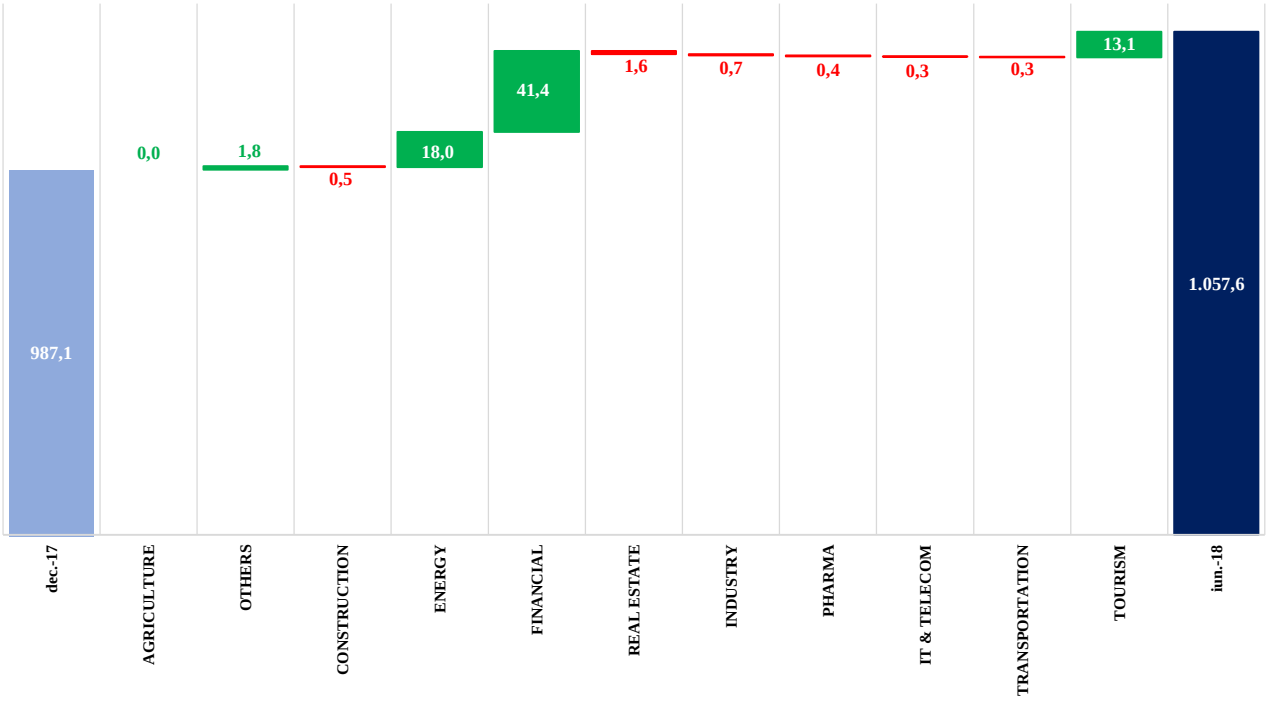
❖ analysis of the financial instruments portfolio variation (fair value + generated cash + attached receivables deducted from the fair value) – breakdown by financial instruments



Source: S.I.F. Transilvania

Obs.: The initial value (Dec.-17) of the financial instrument portfolio is calculated according to IFRS fair values. The final value (June-18) of the financial instrument portfolio is calculated by totalizing IFRS fair values with the contribution of each instrument resulted from the enforcement of the investment program [generated cash / cash immobilized through sale/acquisition transactions, cashed dividends, cashed cash distributions, other cashed amounts (shares pending sale, attached receivables]. The amounts are expressed in RON million.

❖ analysis of the financial instrument portfolio variation (fair value + generated cash + corresponding receivables deducted from the fair value) – breakdown by activity sector



Source: S.I.F. Transilvania

Obs.: The initial value (Dec.-17) of the financial instrument portfolio is calculated according to IFRS fair values. The final value (June-18) of the financial instrument portfolio is calculated by totalizing IFRS fair values with the contribution of each sector resulted from the enforcement of the investment program [generated cash / cash immobilized through sale/acquisition transactions, cashed dividends, cashed cash distributions, other cashed amounts (shares pending sale), attached receivables]. The amounts are expressed in RON million.

- the shares sub-portfolio has generated, at the managed asset value level, a net positive impact in total amount of RON 71.5 million; the impact determination is based on the fair values recorded by the financial instruments from the portfolio on the reference date, the result of the transactions made with the various financial instruments, the financial resources generated by such holdings (cashed dividends, cash involved in sale/acquisition operations), attached receivables (dividends to be cashed deducted from the fair value of the financial instruments);

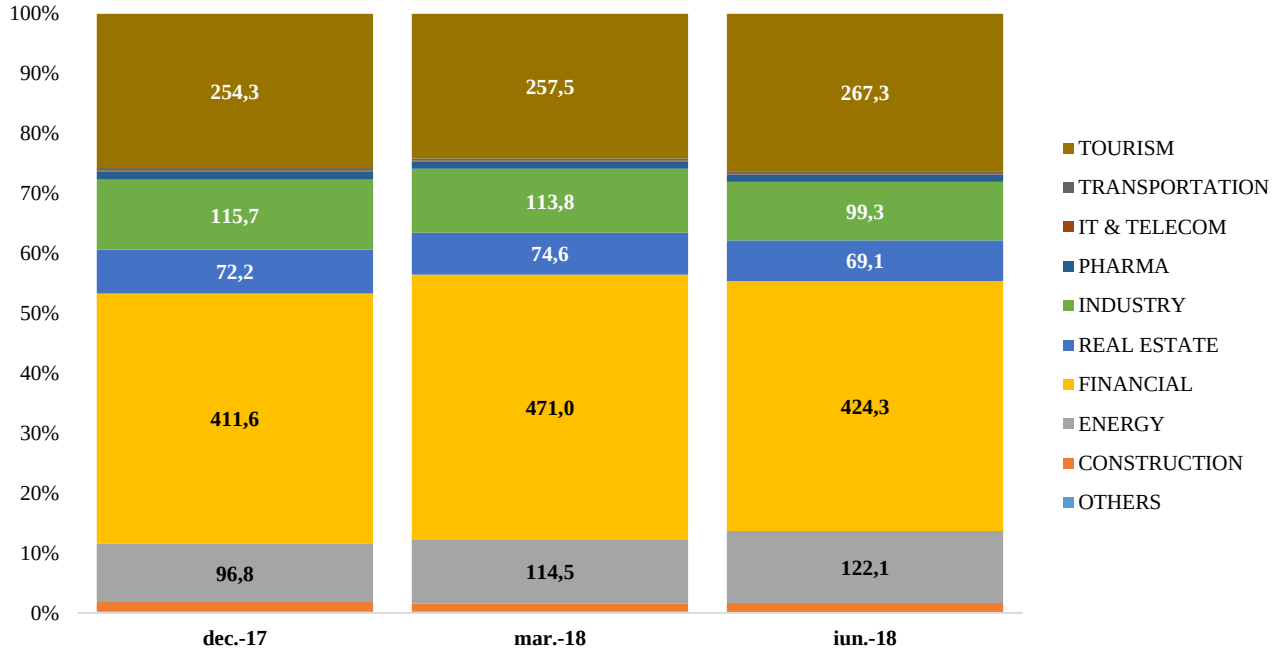
- the financial and energy sectors recorded the most significant net positive adjustments (RON 41.4 million and RON 18.0 million, respectively); the financial sector recorded the most important contribution at the level of the aggregate treasury;

- at portfolio level, there are sectors which record net negative adjustments, still, the variations being low in amplitude;

❖ the aggregate treasury (cash and cash equivalents) has increased by RON 24.8 million as compared to the beginning of 2018 as a result to a solid implementation of the investment program, the result being favourable even considering the implementation of the program for the redemption of own shares;

- during the first semester of financial year 2018, the number of companies in the shares portfolio managed by S.I.F. Transilvania has slightly decreased; the analysis also takes into consideration the securities pending sale;

- at operational portfolio level, the investment structure is characterized by a bisectorial concentration (the tourism and financial sectors account for over 2/3 of it);



Source: S.I.F. Transilvania
Obs.: Fair values (expressed in RON, including shares pending sale)

Investment strategy

The 2018 Investment Program complies with the Strategic Guidelines of S.I.F. Transilvania for 2017 – 2021 approved by the General Meeting of Shareholders of 28 April 2017 for closing the financial year 2017.

Considering the way in which it is conceived, the program remains a continuity element, being anchored in unitary multiannual strategic guidelines and consisting in the gradual engagement (conditioned by the general conjuncture of the financial markets) of the action instruments necessary to be implemented in order to meet the assumed objectives.

By implementing the Investment Program, S.I.F. Transilvania maintains its commitment regarding the acceleration of the portfolio restructuring process in order to meet the following objectives:

- providing the quality of the managed portfolio;
- generating sources for an efficient and attractive remuneration of the shareholders;
- structural balancing of the portfolio from sectoral perspective, of the classes of assets etc.;

► improving the portfolio liquidity through investments in financial instruments with a liquidity at least comparable with the one of the assets whose disinvestment has provided the financial resources.

In the context of:

- the strategic guidelines approved for 2017 – 2021 by the General Meeting of Shareholders for closing the financial year 2016,
- maintaining the statute of S.I.F. Transilvania of an investment entity which measures and assesses the performance of its investments based on the fair value,
- maintaining the classification of the majority of financial instruments from S.I.F. Transilvania portfolio as assets measured at fair value through profit or loss account,

S.I.F. Transilvania shall adapt its investment objectives, the courses of action and the strategic guidelines regarding the remuneration of the shareholders to the present and foreseen liquidity conditions.

The courses of action mentioned in the multiannual strategies represent basic instruments for continuous improvement of S.I.F. Transilvania activity.

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

- ⇨ amounts attached to the held shareholdings, which do not involve actual sale operations (dividends, coupons, cash distributions);
- ⇨ amounts resulted from carrying out speculative operations, in order to take advantage of favourable market conditions and conjunctures;
- ⇨ amounts resulted from the active management of the managed portfolio, with details per components below:
  - resources resulted from portfolio restructuring process by accelerating the sale of shareholdings held in unlisted companies or listed companies with low liquidity (according to the exit strategy defined at S.I.F. Transilvania level – basic element of the process of classification as investment entity);
  - sale of listed shareholdings with high liquidity, conditioned by the market conjuncture and current funding requirements (according to the same exit strategy);
- ⇨ attracted funding sources allowed by the legislation in force applicable to the sector in which S.I.F. Transilvania operates.

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

- ⇨ acquisition of listed shares with high liquidity for the extension of the sub-portfolio of companies with attractive dividend policy and structural portfolio rebalancing from sectoral perspective;

- ⇨ continuation of the process of developing and increasing the efficiency of the companies from the portfolio by using the entire range of operations allowed by the applicable legislation, according to the commitments undertaken through the previous investment programs, aiming at developing and optimizing the activity of the companies or balancing the structure of the invested capital;
- ⇨ performing speculative operations with a wide range of financial instruments allowed by the capital market regulations, in order to take advantage of favourable market conditions and conjunctures;
- ⇨ investments in companies which operate in fields with favourable perspectives and attractive profit margins correlated with the current governmental policies and market conjuncture;
- ⇨ continuation of the process of structural rebalancing of the managed portfolio by diversifying the investments in financial instruments meant to optimize the estimated yield/undertaken risk ratio;
- ⇨ performing operations with financial instruments allowed by the regulations of the capital market, in order to implement a market risk management strategy.

Other operations specific to the Investment Program:

- ⇨ sale/acquisition of monetary financial instruments with high liquidity which to allow the improvement of cash management operations, at the same time, making them more profitable.

Implementation of the investment program in the 2nd trimester of 2018

The investment efforts concretized in acquisition of financial instruments quoted on the local regulated market and characterized by high liquidity.

Thus, the investments made during the first semester of 2018 were exclusively focused on acquisitions at the level of the actively traded sub-portfolio classified as FVTPL, being focused on the consolidation of shareholdings in issuers with a stable dividend policy: Banca Transilvania, BRD, Conpet, Electrica, Fondul Proprietatea, OMV Petrom, Nuclearelectrica, Romgaz and SIF Oltenia;

In accordance with the desiderate of restructuring of the managed portfolio by liquidity criteria, and aiming at meeting the objective of investing in financial instruments with a liquidity at least comparable to that of the assets whose disinvestment has provided the financial resources, no unquoted financial instruments were acquired during the reviewed period.

Disinvestments were mainly focused on accelerating the managed portfolio restructuring (by liquidity criteria), marking speculative operations initiated in the previous trimesters and selling quoted shareholdings characterized by high liquidity conditioned by the market conjuncture.

During the first semester of 2018, a series of investments classified as FVTOCI were sold, the positive results of the operations being recognized in the retained earnings: sale of the entire stake held in IAR Ghimbav, Sibex Depository and Docuri Galati, partial receipts afferent to the process of withdrawal from Galgros Company and partial receipts afferent to some sale contracts.

In the context of the multiannual strategic guidelines, the 2018 investment program and the exit strategy of S.I.F. Transilvania, the process of active management of the entire managed portfolio was continued. During the 1st semester of 2018, a series of investments from the sub-portfolio classified according to IFRS 9 as FVTPL were sold, all the operations implying profits by reference to the closing prices afferent to 2017 (profits which support the 2018 REB execution): Fondul Proprietatea, S.N. Nuclearelectrica and S.N.G.N. Romgaz.

Portfolio management between January 2018 and June 2018

Between January 2018 and June 2018, S.I.F. Transilvania has continued to implement the measures mentioned in 2017-2021 Strategic Guidelines with regard to the management of the portfolio, namely:

- ⇨ identification of the companies proposed for "exit", especially of those whose shares are not admitted to trading on a regulated market or on alternative trading system;
- ⇨ monitoring and analysis of the activity of the companies from the portfolio based on the financial results reported by companies during the indicated period;
- ⇨ completion of the measures taken for the operationalization of the company which took over the shareholdings in non-operational companies; the transfer of the mentioned shareholdings determines the improvement of the management process and correct reflection of the quality and structure of S.I.F. Transilvania portfolio;
- ⇨ promotion of innovative and efficient management and administration systems (in the case of the companies in which S.I.F. Transilvania was holding the capacity of majority shareholder) including by establishing the performance criteria and objectives approved for 2018 for each company depending on the specificity of the activity, the value indicators established based on the Revenue and Expenditure Budget and the Investments Programs afferent to 2018;
- ⇨ completion of the processes for the stabilization and balancing of the activities of the companies in which S.I.F. Transilvania holds majority shareholdings, and benefited from investment programs (with a focus on the companies which operate in the tourism sector);
- ⇨ promotion of balanced dividend policies, which to determine the increase of S.I.F. Transilvania income from dividends, without affecting the capacity of the companies to generate performance in the future.

The measures to continue the process of restructuration and improvement of the portfolio managed by S.I.F. Transilvania shall be implemented based on a plan of measures approved by the Executive Board.

Changes in the portfolio structure by sectors (exclusive of shares pending sale)

Portfolio structure by sectors	2016		1st S 2017		2017		1st S 2018	
	No. of companies	%*	No. of companies	%*	No. of companies	%*	No. of companies	%*
Tourism	23	28.13	22	27.78	19	26.98	17	27.31
Real-Estate	14	7.48	13	6.35	12	7.66	12	7.06
Financial	14	38.43	15	39.30	14	39.61	12	39.59
Industry	36	11.16	39	11.43	26	11.73	24	10.15
Energy	7	10.98	7	11.12	8	10.27	9	12.48
Transport	5	0.48	4	0.44	3	0.42	3	0.37
Constructions	14	1.85	14	1.84	9	1.62	9	1.52
Pharmaceuticals	1	1.32	4	1.42	2	1.38	2	1.29
IT & Telecom	1	0.03	2	0.23	2	0.23	2	0.19
Agriculture & Fish Farming	18	0.00	17	0.00	9	0.00	7	0.00
Other sectors	13	0.16	12	0.08	7	0.10	5	0.09
Total	**146**	**100**	**149**	**100**	**111**	**100**	**102**	**100**

Source: S.I.F. Transilvania

*Obs.: * According to IFRS fair values, exclusive of shares pending sale*

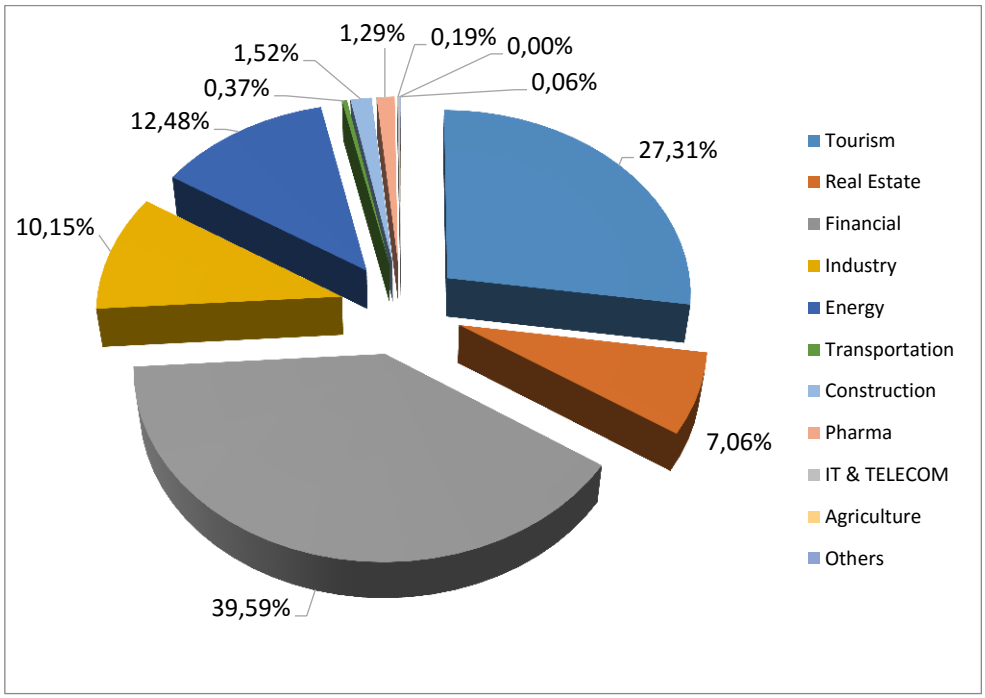
A significant decrease in number of the companies from the portfolio is observed (from 149 companies on 30 June 2017 to 102 companies on 29 June 2018), with a special focus on the following sectors: tourism (decrease from 22 to 17) and industry (decrease from 39 to 24). The decrease in number of companies was mostly caused by the transfer of the right of ownership regarding the shares issued by insolvent (bankrupt/liquidated) companies to S.I.F. Transilvania Project Management Company S.A. Brasov (33 companies from October 2017 to January 2018) as part of the managed share portfolio restructuring process.

Some of the portfolio operations, other than those of direct trading or capital market trading, afferent to the 1st semester of 2018, are:

- withdrawal from Depozitarul Sibex S.A. Sibiu and IAR S.A. Brasov as a result of exercising the withdrawal right conferred by the Law no. 31/1990, as subsequently amended and supplemented, following the change in the main scope of business of the two entities.
- merger of Bucharest Stock Exchange S.A. (absorbing company) with Sibex - Sibiu Stock Exchange S.A. (absorbed company).

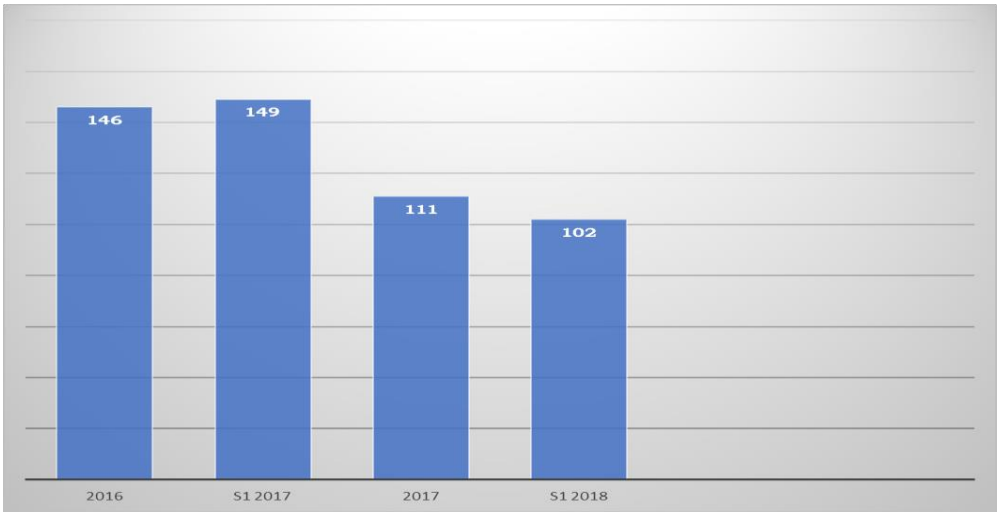
A significant increase of the value weight of *energy* sub-portfolio and a stabilization of the weight of *financial* and *tourism* sectors are recorded.

Portfolio structure by activity sectors as at 29 June 2018
(exclusive of shares pending sale)



Source: S.I.F. Transilvania
Obs.: According to IFRS fair values, exclusive of shares pending sale

Changes in the number of companies from the portfolio (exclusive of shares pending sale)



Source: S.I.F. Transilvania

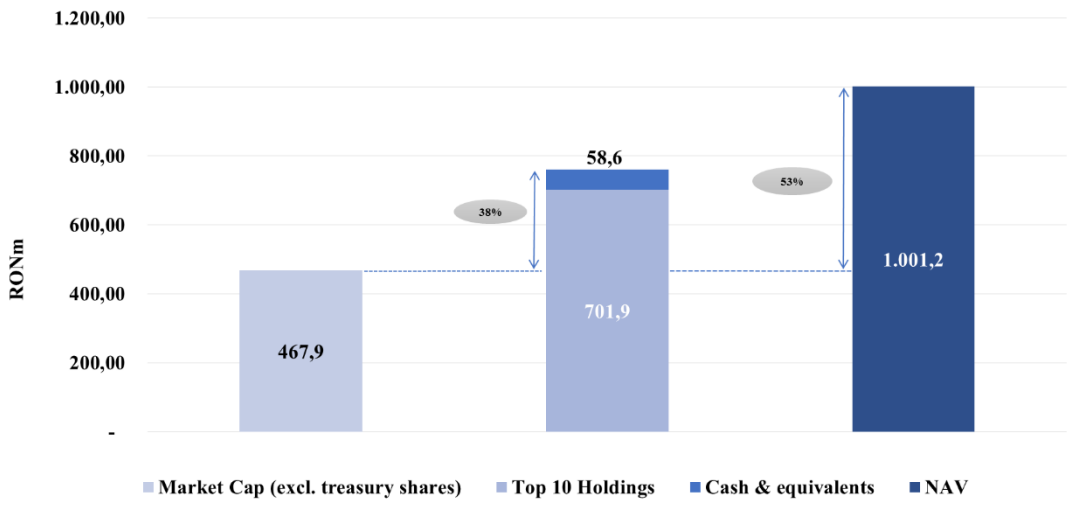
The decrease in number of companies from the portfolio (29 June 2018 as compared to 30 June 2017, i.e. 102 companies as compared to 149 companies) was especially caused by the decrease in number of unlisted companies (44 companies, from 88 to 44) as an important part of the share portfolio restructuring process, the majority of the shares being transferred to S.I.F. Transilvania Project Management Company S.A. (i.e. 33 companies from October 2017 to January 2018).

Top 10 holdings

Seq. no	Name	S.I.F holding percentage	Weight in Total Asset*
1	BRD - GROUPE SOCIETE GENERALE S.A.	3.35%	27.82%
2	TURISM FELIX S.A.	63.20%	7.07%
3	S.N.G.N. ROMGAZ S.A.	0.41%	5.37%
4	OMV PETROM S.A.	0.25%	4.20%
5	ARO PALACE S.A.	85.74%	4.12%
6	FEPER S.A.	85.80%	4.11%
6	T.H.R. MAREA NEAGRA S.A.	77.71%	3.23%
8	FONDUL PROPRIETATEA S.A.	0.41%	3.04%
9	TURISM COVASNA S.A.	93.33%	2.80%
10	CRISTIANA S.A.	99.80%	2.03%
	Top 10 holdings		**63.80%**
	Total financial instrument portfolio		**92.45%**

Source: S.I.F. Transilvania
**according to IFRS fair value (expressed in RON)*

SIF3 shares trading discount analysis



Source: S.I.F. Transilvania

Corporate governance

S.I.F. Transilvania is a closed-end financial investment company incorporated under articles of incorporation, being classified, according to F.S.A. regulations, in the category "*Other collective investment undertakings (A.O.P.C.) with a diversified investment policy*". Moreover, S.I.F. Transilvania is authorized by F.S.A. in the capacity of Alternative Investment Fund Manager (A.I.F.M.).

- **Governance structures**

S.I.F. Transilvania is managed in a two-tier system by an Executive Board, which carries out its activity under the control of a Supervisory Board.

On 30 June 2018, the Supervisory Board of S.I.F. Transilvania consisted of Mr. Stefan Szabo - President, Mr. Dumitru Carapiti – Vice-president, Mr. Constantin Fratila, Mr. Gheorghe Lutac, Mr. Crinel-Valer Andanut, Mr. Nicolae Petria (members elected by the Ordinary General Meeting of Shareholders of 28 April 2017). The Ordinary General Meeting of Shareholders of 27 April 2018 elected Mr. Marius Adrian Moldovan in the capacity of member, on the date of the report, him being in the process of being endorsed by F.S.A. The mandate of the members of the Supervisory Board shall expires on 27 April 2021.

With regard to the structure and positions held in the Supervisory Board, we make the following clarifications:

- under the Resolution of the Supervisory Board of 25 April 2018, Mr. Constantin Fratila was removed from office as Vice-president of the Supervisory Board, Mr. Dumitru Carapiti being appointed in this position. A series of shareholders of the company submitted requests to intervene to the Trade Register Office against the request of the Company to register the endorsement regarding the abovementioned removal from office, and Mr. Constantin Fratila requested in court the ascertainment of the absolute nullity of the abovementioned Resolution of the Supervisory Board (please, see the current reports of 19 April 2018 and 26 June 2018).

- the modification of the structure of the Supervisory Board as a result of the election of Mr. Marius Adrian Moldovan in the capacity of member of the Supervisory Board, based on the decision of the Ordinary General Meeting of Shareholders of 27 April 2018, is subjected to endorsement by F.S.A. On the dockets of Brasov Tribunal there are a petition for the cancellation of the provisions of Article 5 of the Decision no. 1 of the Ordinary General Meeting of Shareholders of 27 April 2018 regarding the abovementioned election and a petition to suspend the enforcement of the same article (please, see the current report of 21 May 2018).

From January 2018 until June 2018, 12 meetings of the Supervisory Board were summoned, among which: 5 meetings at the company's registered office, 5 meetings in electronic system and 2 meetings in teleconference system.

The Supervisory Board is supported in its activity by the Audit Committee, Remuneration Committee, Risk Committee and Nomination Committee, whose structure may be consulted on the Company's website.

In the 1st semester of 2018, the management of the Company was ensured by the Executive Board whose structure was as follows: Mr. Mihai Fercala – Executive President/Chief Executive Officer, Mr. Iulian Stan – Executive Vice-president/Deputy CEO and Mr. Stefan Szitas – Member of the Executive Board/Director. The current structure of the Executive Board was endorsed by F.S.A. under the Endorsement no. 352/23 May 2017. We state that, during the first semester of 2018, 29 meetings of the Executive Board were summoned.

Detailed information on the corporate governance structures of the Company may be accessed on the Company's website www.siftransilvania.ro, Section *About SIF Transilvania*.

- **Corporate events**

Under F.S.A. Authorization no. 40/15 February 2018, S.I.F. Transilvania was authorized in the capacity of Alternative Investment Fund Manager (A.I.F.M.), in accordance with the Law no. 74/2015 *on alternative investment fund managers*. During the process of authorization of the Company in the capacity of A.I.F.M., F.S.A. endorsed the amendments made to Article 6 of the Articles of Incorporation of S.I.F. Transilvania with regard to the scope, and it authorized the persons who occupy key positions in the company, i.e. risk management and compliance officer.

On 20 February 2018, S.I.F. Transilvania initiated an own share redemption program, in accordance with the Resolution of the Extraordinary General Meeting of Shareholders no. 1/15 December 2017. The program consisted in the redemption of maximum 21,842,867 of its own shares, representing 1% of the share capital, in exchange of a price between a minimum price equal to the market price of the company's shares on B.S.E. upon making the acquisition and a maximum price of RON 0.32/share. The purpose of the program consists in the decrease of the share capital. Until 30 June 2018, S.I.F. Transilvania has redeemed 18,305,710 of its own shares. According to the legal provisions, the own shares acquired during the redemption program do not confer the right to vote in the general meetings of shareholders or the right to receive dividends while they are held by the company.

Subsequently to the end of the reporting period, under the Current Report of 7 August 2018, the company's management has informed with regard to the completion of the redemption program. The program was implemented from 22 February 2018 until 6 August 2018, the total number of redeemed shares being of 21,842,867, and the average purchase price being of RON 0.2206/share. The total value of the redeemed shares was of RON 4,818,102.92 (exclusive of the broker's fees and other acquisition costs).

On 27 April 2018, the Extraordinary General Meeting of Shareholders and the Ordinary General Meeting of Shareholders took place.

The Extraordinary General Meeting of Shareholders approved the consolidation of the nominal value of the shares issued by S.I.F. Transilvania from RON 0.10/share to RON 5.00/share by increasing the nominal value of the shares concomitantly with the decrease of the total number of shares (50 shares with a nominal value of RON 0.10/share = 1 share with the nominal value of RON 5.00/share).

Under the Current Report of 1 August 2018, the company's management has communicated that, due to the pending disputes (the application for the suspension of the effects of the Resolution no. 1 of the Extraordinary General Meeting of Shareholders of 27 April 2018 and the application for the annulment of the same decision), the operation for the consolidation of the nominal value of the shares cannot be completed by complying with the due dates approved under the Resolution of the General Extraordinary Meeting of Shareholders no. 1/27 April 2018.

The Ordinary General Meeting of Shareholders approved the financial statements for 2017, the distribution of the net profit generated in 2017, the value of the gross dividend, the discharge from administration of the members of the Executive Board and of the Supervisory Board for the activity carried out during the financial year 2017, the Revenue and Expenditure Budget and the investment program for 2018 and the election of Mr. Marius Adrian Moldovan in the capacity of member of the Supervisory Board.

- **Relationship with shareholders and investors**

During the 1st semester of 2018, the Company complied with its obligations regarding transparency, information and reporting provided by the legal regulations and the B.S.E. Corporate Governance Code.

In this respect, current reports, periodical reports (preliminary financial statements for 2017, activity report and financial statements for 2017 and activity report and financial statements for the 1st trimester of 2018) and press releases were drafted and provided to the shareholders and investors by publishing them on B.S.E. website, F.S.A. website and Company's website and in the media, as the case may be. The reports and press releases were simultaneously disseminated in Romanian and English. Also, the Company published on its website all materials afferent to the agenda of the general meetings of shareholders which took place on 27 April 2018.

The company was in permanent contact with the shareholders through the Shareholders Department, answering to their questions and requests, via mail (including email), telephone and at the company's headquarters. Moreover, the subscribed shareholders receive via email a monthly newsletter which contains news regarding the company's activity, structure of the managed portfolio, performances of SIF3 shares, the execution of the Revenue and Expenditure Budget etc.

The representatives of the Shareholders Department can be contacted as follows:

- ✓ by telephone: 0268 401141, 0268 401157, 0800800112 (hotline available on business days from 9^{00} to 11^{00})
- ✓ by fax: 0268 473215, 0268 473216
- ✓ by e-mail: actionari@siftransilvania.ro, investitori@siftransilvania.ro.

Moreover, the shareholders may obtain information at the Company's headquarters the working hours being during the business days, from Monday to Friday, from 11^{00} to 13^{00}.

We state that the members of the Company's Executive Board participated during the first half of 2018 in a series of conferences and debates whose theme was the capital market, in which the activity and strategy of S.I.F. Transilvania were presented and promoted.

- **Shareholding structure as at 30 June 2018**

On 30 June 2018, according to the data received from Depozitarul Central S.A., the shareholding structure of S.I.F. Transilvania was as follows:

	Number of shareholders	Number of owned shares	% of the share capital
Resident natural persons	6,974,327	1,351,510,396	61.87
Resident legal persons	264	716,480,744	32.80
Total resident shareholders	**6,974,591**	**2,067,991,140**	**94.67**
Non-resident natural persons	2,337	30,886,746	1.42
Non-resident legal persons	35	85,408,778	3.91
Total non-resident shareholders	**2,372**	**116,295,524**	**5.33**
TOTAL	**6,976,963**	**2,184,286,664**	**100.00**

- **Policy regarding the remuneration of the shareholders**

The policy regarding the remuneration of the shareholders refers to the implementation of a mixture of complementary instruments for the remuneration and consolidation of the invested capital, which includes the distribution of dividends, implementation of own share redemption programs.

The dividend policy promoted by S.I.F. Transilvania considers the increase of attractiveness of SIF3 shares by ensuring a permanent balance between the remuneration of the company's

shareholders and the financial resources necessary to the implementation of the annual investment programs according to the medium/long term strategic objectives.

For the purpose of increasing the level of funding sources from the net profit which remain at company level for the development of the investment programs and assurance of sustainability of the company's activity, in full agreement with the long term interest of the shareholders, S.I.F. Transilvania intends to distribute cash dividends, but at a lower distribution rate.

As at 30 June 2018, the dividends distributed from the net profit of the financial year 2016 - in gross amount of RON 0.02/share and the dividends afferent to the financial years 2014 and 2015 not cashed in by the shareholders were available for payment through the payment agent BRD - Groupe Société Générale.

The Ordinary General Meeting of Shareholders of 27 April 2018 approved the distribution of dividends from the net profit generated during the financial year 2017 in gross amount of RON 0.01 for one share with a nominal value of RON 0.10. The payment of the dividends afferent to the financial year 2017 shall start on 26 October 2018 (payment date), the company notifying the shareholders through media with regard to the details concerning the payment.

With regard to the implementation of programs for the redemption of own shares, as stated above, the Company has implemented such program during which it has redeemed 1% of the share capital, in accordance with the Resolution of the Extraordinary General Meeting of Shareholders no. 1/15 December 2017. The company has provided on weekly basis notifications to B.S.E. and F.S.A. regarding the volume of redeemed own shares and the transaction prices.

With regard to the implementation of a process for the consolidation of the nominal value of the shares, the Extraordinary General Meeting of Shareholders of 27 April 2018 approved the consolidation of the nominal value of one share of S.I.F. Transilvania, from RON 0.10/share to RON 5.00/share by increasing the nominal value of the shares concomitantly with the decrease of the total number of shares (50 shares with a nominal value of RON 0.10/share = 1 share with the nominal value of RON5.00/share) and the procedure for the consolidation of this value. Through the Current Report of 1 August 2018, the company's management has communicated the fact that it is unable to implement the Resolution of the Extraordinary General Meeting of Shareholders regarding the consolidation of the nominal value of the shares.

- **Risk Management**

S.I.F. Transilvania has implemented at the company level a risk management system that includes policies, procedures and measures for identifying, measuring and managing risks.

The Risk Management Policies and Procedures are an integral part of the "Policies and Procedures for the Operation of S.I.F. Transilvania as an A.I.F.M.". According to the internal policies and procedures, the internal risk management system integrates competences and responsibilities across the entire organizational structure (Supervisory Board, Executive Board, Risk Management Department, Compliance Department, Internal Auditor, Operational Compartments).

Procedures are in place to manage and monitor all relevant risk categories at the company level (market risk, solvency risk, investment concentration risk, liquidity risk, operational risk).

The analyses conducted for the first semester of 2018 indicate a medium market risk profile of S.I.F. Transilvania, an appetite for medium risk and the compliance of the financial instruments portofolio structure with the requirements and limits provided by the legislation in force applicable to financial investment companies.

ANALYSIS OF THE FINANCIAL STATEMENTS

Economic and financial situation

At the end of the 1st semester of 2018, the company's financial and economic situation is summarized as follows:

Statement of assets, liabilities and equity

- RON -

INDICATORS	BALANCE AT THE END OF THE PERIOD (RON)		
	30 June 2018	31 December 2017	30 June 2017
NON-CURRENT ASSETS			
Intangible assets	59,185	69,979	66,955
Tangible assets	13,527,518	13,816,941	14,079,920
Financial assets	1,017,025,834	987,073,289	996,129,176
TOTAL NON-CURRENT ASSETS	**1,030,612,537**	**1,000,960,209**	**1,010,276,051**
CURRENT ASSETS			
Inventories	78,855	87,880	65,445
Receivables	10,278,444	10,545,572	3,712,647
Short term financial investments	-	-	-
Cash at bank and in hand	58,769,476	36,405,895	56,561,566
TOTAL CURRENT ASSETS	**69,126,775**	**47,039,347**	**60,339,658**
PREPAID EXPENSES	**372,173**	**228,977**	**240,743**
TOTAL ASSETS	**1,100,111,485**	**1,048,228,533**	**1,070,856,452**
LIABILITIES			
Liabilities due within less than one year (current liabilities)	60,841,244	42,277,480	76,689,068
Liabilities due within more than one year - total	38,098,769	39,243,315	41,129,101
TOTAL LIABILITIES	**98,940,013**	**81,520,795**	**117,818,169**
OTHER PROVISIONS	**-**	**-**	**-**
Tax provisions (registered in the reserves accounts)			
CAPITAL AND RESERVES			
Subscribed and paid-up share capital	218,428,666	218,428,666	218,428,666
Other equity	(4,069,817)	-	-
Reserve from revaluation of the financial investments measured at fair value through other comprehensive income	194,356,467	200,365,332	209,574,560
Reserves from revaluation	11,631,997	11,631,997	11,502,852
Total reserves, of which:	514,435,425	475,293,955	472,043,738
Legal reserves	39,894,350	39,894,350	36,644,133
Retained earnings	20,918,914	3,451	950
PROFIT/LOSS OF THE PERIOD	**45,469,820**	**64,234,554**	41,487,517
Profit distribution	-	(3,250,217)	-
TOTAL EQUITY	**1,001,171,472**	**966,707,738**	**953,038,283**
TOTAL LIABILITIES AND EQUITY	**1,100,111,485**	**1,048,228,533**	**1,070,856,452**

Source: S.I.F. Transilvania

On 30 June 2018, the Company's total assets have increased by RON 51.88 million as compared to the end of the previous year, of which:

- The **non-current assets** increased by RON 29.65 million.
  With regard to the movements recorded from 1 January 2018 until 30 June 2018 concerning the financial portfolio instruments, we state as follows:

  - ✓ share acquisitions (from internal markets) in amount of RON 39,240 thousand (OMV, BRD, Banca Transilvania, CONPET Ploieşti, Fondul Proprietatea, S.I.F. Oltenia, S.N. NUCLEAR ELECTRICA, S.G.N. ROMGAZ S.A., Societatea ENERGETICA ELECTRICA S.A.);

  - ✓ share sales in amount of RON 14.49 million (DOCURI S.A., FONDUL PROPRIETATEA, IAR S.A., NUCLEAR ELECTRICA and S.N.G.N. ROMGAZ S.A.)

- The **current assets** increase by RON 22.09 million, of which:
  - ✓ receivables decreased by RON 0.27 million;
  - ✓ cash at bank and in hand increased by RON 22.36 million.

- The **prepaid expenses** increased by RON 0.14 million.

The **Liabilities** at the end of the 1st semester of 2018 totalize RON 98.94 million, being RON 17.42 million higher than those recorded at the end of the previous year.

As concerns the **current liabilities** outstanding as at 30 June 2018, the amount of RON 57.60 million (94.68%) represents dividends due to shareholders.

The company has not signed any loan contracts, and the liabilities with due periods of more than 1 year are represented by the deferred tax calculated for the gain from the fair value differences of the assets available for sale (RON 38.10 million).

As compared to the end of the previous year, the **equity** recorded by the company on 30 June 2018 is higher by RON 34.46 million, the increase being mainly generated by the gain from the measurement at fair value of the financial assets held in portfolio.

Performance of the calculated net asset

The net asset, calculated according to the methodology presented in the internal procedure in accordance with F.S.A. Regulation no. 9/2014 (29 June 2018), as compared to the similar period from the previous year, has progressed as follows:

-RON-

INDICATORS		Value as at: 29 June 2018 *)	30 June 2017 *)	(%) Achievements 2018 / Achievements 2017
Total assets – calculated value		1,100,107,977	1,070,856,452	102.73
Total liabilities – calculated value		98,940,013	117,818,169	83,98
Calculated Net Asset	**RON**	**1,001,167,964**	**953,038,283**	**105.05**
	RON / share	**0.4622**	**0.4363**	**105.94**

Source: S.I.F. Transilvania

**)Calculated according to the internal procedure, in accordance with F.S.A. Regulation no. 9/2014, procedure which can be consulted on the Company's website: www.siftransilvania.ro.*

Cash flow

During the 1st semester of 2018, the Company recorded a positive cash flow, the detailed situation being found in the Statement of Cash Flow.

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

- RON thousand-

INDICATORS	REB 2018	REB 1st sem. 2018	Achieved 1st sem. 2018	Achievement degree % compared to: REB 2018	Achievement degree % compared to: REB 1st sem. 2018
Dividend income	56,980	40,573	47,188	82.82	116.30
Interest income	890	445	598	67.19	134.32
Gain/Loss from financial assets at fair value through profit or loss	14,870	8,720	7,396	49.74	84.82
Other operating income	4,000	-	444	11.10	-
Net operating income	**76,740**	**49,738**	**55,626**	**72.49**	**111.84**
Personnel expenses	12,500	6,000	5,809	46.47	96.82
Commissions and fees	2,854	1,629	795	27.86	48.80
Other expenses	6,189	3,161	3,155	50.98	99.81
Profit before tax	**55,197**	**38,948**	**45,867**	**83.10**	**117.77**

Source: S.I.F. Transilvania

According to the provided data, it results that the **net income** recorded in the 1st semester (cumulated as of the beginning of the financial year 2018) is by RON 5.89 million higher than the net income provided in the Revenue and Expenditure Budget for the first six months of 2018 and it represents 72.49% of the net income provided in the Revenue and Expenditure Budget for the entire year 2018.

The **operating expenses** recording in the 1st semester of 2018 totalize RON 9.8 million, being by RON 1.03 million lower than those provided in the Revenue and Expenditure Budget for the first six months of 2018, and they represent 45.30% of those provided in the Budget approved for this year.

The **profit before tax** as at 30 June 2018 is in amount of RON 45.87 million, RON 6.92 million higher than the amount provided in the Revenue and Expenditure Budget for the 1st semester of 2018.

Other relevant elements

Presentation and analysis of the trends, items, events or uncertainty factors that influence or might influence the Company's liquidity as compared to the same period of the previous year

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

The financial statements provided for the 1st semester of 2018 represent the condensed interim financial statements prepared for the activity performed by the Company considering the on-going concern principle.

Presentation and analysis of the effects on the financial situation of the issuer of all the capital expenses, current or anticipated (indicating the purpose and funding sources of such expenses) as compared to the same period of the previous year

Both the expenses incurred by the Company during the 1st semester of 2017, and the 1st semester of 2018, respectively, and those foreseen to be incurred during the following period have been and shall be funded from own sources.

Presentation and analysis of events, transactions, economic changes that significantly affect the income obtained from the main activity as compared to the corresponding period of the previous year

The income and expenses recorded by the Company during the 1st semester of 2018, as well as the ones foreseen to be generated during the following period, are and shall be influenced by the performance of the capital market, as well as by the financial position and the performances of the companies from S.I.F. Transilvania portfolio.

Changes which affect the capital and management of the Company

On 30 June 2018, the subscribed and paid-up share capital totalized RON 218,428,666.40, 2,165,980,954 shares being issued and circulating. The company has implemented a program for the redemption of its own shares, which was approved by the Extraordinary General Meeting of Shareholders of 15 December 2017, within the range of maximum 1% of the share capital – a program completed according to the Current Report of 7 August 2018.

Description of situations in which the Company was unable to comply with its financial obligations during the 1st semester

The Company permanently had the necessary liquidities available, allowing it to timely comply with all its financial obligations. At this moment, there is no factor or event causing 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 Company's share capital, the Company has verified the situation of the voting rights as at the reference date of the General Meeting of Shareholders convened for April 2018, under the conditions provided in the applicable regulations issued by the F.S.A.

Significant transactions/events that took place in the 1st semester of 2018

During the reviewed period, the company's investments targeted acquisitions/sales on both internal and external markets.

FINANCIAL AND ECONOMIC INDICATORS AS AT 30 JUNE 2018

INDICATOR	CALCULATION METHOD	RESULT
Current liquidity ratio[1)] (coefficient)	Current assets/Current liabilities	1.14
Indebtedness indicator[2)] (%)	$\frac{\text{Loan capital}}{\text{Equity}} \times 100$	not applicable
Clients' debts rotation speed[3)] (days)	$\frac{\text{Average clients balance (total receivables)}}{\text{Turnover}} \times 180$	31 days
Non-current assets rotation speed[4)] (coefficient)	$\frac{\text{Turnover}}{\text{Non} - \text{current assets}}$	0.054
Result per share (RON)[5)]	$\frac{\text{Net profit /Net loss}}{\text{Number of shares}}$	0.021
Net asset per share, calculated according to F.S.A. Regulation 9/2014 (RON/share)[6)]	$\frac{\text{Calculated asset value}}{\text{Number of shares}}$	0.4622

Source: S.I.F. Transilvania

Obs.: Indicators are calculated according to the Appendix 13 to F.S.A Regulation 5 / 2018.

1) This indicator offers the guarantee of covering the current liabilities from current assets

2) Expresses the effectiveness of credit risk management. S.I.F. Transilvania has concluded no loan agreements.

3) Expresses the Company's effectiveness in collecting its receivables, respectively the average number of days during which the debtors pay their debts to the Company. In the case of SIFs, turnover means the total net income from the current activity and in order to establish the average clients' balance all net receivables included in the balance sheet were calculated, the highest values being held by the debts resulting from dividends and related accessories, due and not collected.

4) Expresses the effectiveness of the non-current assets management. In the total non-current assets recorded in the Statement of Assets, on row 19, column 2, recorded in the books, the weight of the shares measured at fair value and held in the portfolio companies in the total non-current assets is of 98.73%.

5) Calculated by reference to the average weighted number of issued ordinary shares existing during the period, excluding the average number of redeemed shares held by S.I.F. Transilvania on the reporting date.

6) Calculated by reference to the number of issued and outstanding ordinary shares.

Executive President /CEO
Ec. Mihai FERCALA, PhD

Executive Vice President / Deputy CEO
Ec. Iulian STAN PhD

Ec. Stefan SZITAS
Member of the Executive Board/Director

SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA

INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA
INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2018

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SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA SA
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018
(All amounts in RON, unless otherwise stated)

	Note	30 June 2018	31 December 2017
Cash and cash equivalents	**11**	58,769,476	36,405,895
Financial assets at fair value through profit or loss	**12**	554,122,341	435,754,567
Financial assets at fair value through other comprehensive income	**13**	462,903,493	551,318,722
Other financial assets	**14**	4,992,232	4,893,224
Other assets	**15**	648,405	483,542
Current income tax assets		5,088,835	5,485,663
Intangible assets	**16**	59,185	69,979
Tangible assets	**16**	13,527,518	13,816,941
Total Assets		**1,100,111,485**	**1,048,228,533**
Other financial liabilities	**17**	59,775,685	40,730,689
Current income tax liabilities		-	-
Deferred income tax liabilities	**10**	38,098,769	39,243,315
Provisions		-	-
Other liabilities	**18**	1,065,559	1,546,791
Total Liabilities		**98,940,013**	**81,520,795**
Share capital	**19**	218,428,666	218,428,666
Retained Earnings/ Current Result		66,388,734	60,987,788
Revaluation reserve for investment securities at fair value through other comprehensive income	**20**	194,356,467	200,365,332
Revaluation reserve for premises and equipment	**21**	11,631,997	11,631,997
Other reserves	**22**	514,435,425	475,293,955
Other comprehensive income	**23**	(4,069,817)	-
Total Equity		**1,001,171,472**	**966,707,738**
Total Liabilities and Equity		**1,100,111,485**	**1,048,228,533**

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

Executive Vice President/
Deputy C.E.O
Ec. IULIAN STAN, PhD

Prepared by,

Financial Manager
DIANA VERES

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

Description	Note	30 June 2018	30 June 2017
Dividend income	**4**	47,188,154	24,222,524
Interest income	**5**	597,723	530,516
Net gains from the disposal of investment securities at fair value through other comprehensive income		-	9,028,131
Net gains from financial assets at fair value through profit or loss		7,396,116	17,724,311
Other operating income	**6**	444,086	1,790,321
Total net income		**55,626,079**	**53,295,803**
Personnel expense	**7**	(5,809,404)	(4,709,070)
Fees and commissions expense	**8**	(795,281)	(701,973)
Other operating expenses	**9**	(3,154,745)	(3,315,591)
Profit before tax		**45,866,649**	**44,569,169**
Income tax	**10**	(396,829)	(3,081,652)
Net profit at 30 June		**45,469,820**	**41,487,517**
Other Comprehensive Income:			
Items that may subsequently be reclassified to profit or loss:			
Gain/ loss from investment securities at fair value through other comprehensive income, net of deferred tax		(6,008,865)	41,406,567
Items that will not be subsequently reclassified to profit or loss:			
Revaluation of premises and equipment	**21**	-	-
Total Other Comprehensive Income at 30 June - Total		**(6,008,865)**	**41,406,567**
Total comprehensive income at 30 June		**39,460,955**	82,894,084
Earnings per Share		0.0208	0.0190
Diluted Earnings per Share		0.0208	0.0190

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Executive Vice President/
Deputy C.E.O
Ec. IULIAN STAN, PhD

Prepared by,

Financial Manager
DIANA VERES

SOCIETATEA DE INVESTIȚI FINANCIARE TRANSILVANIA SA
STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2018
(All amounts in RON, unless otherwise stated)

	Note	Share capital	Revaluation reserve for tangible assets	Revaluation reserve for the financial investments at fair value through other comprehensive income	Other reserves	Retained earnings	Other Comprehensive Income	Total
Balance at 1 January 2018		**218,428,666**	**11,631,997**	**200,365,332**	**475,293,955**	**60,987,788**	**-**	**966,707,738**
Total comprehensive income:								
Profit for the year		-	-	-	-	45,569,820	-	45,469,820
Other Comprehensive Income:								
Net gain/(loss) related to financial investments at fair value through other comprehensive income during the financial exercise, net of deferred tax	**20**	-	-	(6,008,865)	-	-	-	(6,008,865)
Revaluation reserve for tangible assets	**21**	-	-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**(6,008,865)**	**-**	**45,569,820**	**-**	**39,460,955**
Legal reserve						-		
Allocation of reserves from previous years' profits		-	-	-	39,141,470	(39,141,470)	-	-
Allocation of reserves as a result of the accounting policies modification (IFRS 9)		-	-	-	-	11,894,438		11,894,438
Allocation of reserves from the sale of the financial investments at fair value through other comprehensive income		-	-	-	-	9,021,024	-	9,021,024
Own shares redeemed	**23**	-	-	-	-	-	(4,069,817)	(4,069,817)
Dividends distribution		-	-	-	-	(21,842,866)	-	(21,842,866)
Balance at 30 June 2018		**218,428,666**	**11,631,997**	**194,356,467**	**514,435,425**	**66,388,734**	**(4,069,817)**	**1,100,171,472**

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	Executive Vice President/ Deputy C.E.O Ec. IULIAN STAN, PhD	Financial Manager DIANA VERES

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 2018
(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
Balance at 1 January 2017		**218,428,666**	**11,502,852**	**168,167,994**	**450,673,696**	**65,056,725**	**913,829,933**
Total comprehensive income:							
Profit for the year						41,487,517	41,487,517
Other Comprehensive Income:							
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, net of deferred tax	**20**	-	-	41,406,567	-	-	41,406,567
Revaluation reserve for tangible assets	**21**	-	-	-	-	-	-
Total comprehensive income for the period		-	-	41,406,567	-	41,487,517	**82,894,084**
Legal reserve							
Allocation of reserves from previous years' profits		-	-	-	21,370,042	(21,370,042)	-
Dividends distribution		-	-	-	-	(43,685,733)	(43,685,733)
Balance at 30 June 2017		**218,428,666**	**11,502,852**	**209,574,560**	**472,043,738**	**41,488,467**	**953,038,283**

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	Executive Vice President/ Deputy C.E.O Ec. IULIAN STAN, PhD	Financial Manager DIANA VERES

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

	1 January 2018 – 30 June 2018	1 January 2017 – 30 June 2017
Cash flows from operating activities, total, out of which:	**25,041,632**	**47,650,246**
Receipts form clients	1,727,233	259,844
Payments towards suppliers and employees	(6,469,105)	(5,994,616)
Proceeds from the sale of shares	21,851,028	44,351,327
Payments for purchasing shares and unit funds, out of which:	(41,639,929)	(14,786,266)
- shares classified as financial assets at fair value through profit or loss	(37,652,533)	-
- own shares redeemed	(3,987,396)	-
Income tax payments	-	-
Contributions, taxes, dues payments towards the State budget	(2,391,090)	(2,056,383)
Other receipts or payments from operating activities	4,445,441	1,527,032
Payments for the acquisition of tangible and intagible assets	(31,937)	(42,719)
Proceeds from sale of tangible assets	-	-
Interest received	705,172	804,156
Dividends received	46,927,772	23,812,296
Other receipts and payments from investment activities (including trading sales commission)	(82,953)	(224,425)
Cash flows from financing activities, total out of which:	**(2,678,051)**	**(3,458,999)**
Dividends paid to shareholders (including tax)	(2,678,051)	(3,458,999)
Net increase / (decrease) of cash and cash equivalents	22,363,581	44,191,247
Cash and cash equivalents at the beginning of the financial year	**36,405,895**	**12,370,319**
Cash and cash equivalents at the end of the financial reporting period	**58,769,476**	**56,561,566**

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

Executive Vice President/
Deputy C.E.O
Ec. IULIAN STAN, PhD

Prepared by,

Financial Manager
DIANA VERES

1. GENERAL INFORMATION

Societatea de Investiţii 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' s headquarters is located in Braşov, 2 Nicolae Iorga Street, Postal Code 500057

Contact information for the Company:

Phone: 0268-415529, 0268-416171, 0268-413752, 0268-473210, 0268-401132
Fax: 0268-473215, 0268-473216
Web page: www.siftransilvania.ro
e-mail: 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" with 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. Registered in the Financial Supervisory Authority (F.S.A.) Registry under Section 7¹- Alternative Investment Fund Managers, Subsection 3 - Alternative Investment Fund Managers authorized by the F.S.A. (A.F.I.A.A) under no. PJR07^{1}A.F.I.A.A./080005.

According to the Articles of Incorporation, the main activity of the Company is "Other financial service activities not elsewhere clasiffied" 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 have been 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 of Interests in Other Entities and IAS 27 - Consolidated and Separate Financial Statements ("Amendments"), being the date at which the classification criteria as an investment entity were fulfilled.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 Company's financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income and for the revaluation at fair value 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. Non-monetary assets and liabilities measured at fair value in foreign currency, including equity, are translated using the exchange rate at the fair value date.

The exchange rate of major foreign currencies were:

Currency	30 June 2018	30 June 2017	Increase/ (Decrease)
Euro (EUR)	1: RON 4.6611	1: RON 4.5539	1.02
US Dollar (USD)	1: RON 4.0033	1: RON 3.9915	1.00

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

a) As part of "Net Gain/(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;

b) As part of "Net Gain/(Loss) from realised FX differences from transactions" recorded in "Other operating income" for the realised FX differences from transactions during the period;

c) As part of "Net Gain/(Loss) from financial assets at fair value through profit or loss" for gain/loss occurred from the revaluation of financial assets at fair value through profit or loss; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) As part of "Net Gain/(Loss) from financial investments at fair value through other comprehensive income, net of deferred tax for gain/loss occurred from the revaluation of financial investments at fair value through other comprehensive income.

2.4 Use of estimates and judgements

The preparation of the 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 these considerations represents the basis for the judgements used for determining the accounting value of the assets and liabilities for which no other valuation sources are available.

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 future 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 considerations regarding the accounting policies applied

If a standard or an 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 corresponding to 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 or 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 a 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's ability 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 the entity's policy decisions, 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 act 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 more relevant information than other methods that would 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 in accordance with 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

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 for restating non-monetary items from the date of acquisition or contribution.

Starting 1 January 2004, the Romanian economy 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-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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 well as the financial instruments purchased primarily for the purpose of active and frequent trading, the corporate bonds and the fund units as financial assets at fair value through profit or loss.

The Company designates as 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 Executive Board 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 at fair value through other comprehensive income 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 investements at fair value through other comprehensive income

The Company's investments in equity instruments, other than those classified as financial assets at fair value thorugh profit or loss, are classified as financial investments at fair value through other comprehensive income. The method used to derecognise each category of financial investments at fair value thrugh other comprehensive income is "first in, first out", given the measurement and evaluation of the Company's performance at fair value.

The financial investments at fair value through other comprehensive income are measured at fair value through Other Comprehensive Income.

Dividends received from entities in which the Company holds equity are recognized in the profit or loss account for 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, when the accumulated gain or loss are reclassified from Other Comprehensive Income to an Retained Earnings account for the year.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets and financial liabilities (continued)

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 Asset Valuation Standars and the International Financial Reporting Standards on estimating the fair value (IFRS 13 "Fair value measurement").

The methodology was established separately for:

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

Fair value measurements are analysed by the 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 (as, for example, 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 from 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 corresponding items in the Statement of Financial Position.

(iii) Recognition

Financial assets and financial liabilities are initially measured at fair value plus, in the case of financial assets and financial liabilities other than those at fair value through profit or loss, the directly attributable trading costs, using the transaction date.

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 arise. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized at the transaction date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

Tangible assets are presented at their revalued value less accumulated depreciation and provision for impairment losses. Tangible assets in progress are 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, the 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.

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

The most recent 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 derecognition 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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Subsequent costs

The amounts paid or payable, generated by the repairs and daily maintance 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) Depreciation

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 earliest 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.

Category	**Years**
Buildings	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.

2.11 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 valadity 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 any 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 reliable estimated.

2.16 Contingent liabilities and 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 owed 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 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.

According to the Articles of Incorporation and the collective labour agreement, in addition to salaries and other salary rights, the members of the Supervisory Board, the members of the Executive Board and the Company's employees have the right to receive bonuses and incentives from the 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.

2.22 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 deffered 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax receivables are recognized to the extent that the Company is likely to 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 of financial investments at fair value through other comprehensive income. The Company registers deferred tax liabilities from holdings classifed as at fair value through other comprehensive income and from reserves from revaluation of tangible assets.

At 30 June 2018, the tax rate used to calculate the current and deferred tax was 16% (30 June 2017: 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.

Revenues are measured at the fair value of the 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 Intererest 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 Net 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.

b) Net gain/loss from the sale of financial investments at fair value through other comprehensive income

The net gain/loss from the sale of financial investments at fair value through other comprehensive income include the revaluation reserve of the financial investments at fair value through other comprehensive income recycled in the Profit or Loss upon the disposal of said financial investments.

2. SIGNIIFCANT ACCOUNTING POLICIES (CONTINUED)

Revenues from the sale / disposal of holdings will be recognized on the date when the ownership right 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 considered 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 estimates.

3.1 Classification as an Investment Entity

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 an investment entity.

At 31 December 2017 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 investors with investment management services;
b) commits to its investors 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 purpose is to carry out business activities specific to its main object of activity and to obtain profit to be distributed to its shareholders and/or to own sources to finance necessary and appropriate investments, permitted by its statutory object of activity and the legal provisions.

The Company’s multiannual strategic guidelines and the annual investment program approved by the General Meeting of Shareholders are public information presented on the the Company’s official website and can be consulted 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 while ensuring a reasonable level of investment risk

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

dispersion, in order to offer its shareholders both the opportunity to obtain attractive returns and the increase of the capital invested.

(c) Exit strategy

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

(d) Fair value measurement

Starting 1 January 2015 the Company's financial investments are measured at fair value. The 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 have been classified as financial investments available for sale and, starting 1 January 2018, due to the application of IFRS 9, they are classified as financial investments at fair value through other comprehensive income.

The fair value measurement process for the Company's financial instruments is carried out in accordance with S.I.F. Transilvania's internal procedures and the 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 the 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 carrying amount 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 subsidiary which has not been consolidated in the financial statements, 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. aquisition 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 2018, as compared to 30 June 2017, is as follows:

Entity	**30 June 2018**		**30 June 2017**	
		%		%
BANCA BRD - GROUPE SOCIETE GENERALE SA	35,738,412	75.74	15,811,800	65.28
CRISTIANA SA	682,675	1.45	2,761,380	11.40
OMV PETROM	2,740,152	5.81	1,710,000	7.06
FERMIT SA	-	-	908,808	3.75
EMAILUL SA	806,373	1.71	736,847	3.04
BURSA DE VALORI BUCURESTI SA	1,092,119	2.31	601,418	2.48
GASTRONOM SA	672,213	1.42	409,361	1.69
TRANSILVANIA LEASING SI CREDIT IFN SA	353,282	0.75	353,283	1.46
S.N. NUCLEARELECTRICA	1,411,173	2.99	313,564	1.29
IAR SA	128,250	0.27	270,617	1.12
UTILAJ GREU SA	71,339	0.15	-	-
SOFT AOLICATIV SI SERVICII SA	27,568	0.06	-	-
ALUMIL ROM INDUSTRY SA	127,795	0.27	-	-
BANCA EXIMBANK SA	36,636	0.08	-	-
DEPOZITARUL CENTRAL SA	51,588	0.11	-	-
DIGI COMUNICATIONS	16,625	0.04	-	-
OIL TERMINAL SA	60,702	0.13	-	-
BANCA TRANSILVANIA	454,422	0.96	-	-
CONPET PLOIESTI	15,279	0.03	-	-
FONDUL PROPRIETATEA	2,434,478	5.16	-	-
SOC.ENERGETICA ELECTICA	208,565	0.44	-	-
CASA DE BUCOVINA CLUB DE MUNTE	24,451	0.05	-	-
FOND INCHS DE INVESTITII BET-FI INVEST	19,513	0.04	-	-
OTHERS	14,544	0.03	345,446	1.43
Total	**47,188,154**	**100.00**	**24,222,524**	**100.00**

5. INTEREST INCOME

	30 June 2018	30 June 2017
Interest income from bank deposits	189,710	20,849
Interest income from corporate bonds	408,013	509,667
Total	**597,723**	**530,516**

6. OTHER OPERATING INCOME

	30 June 2018	30 June 2017
Foreign exchange gains from transactions	21,246	(168,320)
Other operating income	422,840	1,958,641
Total	**444,086**	**1,790,321**

7. PERSONNEL EXPENSE

	30 June 2018	30 June 2017
Salary expense	5,681,644	3,840,341
Social contribution expense	127,760	868,729
Total	**5,809,404**	**4,709,070**

8. FEES AND COMMISSIONS EXPENSE

	30 June 2018	30 June 2017
Commissions on the Net Asset Value paid to the FSA	469,377	436,965
Custody commissions	200,228	170,893
Trading costs	104,358	65,872
Other commissions	21,318	28,243
Total	**795,281**	**701,973**

9. OTHER OPERATING EXPENSES

	30 June 2018	30 June 2017
Legal fees	346,626	436,663
Other tax expenses (i)	555,712	574,534
Fixed assets depreciation expense	337,608	477,732
Audit and consultancy fees	269,969	282,664
Postal and telecommunication expenses	250,496	250,639
Supplies expense	90,233	84,910
Insurance premium expense	86,088	50,339
Utilities expense	68,272	70,371
Transportation expense	47,177	35,343
Protocol, donations and sponsorship expense	107,565	87,627

Rent	49,454	42,539
Maintenance and repairs expense	25,354	23,024
Net gain/loss from unrealised foreign exchange rate differences	157	408
Other expenses (ii)	920,034	898,797
Total	**3,154,745**	**3,315,591**

(i) "Other tax expense" include 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 maitenance, security, archiving, translation services, 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 to the drawn up of these financial statements give rise to temporary differences between the carrying value and the 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:

	30 June 2018	**30 June 2017**
Current income tax expense	396,829	3,081,652
Deferred tax income	-	-
Total	**396,829**	**3,081,652**

Deferred tax analysed by type of temporary difference source

The differences between the IFRS and the 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.

	1 January 2018	**Reversat în alte elemente ale rezultatului global**	**30 June 2018**
Tax effect of deductible/(taxable) temporary differences			
Fair value measurement of financial investments recognised through other comprehensive income	38,164,825	(1,144,546)	37,020,279
Fair value measurement of tangible assets	1,078,490	-	1,078,490
Net deferred tax liability	**39,243,315**	**(1,144,546)**	**38,098,769**

11. CASH AND CASH EQUIVALENTS

	30 June 2018	31 decembrie 2017
Current accounts at banks, in RON	1,531,715	1,205,155
Current accounts at banks, in foreign currency	900,191	996,407
Bank deposits, in RON	56,326,645	34,198,408
Petty cash, in RON	10,925	5,925
Total	**58,769,476**	**36,405,895**

At 30 June 2018 and 30 December 2017, 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 2018 and 30 December 2017, the bank deposits have a contractual maturity below 1 month.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Starting 1 January 2015, following the Company's classification 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 1 January 2018, following the adoption of IFRS 9, the Company has reclassified as financial assets at fair value through profit or loss its fund units, corporate bonds and some of its financial investments classified before 1 January 2018 as available for sale.

The statement of financial assets at fair value through profit or loss as at 30 June 2018, by type of financial instrument, is the following:

	30 June 2018	31 decembrie 2017
Equity securities quoted on internal markets, of which:	458,817,345	378,300,066
- quoted on BSE	206,131,413	129,329,127
- quoted on alternative markets (AeRo)	252,685,932	248,970,939
Equity securities quoted on international markets	4,851,207	-
Unquoted equity securities	53,617,226	52,342,165
Corporate bonds issued by Romanian entities	11,942,303	5,112,336
Quoted fund units	7,853,143	-
Unquoted fund units	17,041,117	-
Total	**554,122,341**	**435,754,567**

The investments in subsidiaries are the following:

Entity	Fair value at 30 June 2018	% în capitalul social al emitentului	% drept de vot
S.I.F. TRANSILVANIA PROJECT MANAGEMENT COMPANY SA	281,397	100.00	99.998
CRISTIANA SA	22,368,819	99.80	99.80
TERRACOTTA STAR SA	0	97.48	97.48
ORGANE DE ASAMBLARE SA	0	95.70	95.70
TURISM COVASNA SA	30,783,225	93.33	95.15

TRATAMENT BALNEAR BUZIAS SA	15,639,134	91.87	91.87
SEMBRAZ SA	1,032,840	90.97	90.97
INTERNATIONAL TRADE&LOGISTIC CENTER SA	5,033,239	87.30	87.30
FEPER SA	45,257,941	85.80	97.53
ARO-PALACE SA	45,356,443	85.74	85.74
MECANICA CODLEA SA	7,880,456	81.07	81.07
TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA	35,543,691	77.71	77.71
ROMRADIATOARE SA BRASOV	20,651,967	76.51	76.51
TUSNAD SA	16,557,186	76.41	76.41
GRUP BIANCA TRANS SA	3,514,712	70.85	70.85
UTILAJ GREU SA	3,646,605	70.39	70.39
GASTRONOM SA	9,085,050	70.29	70.29
TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV	15,120,502	68.51	68.51
TURISM FELIX SA	77,767,592	63.20	63.20
COMCM SA CONSTANTA	2,198,419	56.73	56.73
VIROLA-INDEPENDENTA SIBIU	3,207,164	53.62	53.62
CASA ALBA INDEPENDENTA SIBIU	11,559,133	53.32	53.32
INDEPENDENTA SA	1,219,917	53.30	53.30
SIBAREX SA	0	52.85	52.85
SANTIERUL NAVAL SA	16,106,238	50.00	50.00
Total	**389,811,670**		

All the Company's subsidiaries are incorporated in Romania.

The statement of corporate bonds measured at fair value through profit or loss held by the Company as at 30 June 2018 and 31 December 2017 is the following:

Entity	Currency	Units at 31 December 2017	Units at 30 June 2018	Fair value at 31 December 2017	Fair value at 30 June 2018	Maturity date
Organe de Asamblare SA	RON	2,200,000	2,200,000	-	-	25 ianuarie 2017
Feper SA	RON	1,993,160	900,000	5,112,336	-	5 iunie 2018
Sibarex SA	RON	900,000	-	-	-	21 noiembrie 2016
Banca Transilvania	RON	688,362	688,362	2,228,292	2,159,016	22 mai 2020
Certinvest	RON	900	900	9,769,885	9,783,287	12 decembrie 2019
Total				**17,110,513**	**11,942,303**	

At 30 June 2018, the Company held corporate bonds issued by:

- *Organe de Asamblare SA Brașov* – 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 2018, the accrued interest related to these bonds is RON 835,189. The bonds issued are secured by the assets from the patrimony of Organe de Asamblare. As a result of the issuer's bankruptcy in August 2016, the collection of the principal and overdue interest became unlikely, the fair value of these receivables at 30 June 2018 being zero (31 December 2017: zero).

- *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 6 months plus 2.00%. Interest payments are made quarterly. At 30 June 2018, the accrued interest related to these bonds was RON 211,247. 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 2018 is zero (31 December 2017: zero). The bonds 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.

- *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 6 months plus 6.25%. At 30 June 2018, the accrued interest related to these bonds is RON 53,395. Interest payments are made semiannually on 15 January and 15 July. 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 semiannually, on 15 June and 15 December. The accrued interest as at 30 June 2018 is RON 27,616.

The statement of fund units at fair value through profit or loss as at 30 June 2018, as compared to 31 December 2017 is the following:

	30 June 2018		31 December 2017	
Entity	**Units**	**Fair value**	**Units**	**Fair value**
Fondul Inchis de Investitii Multicapital Invest	3,400	8,315,890	3,400	9,184,454
Fond Inchis de Investitii Bet-Fi Index Invest	2,054	1,139,970	2,054	1,298,128
Fondul Inchis de Investitii Star Value	9,154	8,725,227	9,154	9,123,426
ETFS 2X Daily Long Gold	15,000	2,227,609	15,000	2,412,792
ETFS 3X Daily Short DAX 30	600,000	4,485,563	600,000	4,255,238
Total	**629,608**	**24,894,259**	**629,608**	**26,274,038**

13. INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Starting 1 January 2018, following the adoption of IFRS 9, the Company has reclassified as financial assets at fair value through profit or loss some of its financial investment classified before 1 January 2018 as available for sale.

The structure of financial investments at fair value through other comprehensive income by the type of assets is presented as follows:

	30 June 2018	31 December 2017
Equity securities quoted on Romanian markets	439,916,826	481,907,653
Equity securities quoted on international markets	-	4,664,517
Unquoted equity securities	22,986,667	26,474,336
Corporate bonds	-	11,998,178
Quoted fund units	-	7,966,158
Unquoted fund units	-	18,307,880
Total	**462,903,493**	**551,318,722**

14. OTHER FINANCIAL ASSETS

	30 June 2018	31 December 2017
Other financial assets neither past due nor impaired		
Other receivables	227,950	194,748
Receivables from group entities	-	-
Dividends receivable	271,042	10,601
Receivables from disposal of shares, out of which:	4,493,240	4,687,875
- *Biroul de Turism si Tineret S.A. ("B.T.T.")*	2,757,879	2,952,514
Total	**4,992,232**	**4,893,224**

15. OTHER ASSETS

	30 June 2018	31 December 2017
Supplies and other inventories	78,855	72,356
Prepayments	398,060	239,696
Other assets	171,490	171,490
Total	**648,405**	**483,542**

16. TANGIBLE AND INTANGIBLE ASSETS

	Land and Buildings	Plant and equipment	Fixtures, fittings, equipment and furniture	Licenses	Other intangible assets	Total
Balance at 1 January 2018						
Gross value	**13,657,692**	**640,183**	**170,114**	**364,712**	**771,671**	**15,604,372**
Accumulated depreciation	**(388,031)**	**(207,250)**	**(55,767)**	**(295,943)**	**(770,461)**	**(1,717,452)**
Net carrying value	**13,269,661**	**432,932**	**114,347**	**68,769**	**1,210**	**13,886,920**
Acquisitions	-	18,852	8,533	10,007	-	37,392
Disposals and transfers	-	-	-	-	-	-
Depreciation recorded during the year	(194,016)	(102,021)	(20,771)	(20,559)	(242)	(337,609)
Depreciation for the assets sold	-	-	-	-	-	-
Balance at 30June 2018						
Gross value	**13,657,692**	**659,035**	**178,647**	**374,719**	**771,671**	**15,641,764**
Accumulated depreciation	**(582,047)**	**(309,271)**	**(76,538)**	**(316,502)**	**(770,703)**	**(2,055,061)**
Net carrying value	**13,075,645**	**349,764**	**102,109**	**58,217**	**968**	**13,586,703**

	Land and Buildings	Plant and equipment	Fixtures, fittings, equipment and furniture	Licenses	Other intangible assets	Total
Balance at 1 January 2017						
Gross value	**13,657,692**	**551,052**	**164,927**	**348,672**	**770,219**	**15,492,562**
Acumulated depreciation	**-**	**-**	**-**	**(257,048)**	**(646,805)**	**(903,853)**
Net carrying value	**13,657,692**	**551,052**	**164,927**	**91,624**	**123,414**	**14,588,709**
Acquisitions	-	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	-	-	-	-	-	-
Balance at 30 June 2017						
Gross value	**13,657,692**	**585,364**	**164,927**	**350,258**	**770,219**	**15,528,460**
Acumulated depreciation	**(194,015)**	**(106,203)**	**(27,845)**	**(283,303)**	**(770,219)**	**(1,381,585)**
Net carrying value	**13,463,677**	**479,161**	**137,082**	**66,955**	**-**	**14,146,875**

The Company has no restrictions over its ownership titles and none of its tangible assets are pledged.
At the end of the first semester of 2018, the Company had no contractual obligations for the purchase of tangible assets.
The last revaluation of the land and buildings 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

Description	30 June 2018	31 December 2017
Trade payables	239,639	481,732
Dividend payable	57,603,227	37,646,135
Collections made in advance from third parties	1,796,259	69,086
Liabilities with related parties	14,248	11,775
Other payables	122,312	2,521,961
Total	**59,775,685**	**40,730,689**

18. OTHER LIABILITIES

	30 June 2018	31 December 2017
Salary liabilities	501,720	338,069
Tax liabilities	103,438	931,948
Social contributions owed to the State budget	460,401	276,774
Total	**1,065,559**	**1,546,791**

19. SHARE CAPITAL

The Company's statutory share capital as at 30 June 2018 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).

19. SHARE CAPITAL (CONTINUED)

The number of issued and outstanding shares corresponding to the subscribed and paid-in share capital is 2,165,980,954.

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

Shareholding structure as at 30 June 2018

Shareholders	Number	Shares held	% of the share capital
Resident shareholders	**6,974,591**	**2,067,991,140**	**94.67**
natural persons	6,974,327	1,351,510,396	61.87
legal entities	264	716,480,744	32.80
Non-resident shareholders	**2,372**	**116,295,524**	**5.33**
natural persons	2,337	30,886,746	1.42
legal entities	35	85,408,778	3.91
TOTAL	**6,976,963**	**2,184,286,664**	**100.00**
natural persons	6,976,664	1,382,397,142	63.29
legal entities	299	801,889,522	36.71

20. FAIR VALUE REVALUATION RESERVE FOR INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The reserve from the revaluation at fair value of the investment securities recognized at fair value through other comprehensive income is presented net of tax.

	30 June 2018	31 December 2017
Gross reserves from the fair value revaluation of investment securities at fair value through other comprehensive income	231,376,746	238,530,157
Related deferred tax liabilities	(37,020,279)	(38,164,825)
Net reserve	**194,356,467**	**200,365,332**

This Note presents the movements recorded in the reserve from the fair value revaluation of the investment securities at fair value through other comprehensive income

21. REVALUATION RESERVE FOR TANGIBLE ASSETS

The last revaluation of the Company's tangible assets was performed as at 31 December 2016 by REVALTEX SRL (independent valuer – 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.

21. REVALUATION RESERVE FOR TANGIBLE ASSETS (CONTINUED)

	Gross	Deferred tax	Total Net
Balance at 1 January 2017	**11,502,852**	**-**	**11,502,852**
Transfer of the reserve to retained earnings	(2,502)	-	(2,502)
Revaluation differences	131,647	-	131,647
Balance at 31 December 2017	**11,631,997**	**-**	**11,631,997**
Transfer of the reserve to retained earnings	**-**	**-**	**-**
Balance at 30 June 2018	**11,631,997**	**-**	**11,631,997**

22. OTHER RESERVES

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

	30 June 2018	31 December 2017
Legal reserve	39,894,350	39,894,350
Reserves from previous years profits	470,628,981	431,487,511
Other reserves	3,912,094	3,912,094
Total	**514,435,425**	**475,293,955**

23. OTHER EQUITY

The Company is currently running a buy-back programme of its own shares approved by the E.G.M.S. of 15 December 2017, under the following conditions:
(i) the extent of the program - maximum 21,842,867 shares with a nominal value of RON 0.10/share, representing maximum 1% of the share capital;
(ii) acquisition price – the minimum price will be equal to the market price of the Company's shares on the Bucharest Stock Exchange at the time of the acquisition and the maximum price will be RON 0.32/share;
(iii) duration of the program - maximum 12 months from the publishing date of the EGMS resolution in the Official Gazette of Romania, Part IV;
(iv) payment of the bought-back shares – from the available reserves (except for legal reserves) recorded in the last approved annual financial statements;
(v) destination of the program – reduction of the share capital.

This Note presents the value of the own shares bought back until 30 June 2018.

	30 June 2018	31 December 2017
Own shares bought back	4,069,817	-
Total	**4,069,817**	**-**

24. TRANSACTIONS WITH RELATED PARTIES

Entities and persons are considered to be related parties of the Company 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.

The statement of the Company's transactions with related parties as at 30 June 2018, compared to 30 June 2017, is the following:

Expenses with subsidiaries	**Transaction type**	**30 June 2018**	**30 June 2017**
International Trade Center S.A.	Rent	28,829	22,546
Aro Palace S.A.	Hotel services	29,166	18,767
Cristiana	Rent	57,762	54,763
Dorna Turism	Hotel services	-	320
Turism Covasna S.A.	Hotel services	12,495	-
THR Marea Neagra	Hotel services	283	
Total		**128,535**	**96,496**

Expenses with subsidiaries are classified as "Other operating expenses" within the Profit or Loss and Other Comprehensive Income.

During the first semester of 2018 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 2018, compared to 30 June 2017, is presented as follows

Dividend income from subsidiaries	**30 June 2018**	**30 June 2017**
Cristiana SA Braşov	682,675	2,761,380
Gastronom SA	672,213	409,361
Transilvania Leasing&Credit IFN	353,282	353,283
Utilaj Greu	71,339	-
Total	**1,779,509**	**3,524,024**

The dividend income from related parties are classified as „Dividend income" within the Profit or Loss and Other Comprehensive Income.

The interest income pertaining to the corporate bonds held with related parties are classified as „Interest income" in Profit or Loss and Other Comprehensive Income and for the first semester of 2018 are as follows:

Interest income from subsidiaries	**30 June 2018**	**30 June 2017**
Feper S.A.	37,794	69,601
Romradiatoare SA	-	70,940
Total	**37,794**	**140,541**

Compared to the end of the previous year, the outstanding receivables in balance at 30 June 2018 (diminished with the value of the impairment adjustments) pertaining to the related parties, are presented as follows:

Receivables from subsidiaries	**Transaction type**	**30 June 2018**	**31 December 2017**
Feper SA	Bonds	-	5,112,336
Total		**-**	**5,112,336**

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

25. 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) investment securities at fair value through other comprehensive income; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss. At 30 June 2018, the Company does not have any instruments classified as financial assets held to maturity.

The following table provides a reconciliation of the financial assets and financial liabilities with these measurement categories as at 30 June 2018:

	Loans and receivables	**Investment securities at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Financial liabilities measured at amortised cost**	**Total**
Cash and cash equivalents	58,769,476	-	-	-	58,769,476
Investment securities at fair value through other comprehensive income	-	462,903,493	-	-	462,903,493
Financial assets at fair value through profit or loss	-	-	554,122,341	-	554,122,341
Other financial assets	4,992,232	-	-	-	4,992,232
Total financial assets	**63,761,708**	**462,903,493**	**554,122,341**	**-**	**1,080,787,542**
Other financial liabilities	-	-	-	59,775,685	59,775,685
Total financial liabilities	**-**	**-**	**-**	**59,775,685**	**59,775,685**

26. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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.

For estimating the fair value using Level 1 inputs, the Company uses the closing prices from the regulated internal and / or external trading systems.

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 2018, the Company owned financial assets measured at fair value classified as Level 1 and Level 3 in the fair value hierarchy, as follows:

	Level 1	Level 3	Total
FINANCIAL ASSETS			
Investment securities at fair value through other comprehensive income, out of which:	**433,575,272**	**29,328,221**	**462,903,493**
Shares	*433,575,272*	*29,328,221*	*462,903,493*
Fund Units	-	-	-
Corporate bonds	-	-	-
Financial assets at fair value through profit or loss, out of which:	**216,637,343**	**337,484,998**	**554,122,341**
Shares	*208,784,201*	*308,501,578*	*517,285,779*
Fund units	*7,853,142*	*17,041,117*	*24,894,259*
Corporate bonds	-	*11,942,303*	*11,942,303*
Total financial assets	**650,212,615**	**366,813,219**	**1,017,025,834**
NON-FINANCIAL ASSETS			
Tangible assets	-	13,527,518	13,527,518
Total assets measured at fair value	**650,212,615**	**380,340,737**	**1,030,553,352**

At 31 December 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:

26. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	Level 1	Level 3	Total
FINANCIAL ASSETS			
Investment securities available for sale, out of which:	**488,097,420**	**63,221,302**	**551,318,722**
Shares	*480,131,261*	*32,915,245*	*513,046,506*
Fund units	*7,966,159*	*18,307,879*	*26,274,038*
Corporate bonds	*-*	*11,998,178*	*11,998,178*
Financial assets at fair value through profit or loss, out of which:	**129,329,127**	**306,425,440**	**435,754,567**
Shares	*129,329,127*	*301,313,104*	*430,642,231*
Fund units	-	-	-
Corporate bonds	*-*	*5,112,336*	*5,112,336*
Total financial assets	**617,426,547**	**369,646,742**	**987,073,289**
NON-FINANCIAL ASSETS			
Tangible assets	-	13,816,941	13,816,941
Total assets measured at fair value	**617,426,547**	**383,463,683**	**1,000,890,230**

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

During the first semester of 2018, the following transfers between the assets included under Level 3 took place:

	Shares	Bonds	Fund units	Total
Balance at 1 January 2018	**334,228,349**	**17,110,514**	**18,307,879**	**369,646,742**
Acquisitions during H1 2018	-	-	-	-
Sales during H1 2018	(1,134,498)	-	-	(1,134,498)
Transfers to Level 3	-	-	-	-
Transfers from Level 3	-	-	-	-
Bonds issued by Feper cashed at maturity	-	(4,982,900)	-	(4,982,900)
Gain/(loss) recognised in:				
Net gain / (loss) from financial assets at fair value through other comprehensive income	(2,452,566)	-	-	(2,452,566)
Gain from financial assets at fair value through profit or loss	7,188,514	(185,311)	(1,266,762)	5,736,441
Balance at 30 June 2018	**337,829,799**	**11,942,303**	**17,041,117**	**366,813,219**

26. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial assets and financial liabilities not measured at fair value as at 30 June 2018

The following table summarizes the values of those financial assets and financial 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 used for liabilities.

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	10,925	58,758,551	-	58,769,476
Other financial assets	-	-	4,992,232	4,922,232
Total financial assets	**10,925**	**58,758,551**	**4,992,232**	**63,691,708**
Financial liabilities				
Other financial liabilities	-	-	59,775,685	59,775,685
Total financial liabilities	**-**	**-**	**59,775,685**	**59,775,685**

27. FINANCIAL RISK MANAGEMENT

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

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.

27.1 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 values of the financial assets recognized in the statement of financial position. The Company is not exposed to the off-balance-sheet credit risk.

The credit risk related to investment activities is managed in compliance with 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 a 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 the debtor's financial evolution. As of today the Company has not used derivatives in order to reduce the credit risk related to exposure to any debtor.

27.2 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.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Position risk is associated with the financial instruments portfolio held by the Company with intention to benefit from positive evolution of prices of the respective financial assets or from potential dividends/coupons issued by entities. The Company is exposed to general position risk as well as to specific position risk, 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 the risk depending on the dinamics of trading places or the evolution of the market prices of the financial instruments held by the Company.

27.3 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 this objective, the Company initiated an extensive process of portfolio restructuring and business policies re-modeling.

27.4 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.

27.5 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's operational cash flows are impacted by interest rates fluctuations especially in the case of cash placed in bank deposits and corporate bonds. At 30 June 2018 the Company has no loans contracted.

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.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

27.6 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, etc.

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 intruments and value.

27.7 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 Company's debtors can be also 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.

28. EQUITY MANAGEMENT

The Company's objectives on equity management are to safeguard the Company's ability to continue as a going concern in order to provide added value to its shareholders and benefits to other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital at optimal level. In order to maintain or adjust the equity structure, the Company may either adjust the amount of dividends paid to shareholders, or adjust the added value created for shareholders, or issue new shares, or sell assets to reduce debt. The equity managed by the Company as of 30 June 2018 amounted to RON 1,001,171,472 (31 December 2017: RON 966,707,738).

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

29. COMMITMENTS AND CONTINGENCIES

28.1. Litigations

At the end of H1 2018, 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 2018, the Company had no provisions created for litigations.

During the reporting period, the number of litigations in which the Company was envolved 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 2018, the Company had no contingent liabilities.

30. SUBSEQUENT EVENTS

In accordance with the proposal on profit distribution, based on the Resolution of the General Meeting of Shareholders of 27 April 2018, the Company distributed the net profit achieved in 2017 as follows:

No.	Destination	Amount (RON)
1.	Legal reserves	3,250,217.34
2.	Dividends*	21,842,866.64 (RON 0.01 /share)
3.	Other reserves – own financing sources created from profit	39,141,470.02
	TOTAL net profit achieved and distributed	**64,234,554**

* The gross dividend to be paid for one share held on the record date is RON 0.010 which represents a 3.95% yield related to the average trading price of SIF3 shares on the BVB-REGS market between 01.01.2017and 31.12.2017.

The Extraordinary General Meeting of Shareholders of 27.04.2018 approved the consolidation of the nominal value of the shares issued by S.I.F. Transilvania, from RON 0.10/share to RON 5.00/share by increasing the nominal value of the shares concomitantly with the decrease of the total number of shares (50 shares with a nominal value of RON 0.10/share = 1 share with the nominal value of RON 5.00/share).

Through the Current Report of 1 August 2018, the management of the company has communicated that, due to the pending disputes (the application for the suspension of the effects of the Resolution no. 1 of the Extraordinary General Meeting of Shareholders of 27 April 2018 and the application for the annulment of the same decision), the operation for the consolidation of the nominal value of the shares cannot be completed by complying with the due dates approved under the Resolution of the General Extraordinary Meeting of Shareholders no. 1/27 April 2018.

The Company registered no other subsequent events requiring adjustments or presentation in the financial statements prepared as at 30 June 2018.

STATEMENT

The undersigned, Mihai Fercala-Executive President/CEO and Iulian Stan-Executive Vice President/Deputy CEO, in capacity of legal representatives of Societatea de Investitii Financiare Transilvania S.A., headquartered in Brasov, 2, Nicolae Iorga Street, Unique Registration Code 3047687, under article 113 letter D para. 1 indent c) of the N.S.C. Regulation no.1/2006

we hereby give this statement on the measure in which the half-yearly financial statements present in an accurate manner, from all significant points of view, the Company's financial position as at 30June 2018 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. Rule 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 individual half-yearly financial statements as at 30 June 2018 and we confirm that:

a) The accounting policies used to prepare the individual half-yearly financial statements are compliant with the Accounting regulations approved through the F.S.A. Rule no.39/2015;

b) The individual half-yearly financial statements as at 30 June 2018 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, 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-yearly financial statements) comprises 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 this statement which will accompany the individual half-yearly financial statements as at 30 June 2018 prepared by the Company, financial statements which have been endorsed by the Supervisory Board.

The half-yearly financial statements are not audited.

Ec. Mihai Fercala, PhD.
Executive President/CEO

Ec. Iulian Stan, PhD.
Executive Vice President/Deputy CEO

SOCIETATEA DE INVESTITII FINANCIARE
TRANSILVANIA S.A.
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RINA SIMTEX ISO 27001 REGISTERED I.91.1
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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 of June 29, 2018			
		RON	**% of total assets**
1	**NON-CURRENT ASSETS, of which:**	**197,295,811**	**17.93**
1.1	Intangible Assets	59,185	0.01
1.2	Tangible Assets	13,527,518	1.23
1.3	Financial Non-Current Assets, of which:	183,709,108	16.70
1.3.1	Listed Shares	80,340,693	7.30
1.3.2	Unlisted Shares	75,300,011	6.85
1.3.3	Government Securities	0	0.00
1.3.4	Certificates of Deposit	0	0.00
1.3.5	Bank Deposits (Guarantees)	4,207	0.00
1.3.6	Municipal Bonds	0	0.00
1.3.7	Corporate Bonds (including Accrued Interest)	11,004,080	1.00
1.3.8	Newly Issued Securities	0	0.00
1.3.9	UCITS and/or non-UCITS Equity Securities	17,041,117	1.55
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
1.3.10.3	Shares Receivable (valued amount)	0	0.00
1.3.10.4	Other Non-Current Financial Assets	19,000	0.00

2	**CURRENT ASSETS, of which:**	**902,439,993**	**82.03**
2.1	Inventory	78,855	0.01
2.2	Receivables- Total, of which:	10,216,280	0.93
2.2.1.	Bills of Exchange Receivable	0	0.00
2.2.2.	Dividends or Other Receivable Rights	3,018,317	0.27
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	7,197,963	0.65
2.3	Cash and Cash Equivalents	2,442,850	0.22
2.4	Short-term Financial Investments, of which:	959,519,434	87.22
2.4.1	Listed Shares	914,436,535	83.12
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	45,082,899	4.10
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	56,323,118	5.12
2.8	Certificates of Deposit	0	0.00
2.9	Other Current Assets	-126,140,544	-11.47
3	**Derivatives**	**0**	**0.00**
4	**Prepaid Expenses**	**372,173**	**0.03**
5	**TOTAL ASSETS**	**1,100,107,977**	**100.00**
6	**TOTAL LIABILITIES, of which:**	**98,940,013**	
6.1	Debenture Loans	0	
6.2	Amounts Owed to Credit and Leasing Institutions	0	
6.3	Advance Payments from Customers	1,796,260	

6.4	Trade Liabilities	147,479	
6.5	Bills of Exchange Payable	0	
6.6	Amounts Owed to Group Companies	14,248	
6.7	Amounts Owed related to Participation Interests	0	
6.8	Other Liabilities-Total, of which:	96,982,026	
6.8.1	Dividends Payable	57,603,227	
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	122,312	
6.8.4	Other Liabilities	39,256,487	
7	**PROVISIONS FOR EXPENSES AND TAXES**	**0**	
8	**DEFERRED INCOME, of which:**	**0**	
8.1	Investment Subsidies	0	
8.2	Deferred income	0	
9	**SHAREHOLDERS' EQUITY, of which:**	**1,001,171,472**	
9.1	Subscribed and Paid-in Share Capital	218,428,666	
9.2	Changes in the Fair Value of non-monetary financial assets measured at fair value through other comprehensive income	194,356,467	
9.3	Premium related to Capital	0	
9.4	Revaluation Differences	11,635,448	
9.5	Reserves	514,435,425	
9.6	Retained Earnings	20,915,463	
9.6.1	Retained Earnings (including from the application of IFRS 9)	20,915,463	
9.6.2	Retained Earnings- Profit Carried Forward	0	
9.7	Profit (loss) for the Period	45,469,820	
9.8	Profit Appropriation (to be deducted)	0	
9.9	Own shares	-4,069,817	
10	**Total Liabilities and Shareholders' Equity**	**1,100,111,485**	

11	**NET ASSET VALUE**	**1,001,167,964**	
12	**NUMBER OF SHARES ISSUED AND OUTSTANDING** **	**2,165,980,954**	
13	**NET ASSET VALUE PER SHARE (RON/share)**	**0.4622**	
14	**Number of Companies in Portfolio- total, of which:**	**102**	
14.1	Companies Admitted to trading on a Regulated Market	27	
14.2	Companies Admitted to trading on an Alternative Trading System	31	
14.3	Companies not Admitted to Trading	44	
15	**Number of Companies for which Financial Statements have not been available***	**0**	
16	**Number of Investment Funds in which the Company holds Fund Units- total, of which:**	**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.

** According to art. 123 par. (3) of the F.S.A. Regulation no. 9/2014 regarding the NAV calculation, this position represents: "number of shares issued and outstanding as at such date, excluding own shares repurchased by the Company"

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.

EXECUTIVE PRESIDENT/CEO
Mihai FERCALA

EXECUTIVE VICE PRESIDENT/
DEPUTY CEO
Iulian STAN

FINANCIAL MANAGER,
Diana VERES

PORTFOLIO MANAGEMENT DIVISION
MANAGER,
Sorin Ion RADULESCU

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

This is a translation of the "Statement of assets and liabilities of SIF Transilvania as of 29.06.2018" which was prepared in Romanian. In case of discrepancies between the Romanian version and the English version, the Romanian version shall prevail.

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RINA SIMTEX ISO 27001 REGISTERED I.91.1
Societate administrată în sistem dualist

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

REPORT AS AT JUNE 29, 2018
Statement of Assets

RON 1,048,227,296 Total Assets (Annex 16) = RON 1,100,107,977

RON 966,706,501 Net Assets (Annex 16) = RON 1,001,167,964

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	108.43	100.00	14,517,661	1,033,709,634	109.88	100.00	14,687,882	1,085,420,094	51,880,681
1.	Securities and money market instruments, of which:	91.39	84.28	4,664,521	878,823,907	99.36	90.43	4,851,202	989,926,026	111,288,800
1.1.	Securities and money market instruments admitted or traded on a regulated market in Romania, of which:	90.91	83.84	-	878,823,907	98.88	89.98	-	989,926,026	111,102,119
1.1.1.	- shares	90.91	83.84	-	878,823,907	98.88	89.98	-	989,926,026	111,102,119
1.1.2.	- bonds	-	-	-	-	-	-	-	-	-
1.2.	Securities and money market instruments admitted or traded on a regulated market in a member state, of	-	-	-	-	-	-	-	-	-

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Autorizată ca A.F.I.A. conform Autorizației A.S.F. nr. 40/15.02.2018 • Înscrisă în Registrul A.S.F. cu nr. PJR07[1]AFIAA/080005/15.02.2018
Număr Registru A.S.F.: PJR09SIIR/080004/06.03.2006 • Înregistrată în Registrul de Evidență a Prelucrărilor de Date cu Caracter Personal sub nr. 22940

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	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	0.48	0.44	4,664,521	-	0.48	0.44	4,851,202	-	186,681
1.3.1.	- shares	0.48	0.44	4,664,521	-	0.48	0.44	4,851,202	-	186,681
1.3.2.	- bonds	-	-	-	-	-	-	-	-	-
2.	Newly issued securities	-	-	-	-	-	-	-	-	-
3.	Other securities and money market instruments referred to in art. 187 indent a), of which:	9.68	8.93	2,178,080	91,413,851	8.62	7.85	2,212,736	84,091,355	-7,287,840
3.1.	- securities: unlisted shares	8.02	7.39	199,863	77,300,828	7.52	6.84	234,546	75,065,465	-2,200,680
3.2.	- unlisted bonds	1.66	1.54	1,978,217	14,113,023	1.10	1.00	1,978,190	9,025,890	-5,087,160
4.	Bank deposits, of which:	3.54	3.26	-	34,196,903	5.63	5.12	-	56,323,118	22,126,215
4.1.	bank deposits held at credit institutions in Romania, total, of which:	3.54	3.26	-	34,196,903	5.63	5.12	-	56,323,118	22,126,215
4.1.1.	- bank deposits in RON	3.54	3.26	-	34,196,903	5.63	5.12	-	56,323,118	22,126,215
5.	Derivatives traded on a regulated market	-	-	-	-	-	-	-	-	-
6.	Current bank accounts and cash, total, of which:	0.23	0.21	996,407	1,211,345	0.24	0.22	900,191	1,542,660	235,098
6.1.	in RON	0.13	0.12	-	1,211,345	0.15	0.14	-	1,542,660	331,315

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6.2.	in USD, equivalent in RON	0.09	0.08	855,056	-	0.07	0.07	737,132	-	-117,925
6.3.	in EUR, equivalent in RON	0.01	0.01	141,230	-	0.02	0.01	162,531	-	21,301
6.4.	in GBP, equivalent in RON	0.00	0.00	121	-	0.00	0.00	528	-	407
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:	6.56	6.05	6,668,052	56,790,512	6.21	5.65	6,713,150	55,410,866	-1,334,549
8.1.	Shares listed on BSE	3.85	3.55	-	37,184,505	3.72	3.38	-	37,229,779	45,274
8.2.	Fund units – Investment Funds	2.72	2.51	6,668,052	19,606,008	2.49	2.26	6,713,150	18,181,087	-1,379,824
9.	Other assets (amounts in transit, amounts at distributors, amounts at financial investment service firms, tangible and intangible assets, receivables, etc.)	-2.97	-2.74	10,601	-28,726,884	-10.17	-9.26	10,604	-101,873,930	-73,147,043

Net Asset Value per Share

Item	29.06.2018	30.06.2017	Differences
Net Asset Value	1,001,167,964	953,038,283	48,129,681
Number of shares issued and outstanding*)	2,165,980,954	2,184,286,664	-18,305,710
Net Asset Value per share (RON/share)	0.4622	0.4363	0.0259

*) According to art. 123, paragraph (3) of the F.S.A. Regulation no. 9/2014 regarding the NAV /share calculation, this position represents: "number of shares issued and outstanding as at such date, excluding own shares repurchased by the Company".

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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 %
	Securities and money market instruments admitted or traded on a regulated market in Romania									
1	ALUMIL ROM INDUSTRY BUCURESTI	ALU	29/06/2018	323,367	0.2000	0.8700	281,329.29	1.035	0.03	0.03
2	ANTIBIOTICE	ATB	29/06/2018	21,907,119	0.1000	0.5140	11,260,259.17	3.263	1.02	1.12
3	ARMAX GAZ SA	ARAX	30/06/2017	88,135	10.0000	0.0000	0.00	1.435	0.00	0.00
4	ARO-PALACE SA	ARO	25/05/2018	345,704,600	0.1000	0.3800	131,367,748.00	85.740	11.94	13.12
5	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	BRD	29/06/2018	23,324,920	1.0000	13.1200	306,022,950.40	3.347	27.82	30.57
6	BANCA TRANSILVANIA SA	TLV	29/06/2018	3,404,396	1.0000	2.4000	8,170,550.40	0.078	0.74	0.82
7	BIROUL DE TURISM PENTRU TINERET (BTT) SA	BIBU	04/04/2018	0	2.5000	0.0000	0.00	0.000	0.00	0.00
8	BURSA DE VALORI BUCURESTI SA	BVB	29/06/2018	681,769	10.0000	24.9000	16,976,048.10	8.470	1.54	1.70
9	CASA ALBA INDEPENDENTA SIBIU	CAIN	07/06/2018	419,484	2.5000	40.4000	16,947,153.60	53.319	1.54	1.69
10	CASA DE BUCOVINA-CLUB DE MUNTE SA	BCM	20/06/2018	6,434,481	0.1000	0.0700	450,413.67	3.845	0.04	0.04
11	COCOR SA	COCR	17/05/2018	30,911	40.0000	65.5000	2,024,670.50	10.246	0.18	0.20
12	COMCM SA CONSTANTA	CMCM	01/09/2014	134,049,930	0.1000	0.1569	21,032,434.02	56.725	1.91	2.10
13	COMPA SA SIBIU	CMP	29/06/2018	3,353,936	0.1000	0.9200	3,085,621.12	1.533	0.28	0.31
14	CONCAS SA	CONK	17/10/2013	336,756	2.5000	33.4802	11,274,658.23	47.207	1.02	1.13

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15	CONDMAG BRASOV	COMI	29/06/2018	19,000,000	0.1000	0.0200	380,000.00	4.982	0.03	0.04
16	CONPET SA PLOIESTI	COTE	29/06/2018	2,000	3.3000	90.0000	180,000.00	0.023	0.02	0.02
17	DIGI Communications N.V.	DIGI	29/06/2018	50,000	0.0100	31.8000	1,590,000.00	0.146	0.14	0.16
18	DORNA TURISM SA	DOIS	15/06/2018	455,793	2.5000	2.5000	1,139,482.50	32.014	0.10	0.11
19	DUPLEX SA	DUPX	06/07/2017	32,772	2.5000	10.2364	335,467.30	26.867	0.03	0.03
20	ELECTROMAGNETICA S.A.	ELMA	29/06/2018	5,426,452	0.1000	0.1340	727,144.57	0.803	0.07	0.07
21	EMAILUL SA	EMAI	26/06/2018	729,551	2.5000	11.0000	8,025,061.00	28.926	0.73	0.80
22	FEPER SA	FEP	31/05/2018	312,123,729	0.1000	0.2500	78,030,932.25	85.800	7.09	7.79
23	GASTRONOM SA	GAOY	22/06/2018	215,453	2.5000	49.0000	10,557,197.00	70.288	0.96	1.05
24	INDEPENDENTA SA	INTA	30/05/2018	1,530,636	2.5000	4.0200	6,153,156.72	53.301	0.56	0.61
25	LEGMAS SA	LGMS	19/09/2012	175,429	2.5000	0.7295	127,975.46	7.276	0.01	0.01
26	LIDO SA	LIDO	15/06/2018	409,710	0.1000	0.2400	98,330.40	3.309	0.01	0.01
27	MECANICA CODLEA SA	MEOY	27/06/2018	100,260,250	0.1000	0.0560	5,614,574.00	81.072	0.51	0.56
28	MECON SA	MECP	27/04/2018	58,966	11.6000	17.4540	1,029,192.56	12.284	0.09	0.10
29	NEPTUN-OLIMP SA	NEOL	25/01/2018	30,194,757	0.1000	0.1250	3,774,344.63	41.185	0.34	0.38
30	OIL TERMINAL	OIL	26/06/2018	8,249,697	0.1000	0.1528	1,260,553.70	1.416	0.11	0.13
31	OMV PETROM SA BUCURESTI	SNP	29/06/2018	144,218,486	0.1000	0.3205	46,222,024.76	0.255	4.20	4.62
32	ORGANE DE ASAMBLARE SA	ORAS	15/01/2018	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	0.2207	284,390.49	39.624	0.03	0.03
34	PROSPECTIUNI SA BUCURESTI	PRSN	29/06/2018	41,129,011	0.1000	0.0840	3,454,836.92	5.728	0.31	0.35
35	ROMRADIATOARE SA BRASOV	RRD	11/05/2018	11,477,141	1.6300	1.7994	20,651,967.52	76.514	1.88	2.06
36	S.N. NUCLEARELECTRICA	SNN	29/06/2018	1,650,494	10.0000	7.5000	12,378,705.00	0.547	1.13	1.24
37	S.N.G.N. ROMGAZ S.A.	SNG	29/06/2018	1,582,659	1.0000	37.3500	59,112,313.65	0.411	5.37	5.90
38	SANTIERUL NAVAL CONSTANTA SA	SNC	12/06/2018	471,605	2.5000	1.5000	707,407.50	0.726	0.06	0.07

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39	SANTIERUL NAVAL SA	SNO	22/06/2018	5,711,432	2.5000	2.8200	16,106,238.24	50.000	1.46	1.61
40	SEMBRAZ SA	SEBZ	08/03/2017	719,900	2.5000	1.4347	1,032,840.53	90.968	0.09	0.10
41	SERVICE NEPTUN 2002 SA	SECE	22/09/2017	3,610,420	0.1000	0.4187	1,511,682.85	39.624	0.14	0.15
42	SIMEC SA	SIMI	18/12/2017	197,044	2.5000	0.0000	0.00	45.775	0.00	0.00
43	SOCIETATEA ENERGETICA ELECTRICA SA	EL	29/06/2018	303,360	10.0000	9.8400	2,985,062.40	0.088	0.27	0.30
44	SSIF BRK FINANCIAL GROUP S.A.	BRK	29/06/2018	1,974,835	0.1600	0.0800	157,986.80	0.585	0.01	0.02
45	TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV	TSLA	29/06/2018	353,282,752	0.1000	0.0200	7,065,655.04	68.507	0.64	0.71
46	TRATAMENT BALNEAR BUZIAS SA	BALN	21/06/2018	145,615,772	0.1000	0.1074	15,639,133.91	91.871	1.42	1.56
47	TURISM COVASNA SA	TUAA	18/06/2018	439,760,355	0.1000	0.0395	17,370,534.02	93.326	1.58	1.74
48	TURISM FELIX SA	TUFE	25/06/2018	313,579,000	0.1000	0.2480	77,767,592.00	63.203	7.07	7.77
49	TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA	EFO	29/06/2018	449,920,140	0.1000	0.0790	35,543,691.06	77.713	3.23	3.55
50	TUSNAD SA	TSND	22/06/2018	230,601,476	0.1000	0.0400	9,224,059.04	76.408	0.84	0.92
51	UTILAJ GREU SA	UTGR	19/09/2017	476,226	2.5000	7.6573	3,646,605.35	70.387	0.33	0.36
52	VIROLA-INDEPENDENTA SIBIU	VIRO	22/06/2018	74,307	2.5000	150.0000	11,146,050.00	53.616	1.01	1.11
TOTAL Securities and money market instruments admitted or traded on a regulated market in Romania							**989,926,026**		**89.98**	**98.88**
	UCITS/NON-UCITS equity securities									
1	FONDUL PROPRIETATEA SA	FP	29/06/2018	37,841,579	0.5200	0.8840	33,451,955.84	0.405	3.04	3.34
2	SOCIETATEA DE INVESTITII FINANCIARE OLTENIA S.A.	SIF5	29/06/2018	1,807,571	0.1000	2.0900	3,777,823.39	0.312	0.34	0.38
TOTAL UCITS/NON-UCITS equity securities							**37,229,779**		**3.38**	**3.72**
TOTAL SHARES							**1,027,155,805**		**93.37**	**102.60**

[x)] includes both the shares presented in Chapter I row 1.1. and the shares presented in Chapter I row 8.1.

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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 %
	TOTAL SHARES								**0.00**	**0.00**

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	29/06/2018	5,000	1.0000	182.4072	912,036.00	0.000	0.08	0.09
2	ELDORADO GOLD CORP.	EGO	29/06/2018	100,000	1.0000	4.0252	402,520.00	0.010	0.04	0.04
3	GOLDCORP INC.	GG	29/06/2018	40,000	1.0000	54.6283	2,185,132.00	0.010	0.20	0.22
4	SHIRE Plc.	SHPG	29/06/2018	2,000	1.0000	675.7570	1,351,514.00	0.000	0.12	0.13
	TOTAL SHARES						**4,851,202,00**		**0.48**	**0.44**

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*)	Maturity date	Acquisition price RON/share**) (RON/bond)	Share (bond) value (RON or equivalent RON)	Total value RON***) 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 %
TOTAL SHARES , of which:							**75,300,011**		**6.84**	**7.52**
1	AGRIAS SA CASTELU CT	39,098	01.11.1996		0.0000	0.0000	0.00	8.71	0.00	0.00
2	APOLLO ESTIVAL 2002 SA CT	2,350,890	31.07.2002		0.8043	0.8043	1,890,820.83	39.62	0.17	0.19
3	ARCOM S.A. BUCURESTI BU	667	27.07.2007		0.0000	0.0000	0.00	0.19	0.00	0.00
4	BANCA DE EXPORT IMPORT A ROMANIEI SA EXIMBANK BU	414,740	01.11.1996		1.9057	1.9057	790,370.02	0.31	0.07	0.08
5	CNM PETROMIN SA CONSTANTA CT	5,358,861	01.11.1996		0.0000	0.0000	0.00	23.83	0.00	0.00

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6	COMSIG SA MS	29,304	01.11.1996		0.0000	0.0000	0.00	27.09	0.00	0.00
7	CONSTRUCTII AERONAUTICE SA BV	4,283	30.11.2004		0.0000	0.0000	0.00	4.57	0.00	0.00
8	CONTINENTAL HOTELS SA BUCURESTI BU	2,729,171	31.12.1997		6.5870	6.5870	17,977,049.38	9.30	1.63	1.80
9	CRISTIANA SA BV	153,410	01.11.1996		145.8107	145.8107	22,368,819.49	99.80	2.03	2.23
10	DEPOZITARUL CENTRAL SA BUCURESTI BU	10,128,748	12.08.1999		0.0292	0.0292	295,759.44	4.00	0.03	0.03
11	DIVERSIS SA VN	11,149	01.11.1996		0.0000	0.0000	0.00	6.68	0.00	0.00
12	ENERGO SA BV	317,061	01.11.1996		0.0000	0.0000	0.00	15.00	0.00	0.00
13	FELAM SA SB	374,907	01.11.1996		0.0000	0.0000	0.00	36.22	0.00	0.00
14	FERMIT SA BZ	151,468	01.11.1996		12.1440	12.1440	1,839,427.39	16.37	0.17	0.18
15	FONDUL ROMAN DE GARANTARE A CREDITELOR PT.INTREPRI BU	3,697,948	21.12.2006		0.6547	0.6547	2,421,046.56	23.02	0.22	0.24
16	GRUP BIANCA TRANS SA BV	7,694,200	31.07.2006		0.4568	0.4568	3,514,710.56	70.84	0.32	0.35
17	HARGHITA SA HR	45,633	01.11.1996		0.0000	0.0000	0.00	31.42	0.00	0.00
18	HIDROMECANICA SA BV	1,170,304	01.11.1996		0.0000	0.0000	0.00	36.27	0.00	0.00
19	ICIM SA BV	29,748	01.11.1996		0.0000	0.0000	0.00	3.59	0.00	0.00
20	INTERNATIONAL TRADE&LOGISTIC CENTER SA BV	81,708,428	01.11.1996		0.0616	0.0616	5,033,239.16	87.30	0.46	0.50
21	IRUCOM SA HR	6,269	01.11.1996		2.0832	2.0832	13,059.58	17.41	0.00	0.00
22	LEGUME FRUCTE BUZAU S.A. BZ	207,822	01.11.1996		2.9032	2.9032	603,348.83	25.23	0.05	0.06
23	MECANICA SA SB	422,503	01.11.1996		0.0000	0.0000	0.00	10.89	0.00	0.00
24	NEVOCECA SA NEGRU VODA CT	75,343	01.11.1996		0.0000	0.0000	0.00	13.63	0.00	0.00
25	REUTCOM UTB SA BV	2,134,920	23.02.2000		0.0314	0.0314	67,036.49	8.99	0.01	0.01
26	ROMAGRIBUZ SA RAMNICU SARAT BZ	83,146	01.11.1996		0.0000	0.0000	0.00	7.88	0.00	0.00

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27	ROMAGRIBUZ VERGULEASA SA BZ	280,631	01.11.1996		0.0000	0.0000	0.00	37.30	0.00	0.00
28	S.I.F. TRANSILVANIA PROJECT MANAGEMENT COMPANY SA BV	44,999	26.03.2014		6.2534	6.2534	281,396.75	100.00	0.03	0.03
29	S.U.D.V. BRASOV S.A. BV	2,154,539	28.07.2004		0.0715	0.0715	154,049.54	9.33	0.01	0.02
30	SEMLACT SACELE SA CT	98,660	01.11.1996		0.0000	0.0000	0.00	30.00	0.00	0.00
31	SIBAREX SA VN	1,215,711	01.11.1996		0.0000	0.0000	0.00	52.85	0.00	0.00
32	SIMARO-SIB SA SB	20,732	31.03.1998		0.0000	0.0000	0.00	10.02	0.00	0.00
33	SIRETUL PASCANI IS	17,116,533	23.03.2004		0.0000	0.0000	0.00	10.78	0.00	0.00
34	SOCIETATEA DE INVESTITII CERTINVEST IMM S.A. B1	1,125	11.11.2014		72.4453	72.4453	81,500.96	15.63	0.01	0.01
35	SOFT APLICATIV SI SERVICII SA SB	47,728	01.11.1996		5.5237	5.5237	263,635.15	28.33	0.02	0.03
36	TERRACOTTA STAR SA CV	2,209,017	01.11.1996		0.0000	0.0000	0.00	97.48	0.00	0.00
37	TOMIS ESTIVAL 2002 SA CT	522,893	31.07.2002		0.9565	0.9565	500,147.15	39.62	0.05	0.05
38	TRANSIL SA IL	16,857	01.11.1996		6.9694	6.9694	117,483.18	33.16	0.01	0.01
39	TRANSILVANIA ESTIVAL 2002 SA CT	3,589,861	31.07.2002		0.1294	0.1294	464,528.01	11.14	0.04	0.05
40	TRANSILVANIA HOTELS & TRAVEL S.A. BU	1,123,180	01.11.1996		0.0000	0.0000	0.00	37.01	0.00	0.00
41	TURISM LOTUS FELIX SA BH	484,853,142	09.12.2009		0.0338	0.0338	16,388,036.20	38.27	1.49	1.64
42	The Foundations Feeder AA	124,000	23.02.2015		1.8915	1.8915	234,546.00	26.67	0.02	0.02
43	VERITAS PANCIU SA VN	656,693	01.11.1996		0.0000	0.0000	0.00	26.33	0.00	0.00
44	VITIVINICOLA BASARABI SA CT	342,580	01.11.1996		0.0000	0.0000	0.00	10.86	0.00	0.00
TOTAL BONDS, of which:							**11,004,080**		**1.00**	**1.10**
1	BANCA TRANSILVANIA SA	688,362	22.05.2013	22.05.2020	2.6079	2.8738	1,978,190		0.18	0.20
	TOTAL BANCA TRANSILVANIA SA	688,362					**1,978,190**		**0.18**	**0.20**

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2	S.A.I. CERTINVEST S.A.	900	12.12.2014	12.12.2019	10,000.0000	10,028.7671	9,025,890		0.82	0.90
	TOTAL S.A.I. CERTINVEST S.A.	900					**9,025,890**		**0.82**	**0.90**
TOTAL Instruments referred to in art. 187, indent a) (total shares + total bonds)							**86,304,091**		**7.85**	**8.62**

*) 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.
**) "Acquisition price" represents the average acquisition price for the securities in portfolio on the reporting date.
***) 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 dare	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 the State or by central public administration authorities

No.	Issuer	No. of securities	Acquisition date	Maturity dare	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	28.06.2018	05.07.2018		5,000,000		208,33		625		5,000,625	0.45	0.50
2	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON	28.06.2018	05.07.2018		5,000,000		208,33		625		5,000,625	0.45	0.50
3	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON	28.06.2018	05.07.2018		5,000,000		208,33		625		5,000,625	0.45	0.50
4	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON	29.06.2018	02.07.2018		6,616,461		202,17		404		6,616,865	0.60	0.66
	TOTAL BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	**RON**				**21,616,461**				**2,279**		**21,618,740**	**1.97**	**2.16**
1	BANCA TRANSILVANIA SA	RON	04.06.2018	05.07.2018		3,000,000		168,52		4,550		3,004,550	0.27	0.30
2	BANCA TRANSILVANIA SA	RON	18.06.2018	18.07.2018		1,009,000		55,62		723		1,009,723	0.09	0.10
	TOTAL BANCA TRANSILVANIA SA	**RON**				**4,009,000**				**5,273**		**4,014,273**	**0.36**	**0.40**
1	ING BANK	RON	04.06.2018	04.07.2018		5,000,000		287,55		7,764		5,007,764	0.46	0.50
2	ING BANK	RON	29.06.2018	02.07.2018		1,545,000		47,21		94		1,545,094	0.14	0.15
3	ING BANK	RON	29.06.2018	06.07.2018		5,000,000		149,31		299		5,000,299	0.45	0.50
	TOTAL ING BANK	**RON**				**11,545,000**				**8,157**		**11,553,157**	**1.05**	**1.15**
1	OTP BANK ROMANIA SA	RON	04.06.2018	04.07.2018		6,000,000		373,58		10,087		6,010,087	0.55	0.60
2	OTP BANK ROMANIA SA	RON	14.06.2018	16.07.2018		3,033,060		199,43		3,390		3,036,450	0.28	0.30
	TOTAL OTP BANK ROMANIA SA	**RON**				**9,033,060**				**13,477**		**9,046,537**	**0.82**	**0.90**
1	UNICREDIT TIRIAC BANK	RON	04.06.2018	04.07.2018		6,000,000		377,16		10,183		6,010,183	0.55	0.60

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2	UNICREDIT TIRIAC BANK	RON	18.06.2018	18.07.2018		4,077,020		246,71		3,207		4,080,227	0.37	0.41
	TOTAL UNICREDIT TIRIAC BANK	**RON**				**10,077,020**				**13,391**		**10,090,411**	**0.92**	**1.01**
TOTAL DEPOZITE IN RON						**56,280,541**				**42,577**		**56,323,118**	**5.12**	**5.63**
TOTAL GENERAL DEPOZITE						**56,280,541**				**42,577**		**56,323,118**	**5.12**	**5.63**

* 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	148.5073	148.5073	2,227,610	0.15	0.20	0.22
2	ETFS 3X Daily Short DAX 30	600,000	11.03.2015	7.4759	7.4759	4,485,540	6.00	0.41	0.45
	Subtotal open-end funds					**6,713,150**		**0.61**	**0.67**
1	FOND INCHIS DE INVESTITII BET-FI INDEX INVEST	2,054	01.09.2014	555.0000	555.0000	1,139,970	10.78	0.10	0.11
2	FONDUL INCHIS DE INVESTITII MULTICAPITAL INVEST	3,400	14.11.2012	2,445.8500	2,445.8500	8,315,890	22.39	0.76	0.83
3	FONDUL INCHIS DE INVESTITII STAR VALUE	9,154	07.08.2015	953.1600	953.1600	8,725,227	20.29	0.79	0.87
	Subtotal closed-end funds					**18,181,087**		**1.65**	**1.82**
TOTAL Fund units						**24,894,236**		**2.26**	**2.49**

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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 %
1	GALGROS			568,000	2.5000	3.5233	2,001,234.40	13.699	0.18	0.20
2	METALICA MEDGiDIA SA			19,875	2.5000	0.0000	0.00	6.667	0.00	0.00
3	VULTURUL SA			2,105,276	1.0000	0.2660	560,003.42	7.127	0.05	0.06
	TOTAL SHARES						**2,561,238**		**0.18**	**0.20**

Note: In the case of GALGROS, the receivable of RON 2,001,234.40 has been diminished by RON 1.707.243,20 (out of which: RON 1,501,242.90 - collected on 20.02.2018 and RON 206,000.30 - collected on 21.06.2018)

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

	30.06.2016	30.06.2017	29.06.2018
Net Asset Value	809,346,187.00	953,038,283.00	1,001,167,964.00
Net Asset Value per share (RON/share)	0.3705	0.4363	0.4622

Executive President / CEO,
Mihai FERCALA

Executive Vice President / Deputy CEO,
Iulian STAN

Financial Manager,
Diana VERES

Portfolio Management Division
Manager,
Sorin Ion RADULESCU

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