



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

**QUARTERLY REPORT
AS AT 31 MARCH 2018**

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INFORMATION ABOUT THE COMPANY

Quarterly report drafted as at 31 March 2018 according to: Law no. 297/2004, Law 24/2017, N.S.C. Regulations no. 1/2006 and 15/2004, as subsequently amended and supplemented, BSE Rulebook and FSA Rule no. 39/2015 for the approval of the Accounting Regulations compliant with I.F.R.S. applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Investments and Instruments Sector.

Date of report: 15 May 2018

Company name	Societatea de Investiții Financiare Transilvania S.A.
Headquarters	Brașov Municipality, 2 Nicolae Iorga Street, Postal Code 500057
Telephone/ Fax	0268 41 61 71 0268 47 32 15
Webpage	www.siftransilvania.ro
Sole Registration Code	3047687
Tax code	RO3047687
Registration number with the Trade Register	J 08/3306/1992
Registered with the F.S.A. as	other collective investment undertaking with a diversified investment policy, under Certificate 258/14.12.2005;
Registered with the Office of Securities within the F.S.A.	registration certificate no. 401/20.08.1999, and no. 401/12.07.2007
Registered with F.S.A. Register at section 9	Closed-end financial companies – no.PJR09SIIR/080004, under Certificate no.146/06.03.2006
Registered with F.S.A. Register at section 7 ¹	Alternative Investment Fund Managers, Subsection 3 - Alternative Investment Fund Managers authorized at F.S.A. (A.F.I.A.A.) under no PJR07 ¹ A.F.I.A.A./080005
Subscribed and paid-in share capital	RON 218,428,666.40
Nominal value of one share	RON 0.10
Regulated market on which the issued securities are traded	PREMIUM Category of BUCHAREST STOCK EXCHANGE (market symbol: SIF3)

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

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

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

PREAMBLE

Due to the specific activity performed, the activity of S.I.F. Transilvania 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 quarter of 2018, directly or indirectly influencing the results and performance of the Company.

General macroeconomic context

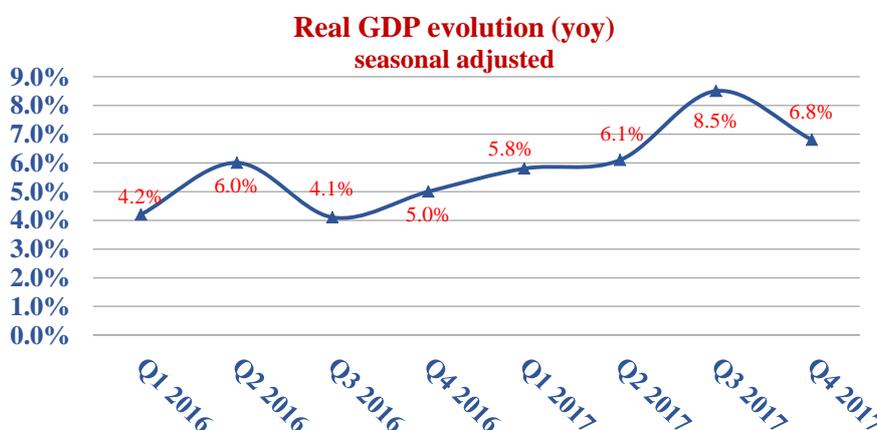
At global level, from macroeconomic perspective, a few general trends/events with impact at the level of the financial markets were recorded:

- increasing uncertainties about the pace at which the FED will pursue the reference interest rate increase strategy, monetary policy decisions based both on the positive trend of the USA economy and the strategy to build a room for maneuver sufficient to counteract a future recession;
- maintaining the risks associated with the implementation plan by the Federal Reserve of the securities portfolio reduction policy (portfolio accumulated through successive quantitative easing programs implemented to counterbalance the effects of the previous financial crisis);
- reducing the chances of scenarios aimed at promoting significant structural reforms at the level of important economies that are part of the Community Block (structural reforms being announced previously during electoral campaigns);
- materializing the risks stemming from the prospect of the Trump Administration imposing protectionist measures with a significant global impact on the volume and dynamics of trade; the measures can lead to retaliation and implicitly cascade effects;
- the implementation of the tax reform (promised by the Trump Administration since the election campaign) and its implications at the level of potential economic growth, respectively the level of room for maneuver the Federal Reserve has at its disposal in the phasing out of the normalization process of monetary policy;
- maintaining divergent perceptions at financial market levels that outweighs the political risk induced by the Trump Administration, and exaggerates the favourable scenarios attached to the evolution of the EURO area economies;
- maintaining the uncertainties induced by the timing of recent political events and subsequent negotiations for the formation of governance coalitions;
- the amplification of speculation risks on some important chapters of the bilateral negotiated roadmap (UK vs EU) for the implementation of BREXIT;
- maintaining geopolitical tensions that can affect and involve major global decision-makers; they may induce reconsideration of the risk aversion of investors operating in various financial markets.

At local level, a series of uncertainty generating elements influenced investors' perception of the predictability of the national economic model:

- maintaining the perception of instability of the government act, generated by repeated previous Government changes despite the comfortable majority of the governing coalition;
- the continuation of communication policy based on the propagation of contradictory messages in public space on topics of maximum interest for the participants in the local capital market;
- the lack of predictability associated with the implementation strategy in Romania of the governance program and the implications of the chart of measures for the stability of the aggregated macroeconomic indicators;
- the transposition of policies on the salaries of budget personnel, tax reform, dividend policy of state-owned companies and public investment policy;
- outlining the first signs of "overheating" of the economy, while maintaining the general trend to a significantly higher level than the potential, against the backdrop of pro-cyclical fiscal policy;
- the predominance of tendencies of accumulation of imbalances, respectively the amplification of the need to normalize the monetary policy parameters, with the implications related to the interest rates on the money market and yields on government securities.

The quarterly evolution of the Gross Domestic Product reported during the previous financial years shows a favourable trend recorded by the national economy (the announced dynamics exceeding significantly the average of the financial analysts' estimates) supported by the same factors recorded in previous periods, namely the fast pace of growth of the real available income, the high level of consumer's trust, and the still low level of interest rates (especially in the first half of 2017), with favourable impact at the level of the aggregate demand, also leading to positive expectations for the following quarters.



Source: National Institute of Statistics

At the level of the estimations regarding the evolution of emerging economies in the South-East and Central Europe, Romania maintains its leadership position in terms of the annual average dynamics estimates of the Gross Domestic Product, the only uncertainty being the fact that such estimations are above the interval which characterizes the potential growth pace (thus continuing the trend of exhaustion of capacity reserves and accumulation of inherent imbalances).

Nevertheless, in the absence of significant external shocks, even in the context of the gradual normalization of monetary policy, Romania's economy will most likely enter a phase of deceleration towards/below growth rates close to the level estimated as potential.

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

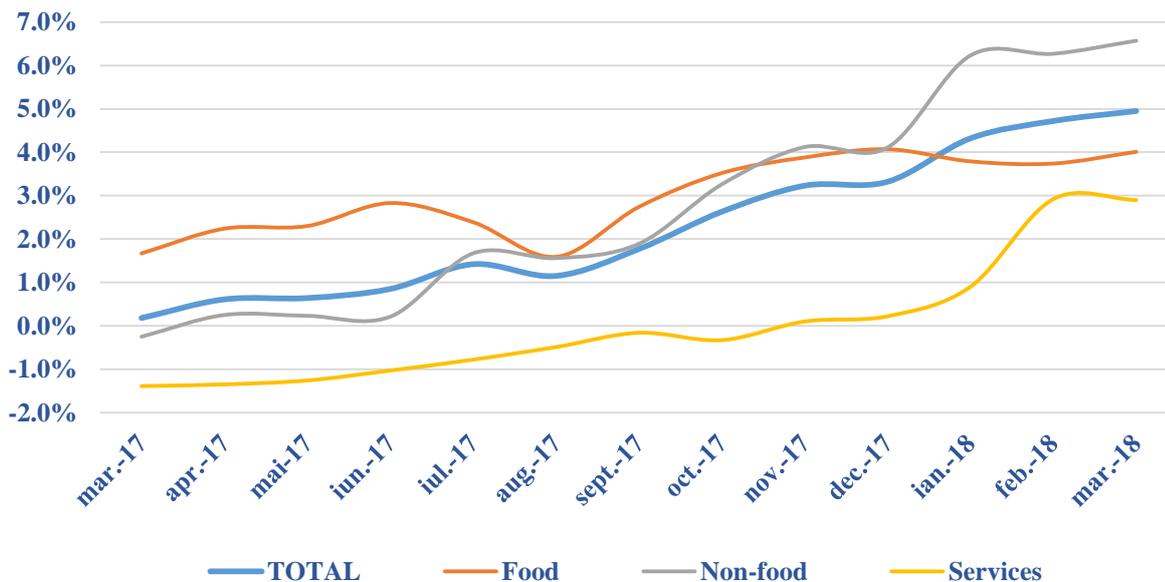
Labour Market Evolution



Source: National Institute of Statistics

The inflationist pressures materialized during the financial year 2017 increased in the first quarter of 2018.

Consumer price index evolution (yoy)



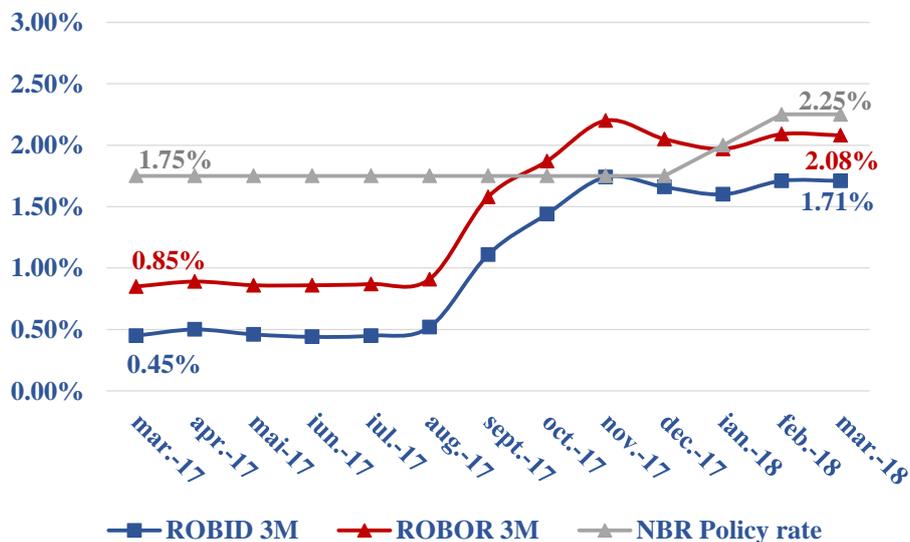
Source: National Institute of Statistics

This is why the inflation rate estimates for the next period are a strong element of uncertainty (due to the accentuation of basic inflationary pressures, increased administered prices and the disappearance of the favourable basic effect).

Thus, the estimates for the current financial year predict an excess of the range targeted by the NBR, at least in the first half of the year, followed, in the absence of significant external shocks, by a gradual return to the upper limit of the target range (amid a gradual tightening of the policy monetary).

Against a background of the first steps to normalize the monetary policy, the NBR decided to adjust the monetary policy rate on two occasions during the first quarter of 2018.

Main interest rates evolution

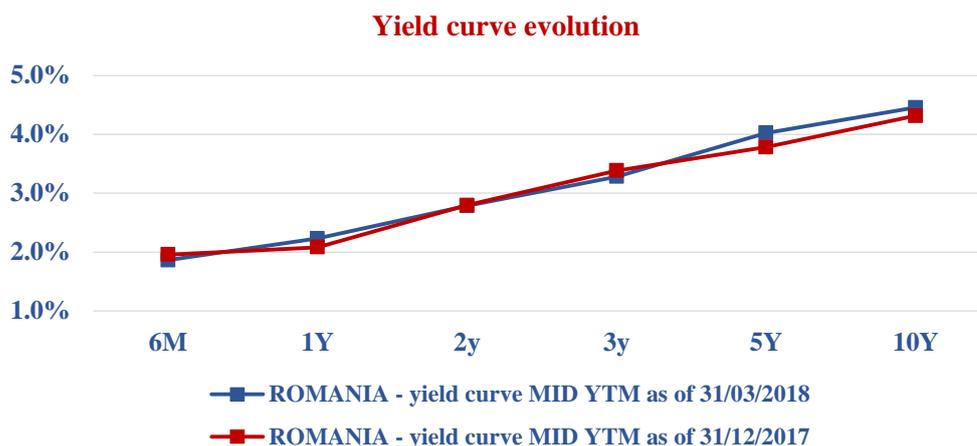


Source: National Bank of Romania

This monetary policy instrument seems to gradually regain its anchor quality, driven by both the change in the rhetoric of the Central Bank and the instruments involved in the policy of tempering inflationary expectations.

The evolution of the money market will continue to be influenced by the temporary excess of liquidity and the tightening of the monetary policy practiced by the Central Bank. Basically, in order to anchor the inflation expectations in a credible way, the monetary policy interest rate will have a gradual adjustment (at least up to 3%), at which the short-term interest rates will stabilize.

In the local macroeconomic context, the yield curve of state bonds maintains its quality of barometer of liquidity conditions, of investors' perception related to the current evolution of the economy, respectively of the adjustments at the level of estimates made on the future evolution (especially as they degrade).



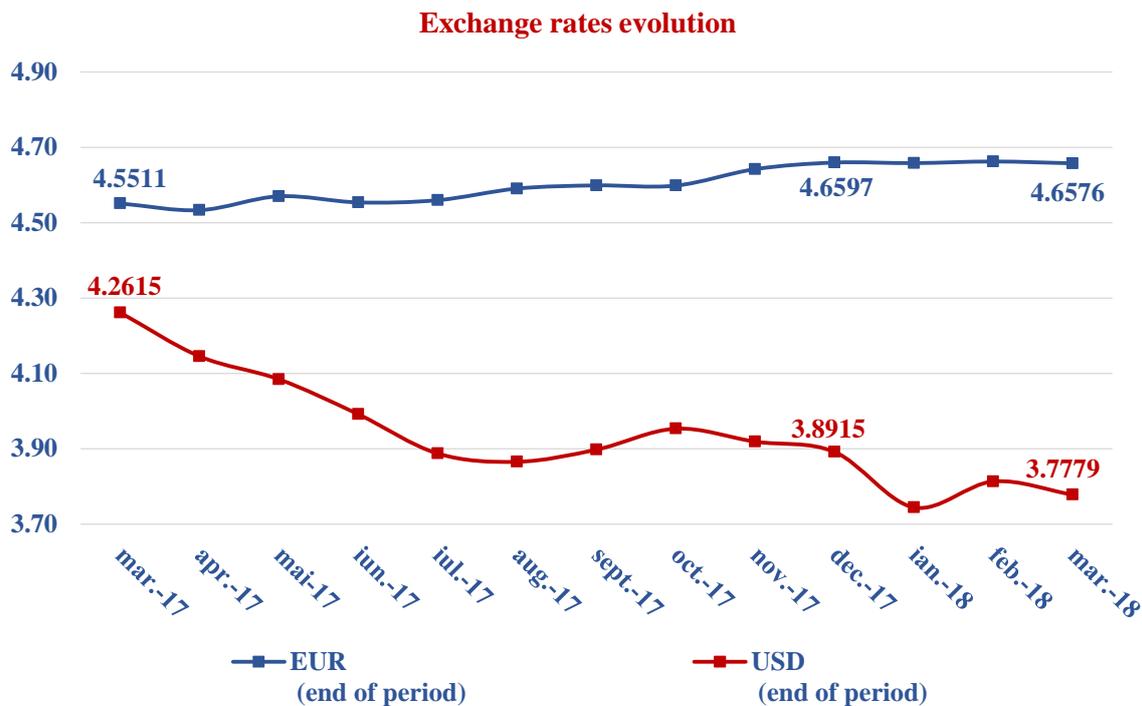
Source: Bloomberg

Unlike the situation recorded at the end of 2017, the curve registered on 31.03.2018 has a slight increase, the overall architecture of the curve remaining flattened by reference to historical environments. Excess liquidity is rapidly exhausting, which puts pressure on all bands of maturity.

During the period to come, there is a series of factors that might result into the increase of yields of state bonds denominated in RON:

- ❖ adjustment of inflation rate expectations, namely the attempt of the NBR to anchor these expectations through a more restrictive monetary policy,
- ❖ increase of risk premium requested by investors as result of the deterioration of macroeconomic balances;
- ❖ the issue of bonds timing necessary for financing the public budget deficit, as well as
- ❖ the evolution of state bonds' yields on the external market.

The evolution of the exchange rate of the national currency against major currencies has resulted, during the first quarter of 2018, in slightly divergent trends, namely, a relative stability against EUR and significant appreciation against US Dollar.



Source: National Bank of Romania

In all, the first quarter of the year 2018 was for the Romanian economy a period of gradual consumption of the estimated potential for a series of macroeconomic trends recorded during the previous quarters.

Therefore the exhaustion of capacity reserves trend and the accumulation of inherent imbalances through procyclical policies that maintain the general evolution of the economy above the interval representing probable potential growth was continued, while taking on important vectors such as the National Bank of Romania in a context that requires the normalization of the policies practiced.

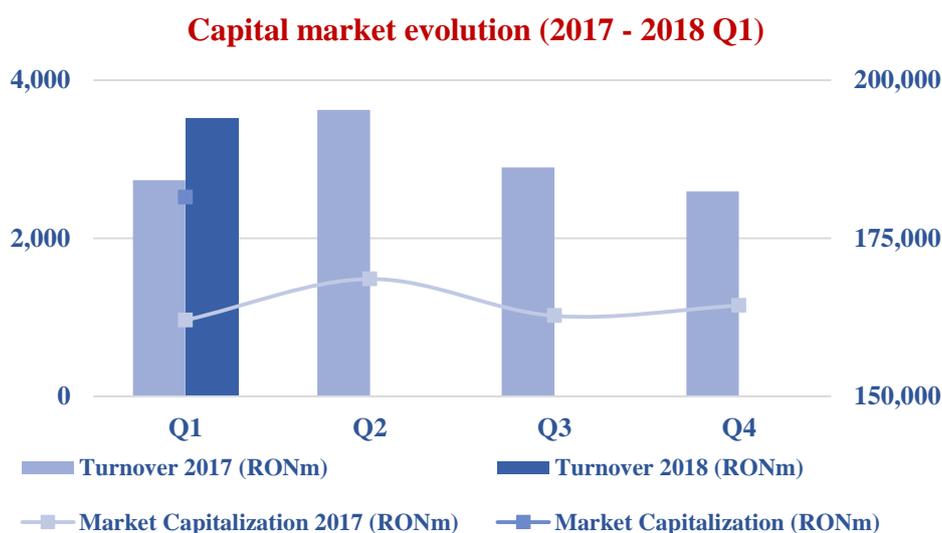
However, the economy remains exposed to the specific external risks generated by the regional geopolitical context and the volatility of the financial markets.

Also, even at internal level, maintaining in debate a series of legislative initiatives which could induce uncertainties with regard to the medium/long term stability of the trends currently recorded, could rapidly amplify the general perception of degradation of the perspectives attached to the national economy.

Context of Romanian capital market

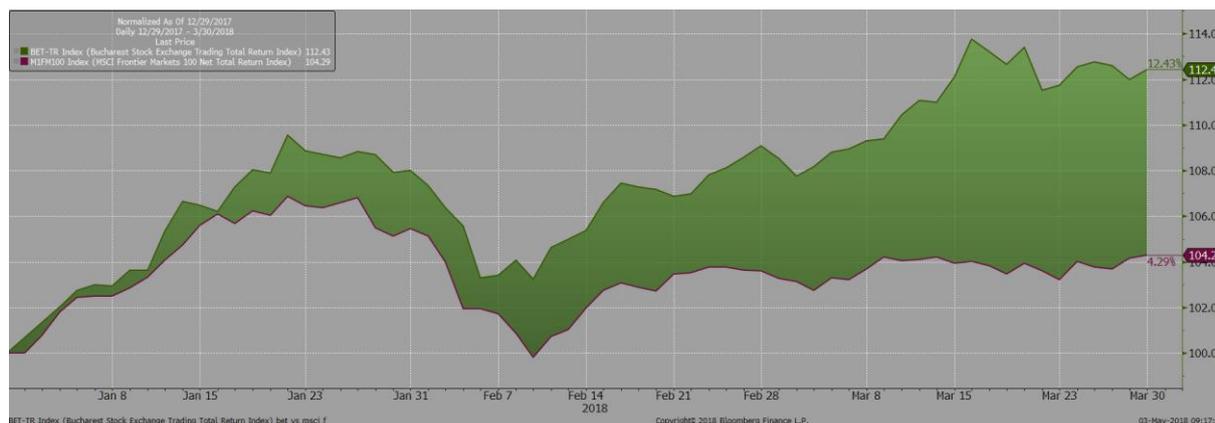
During the first quarter of the year 2018, the evolution of the shares listed on the regulated market as the basic segment of Bucharest Stock Exchange, as compared to the similar period of the previous year has reported a series of positive elements:

- ⇒ by relating to the similar period of the previous year, the quarterly value of the transactions made on the regulated segment of BSE recorded a superior level;
- ⇒ at the end of the first quarter of the financial year 2018, the stock market capitalization of the regulated market was above that recorded in the similar period of 2017 (yoy advance) and above the reference level recorded at the end of the previous year (qoq advance).



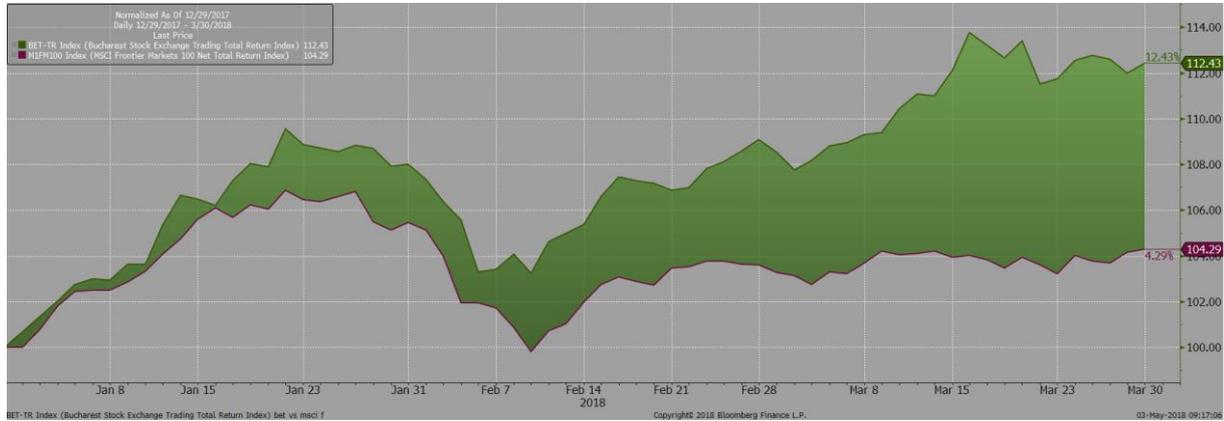
Source: Bucharest Stock Exchange

During the first quarter of 2018, the TOTAL RETURN evolution (calculated in the local currency) recorded by the main index of the regulated market (BET) was upward, materialized at the end of the period in a positive yield. During the entire period under review, the evolution strengthened the performer status attributed to the local capital market.



Source: Bloomberg

Considering the calculation of the TOTAL RETURN yield by comparison to the same reference currency (US Dollar), during the first three months of 2018 the evolution of the main index of the regulated market was also ascending, resulting, at the end of the period, in a positive yield, higher than the reference rate.

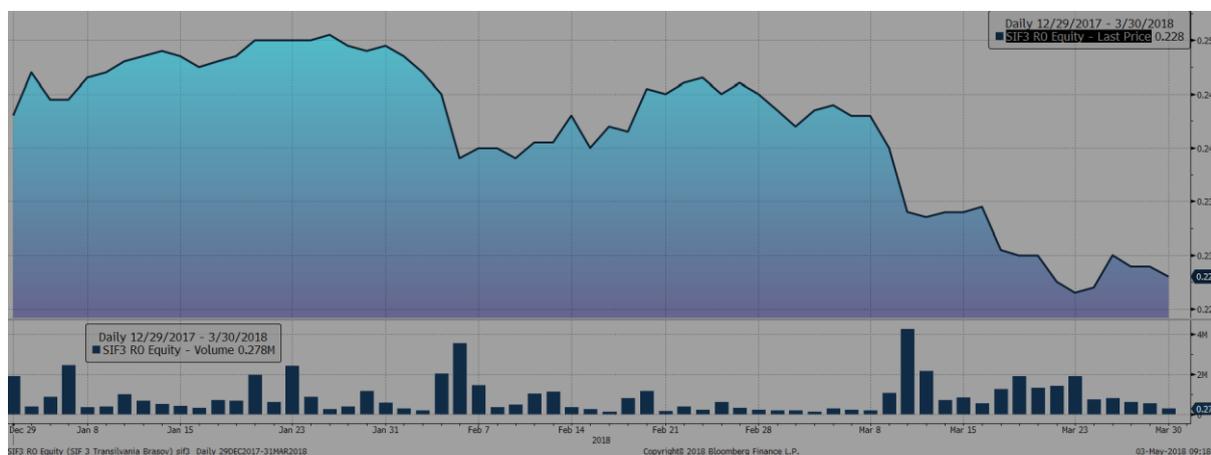


Source: Bloomberg

EVOLUTION OF S.I.F. TRANSILVANIA SHARES DURING THE FIRST QUARTER OF 2018

During the first quarter of 2018, SIF3 shares have recorded an evolution characterized by the following trading benchmarks on the main market (BVB-Regs):

⇒ minimum closing quotation	RON 0.2265/share
⇒ average quotation	RON 0.2401/share
⇒ maximum closing quotation	RON 0.2505/share
⇒ traded volume	54.3 million shares
⇒ number of trading sessions	62 sessions
⇒ average volume traded daily	0.9 million shares/session



Source: Bloomberg

The first three months of 2018 recorded a negative evolution for SIF3 securities, materialized at the end of the period with a closing quotation below the reference price of the period (closure of the trading session on 29/12/2017).

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

ANALYSIS OF S.I.F. TRANSILVANIA ACTIVITY

General Framework

S.I.F. Transilvania is a joint-stock company which operates as a self-administered closed-end financial investment company and is authorized as an Alternative Investment Fund Manager (A.F.I.A.), according to the provisions of Law no. 74/2015 regarding the alternative investment fund managers, based on the FSA Authorization no. 40/15.2.2018. The Company is authorized and supervised by the Financial Supervisory Authority, being classified as "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 which is controlled by the Supervisory Board. S.I.F. Transilvania shares are listed on the Bucharest Stock Exchange - under symbol "SIF3", Main segment, Premium Category.

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

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

Starting with 2015 financial year, S.I.F. Transilvania has adopted the I.F.R.S. as the accounting basis according to the requirements of the F.S.A Rule no. 39/2015.

I.F.R.S. 10.4 provides certain exceptions from the drafting of consolidated financial statements, among which the exception applicable to parent entities which are classified as "Investment Entities". In the process of re-evaluating the status of investment entity, S.I.F. Transilvania periodically analyses the extent to which the terms of investment are met as an investment entity. Starting with 01.01.2015, as a result of the analysis made, the management of S.I.F. Transilvania found that the company fulfils the requirements in order to be defined as an "Investment Entity" according to I.F.R.S. 10.

Under such circumstances, for the financial year 2017, S.I.F. Transilvania has drafted only one set of financial statements, i.e. separate financial statements, according to I.F.R.S.

Investments entity

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

- i. obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- ii. commits to its investors that its business purpose is to invest funds solely for returns from investment appreciation, investment income, or both;

- iii. measures and evaluates the performance of substantially all of its investments on a fair value basis.

Starting with 1 January 2015, the financial investments of the Company are measured at fair value. In the IFRS 9 context, starting with 1 January 2018, S.I.F. Transilvania has classified the investments in subsidiaries and associates and the corporate bonds issued and fund units as financial instruments held at fair value through profit or loss. The investments of the Company in other equity instruments, (other than those related to subsidiaries and associates) 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 asset management services to its investors, having as exclusive scope the activities specific to closed-end investment companies. S.I.F. Transilvania does not provide consultancy services for investments and administrative services, directly or through a branch, to third parties and/or its investors.

S.I.F. Transilvania applies an exit strategy based on the permanent monitoring of the investments made in accordance with the approved investment programs, and on the continuous analysis of current market circumstances, intending to reach higher yields and comply with the objectives established in the annual revenue and expenditure budgets.

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

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

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

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

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

Financial assets at fair value

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

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

- Level 1 input data are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity has access on the assessment 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 liability;
- Level 3 input data are the input data unobservable for the asset or liability.

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

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

On 31 March 2018, Company's portfolio includes financial assets measured at fair value, classified at level 1 and 3 in the fair value hierarchy, as follows:

-RON-

Financial assets as at 31.03.2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	487,480,354	-	30,900,821	518,381,175
Shares	487,480,354	-	30,900,821	518,381,175
Corporate bonds	-	-	-	-
Fund units	-	-	-	-
Financial assets at fair value through profit or loss account	206,232,122	-	341,714,252	547,946,374
Shares	197,594,068	-	306,123,996	503,718,064
Corporate bonds	-	-	17,265,616	17,265,616
Fund units	8,638,054	-	18,324,640	26,962,694
Total financial assets at fair value as at 31.03.2018	693,712,476	372,615,073	1,066,327,549	

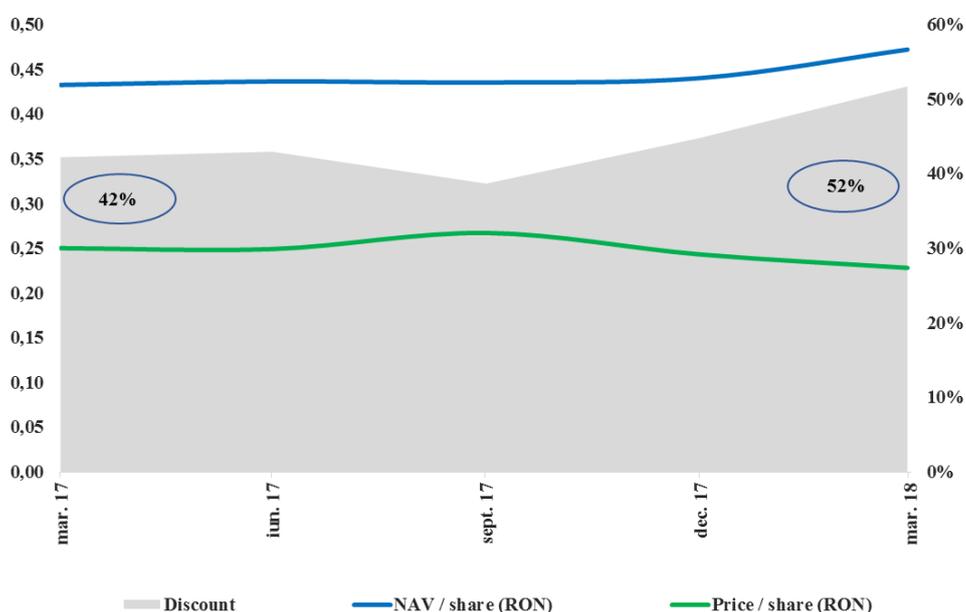
Net asset

The Statement of Assets and Liabilities of the Company is drafted in RON, as at the end of the last business day of the month and, if applicable, at any other reference date. The Statement of Assets and Liabilities of the Company for a certain date shall be drafted and presented in the format requested by the F.S.A. (according to the F.S.A. Regulations 9/2014 and 15/2004). The net asset is

calculated on monthly basis by the Company, is certified by the depository BRD – Groupe Societe Generale S.A. Bucharest and is sent to the F.S.A. and B.S.E. no later than the 15th day of the following month.

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

Transaction discount evolution of the SIF3 shares in the last 12 months



Source: S.I.F. Transilvania

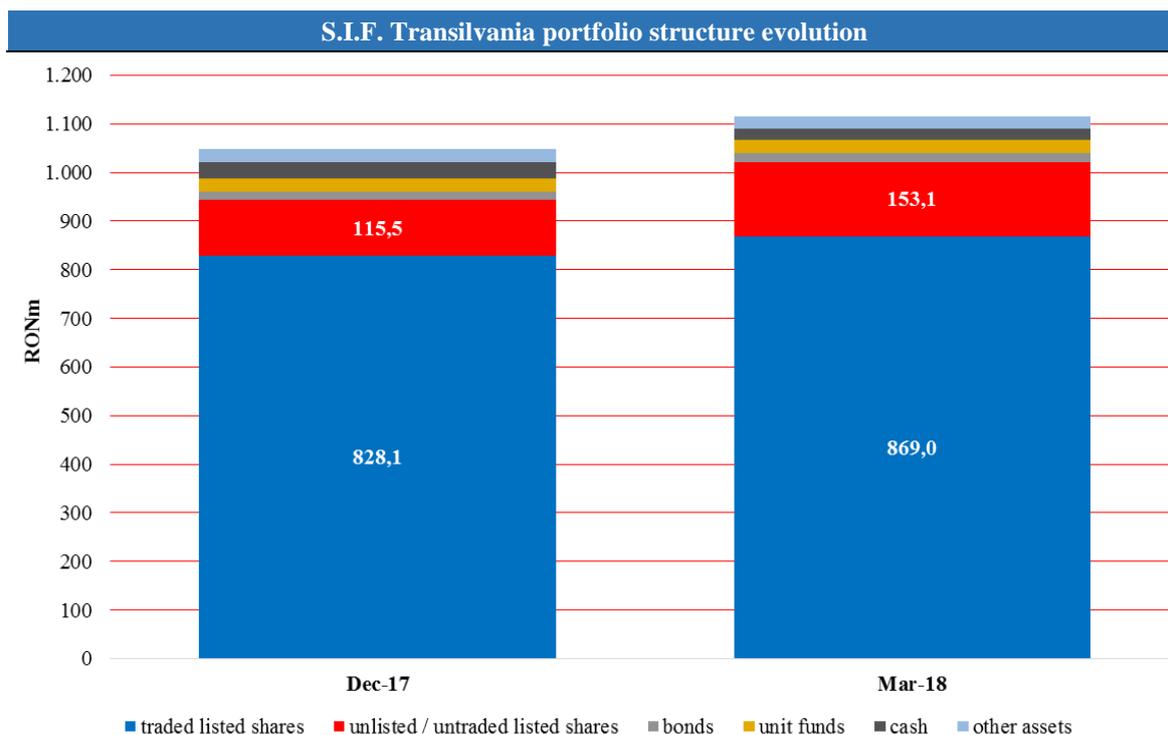
Main aspects regarding the evolution of the portfolio of financial instruments during the first quarter of 2018

- ❖ quarterly advance of the total assets' value, given a 6.4% non-annualized increase rate corresponding to the first three months of 2018;

Evolution and components of S.I.F. Transilvania portfolio			
- RON million -	Dec.-17	evolution	March-18
total assets	1,048.2	↗	1,114.9
net asset value	966.7	↗	1,028.7
companies in portfolio *	115	↘	107
portfolio of financial instruments (including cash)	1,021.0	↗	1,089.8
portfolio of financial instruments	987.1	↗	1,066.3
cash & cash equivalents	33.9	↘	23.5

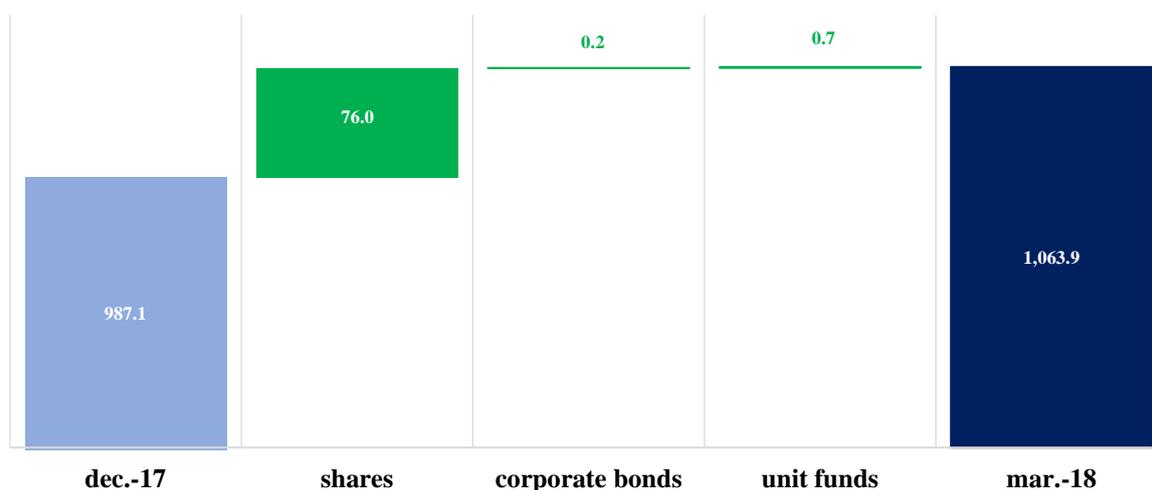
* including shares pending sale

Source: S.I.F. Transilvania, I.F.R.S. fair values, Appendix 16 acc. to the F.S.A. Reg.no.15/2004, F.S.A. Reg.no.9/2014



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

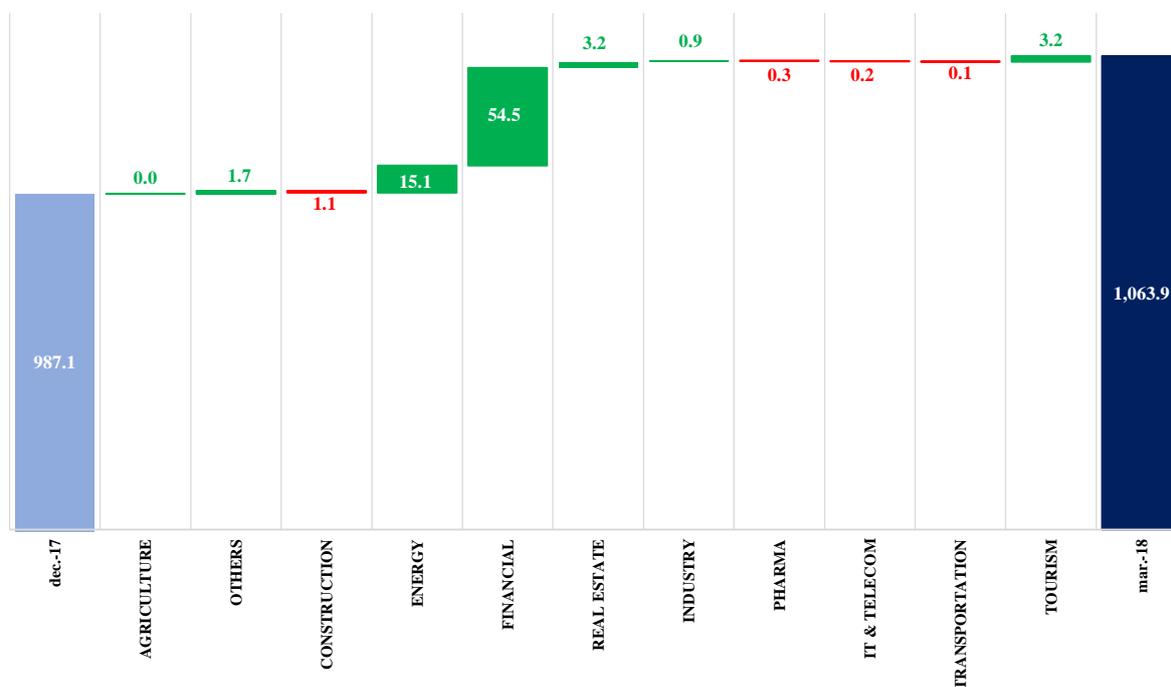
- ❖ analysis of financial instruments portfolio variation (fair value + generated cash + corresponding receivables deducted from the fair value) – detailing per financial instruments



Source: S.I.F. Transilvania

Obs.: The initial value (Dec.-17) of the financial instruments portfolio is calculated according to IFRS fair values. The final value (March. -18) of the financial instruments portfolio is calculated by summing up IFRS fair values and the contribution of each instrument resulting from the execution of the investment program [cash generated/immobilized through sale/purchase transactions, collected dividends, collected cash distributions, other collected amounts (shares pending the sale), attached receivables]. The values are expressed in millions of RON.

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

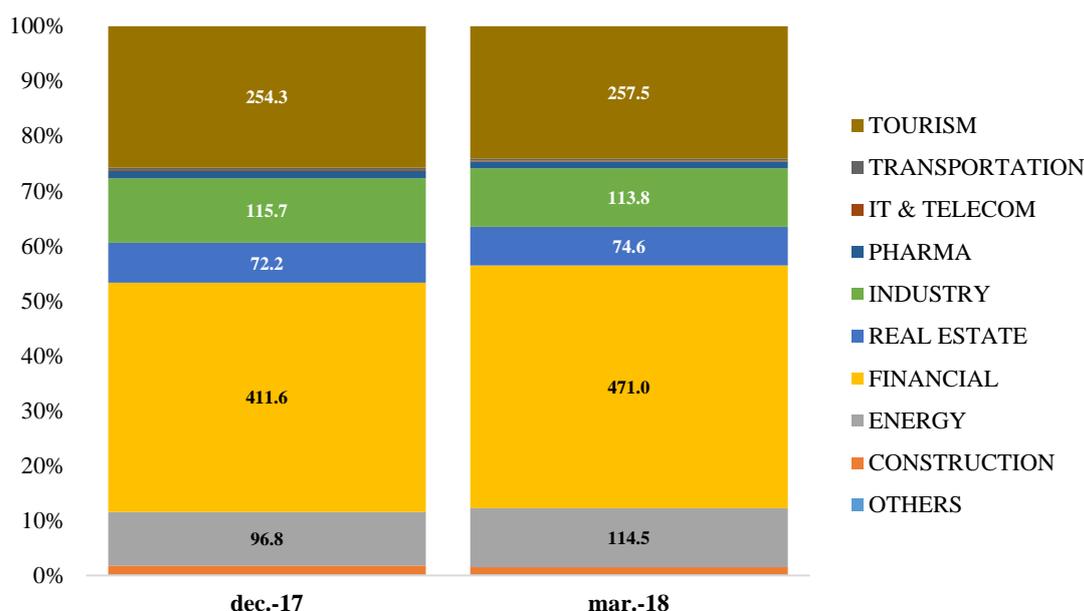


Source: S.I.F. Transilvania

Note.: The initial value (Dec.-17) of the financial instruments portfolio is calculated according to IFRS fair values. The final value (March. -18) of the financial instruments portfolio is calculated by summing up IFRS fair values and the contribution of each instrument resulting from the execution of the investment program [cash generated/immobilized through sale/purchase transactions, collected dividends, collected cash distributions, other collected amounts (shares pending the sale), attached receivables]. The values are expressed in millions of RON.

- the shares sub-portfolio has generated - at the level of the value of managed assets, a net positive impact totally amounting RON 76.7 million; the impact is determined based on the fair values of the financial assets in the portfolio on the reference date, the outcome of the transactions performed with different financial instruments, the financial liquidities generated by such holdings (collected dividends, cash from sale/purchase transactions), corresponding receivables (dividends to be collected deducted from the fair value of the financial instruments);
- the financial and energy sectors record the most important positive net adjustments (RON 54.5 million, and RON 15.1 million, respectively); the industry sector registered the most important contribution at the level of the aggregated treasury;
- the constructions, pharma and IT & Telecom sectors, respectively transports are the only sectors which record negative net adjustments, but the variations are still reduced in amplitude (RON -1.1 mil., RON -0,3 mil., RON -0,2 mil., respectively RON -0.1 million);

- ❖ the aggregated treasury (cash & cash equivalents) has decreased with RON 10.4 million as compared to the beginning of 2018, as a result of the execution of the investment program and the commencement of the share buy-back program;
- ❖ during the first quarter of 2018 financial year, the number of companies from the shares portfolio managed by S.I.F. Transilvania has slightly decreased; the analysis also takes into consideration the shares pending the sale;
- ❖ as far as the operational portfolio is concerned, the investments structure is characterised by a bi-sectorial concentration (the tourism and financial sectors cumulate 2/3 of it);



Source: S.I.F. Transilvania

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

Investments strategy

The Investment Program for 2018 complies with the Strategic Guidelines of S.I.F. Transilvania for the period 2017-2021, approved by the Ordinary General Meeting of Shareholders of 28.04.2017.

By the way it is built, the program remains an element of continuity, being anchored in unitary multi-year strategic guidelines and resulting from the gradual engagement (conditioned by the general financial markets) of the action tools needed to be implemented in order to achieve the objectives assumed.

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

- ▶ ensuring the quality of the managed portfolio;
- ▶ ensuring the sources for an efficient and attractive remuneration of shareholders;

- ▶ structural balancing of the portfolio in terms of sectors, asset classes, etc.;
- ▶ improvement of the portfolio liquidity through investments in financial instruments with a liquidity at least similar to the one of those assets whose disinvestment has ensured the financial resources.

In the context of:

- the Strategic Guidelines approved for 2017 – 2021 by the General Meeting of Shareholders for the closing of the financial year 2016,
- maintaining the status of S.I.F. Transilvania as an investment entity which measures and evaluates the performance of its investments based on the fair value,
- maintaining the classification of most financial instruments in the S.I.F. Transilvania portfolio as financial assets measured at fair value through profit or loss,

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

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

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

- ⇒ amounts attached to the investments held, which do not involve actual sale operations (dividends, coupons, cash distributions);
- ⇒ amounts resulted from speculative operations, in order to capitalize favourable market conditions and conjunctures;
- ⇒ amounts resulted from the active management of the portfolio, with the following components:
 - resources resulting from the portfolio restructuring process by accelerating the **sale** of holdings held in unlisted or low liquidity listed companies (according to S.I.F. Transilvania's exit strategy-a basic element of the investment process as an investment entity);
 - the sale of high liquidity quoted holdings, conditioned by market conditions and current funding requirements (according to the same exit strategy);
- ⇒ the financing sources obtained, allowed by the law in force applicable to the sector in which S.I.F. Transilvania performs its activity.

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

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

Other specific operations of the Investment Program:

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

Implementation of the investment program in the first quarter of the year 2018

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

Thus, the investments made in the first quarter of 2018 focused exclusively on acquisitions under the FVTPL active trading sub-portfolio, aimed at consolidating holdings in issuers with a stable dividend policy: Banca Transilvania, BRD, Conpet, Electrica, Fondul Proprietatea, OMV Petrom, Nuclearelectrica and SIF Oltenia;

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

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

In the first quarter of 2018, investments classified as FVTOCI have been sold, the positive results of the operations being recognized at the level of the retained earnings: partial sale of IAR Ghimbav stake (the remainder of the share being subject to a withdrawal request), total sale of Sibex Depository stake, total sale of Docuri Galați stake, respectively partial receipts related to the withdrawal process from Galgros.

In the context of the multi-annual strategic guidelines, the investment program for 2018 and the approved exit strategy of S.I.F. Transylvania, the process of active management of the entire managed portfolio continued. During the first quarter of 2018, a series of investments classified as FVTPL under IFRS 9 have been sold, all transactions involving the marking of profit by reference to closing prices for 2017 (profits supporting the execution of REB 2018): Fondul Proprietatea, SN Nuclearelectrica and S.N.G.N. Romgaz.

Management of the portfolio in the period January - March 2018

Between January – March 2018, S.I.F. Transylvania continued the implementation of the measures provided in the Strategic Guidelines for 2017-2021 with regard to the portfolio management, namely:

- ⇒ the identification of the companies proposed for “exit”, especially of those whose shares are not admitted to trading on a regulated market or an alternative trading system;
- ⇒ the monitoring and analysis of the activity of the portfolio companies based on the financial results reported by the companies during the reporting period;
- ⇒ finalizing the steps to operationalize the investment vehicle, which took over holdings in non-operational companies; the transfer of these participations leads to the efficiency of their management process and the correct reflection of the quality and structure of the portfolio managed by S.I.F. Transylvania;
- ⇒ the promotion of innovating and efficient management and administration systems (in the case of the companies in which S.I.F. Transylvania is majority shareholder), including by setting the performance criteria and objectives approved for 2018 for each company depending on the specificity of the activity, the quantitative indicators established under the Revenue and Expenditure Budget and the Investment Programs afferent to 2018;
- ⇒ the completion of the processes for stabilization and balancing of the activities of the companies in which S.I.F. Transylvania holds majority holdings and which benefited from investment programs (with an emphasis on the companies from the tourism sector);
- ⇒ the promotion of balanced dividend policies which should determine the increase of S.I.F. Transylvania’s income from dividends, without influencing the companies’ ability to generate performance in the future.

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

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

Portfolio structure by sectors	2016		Q1 2017		2017		Q1 2018	
	No of companies	%*						
Tourism	23	28.13%	23	27.37%	19	26.98%	17	25.23%
Real estate	14	7.48%	14	7.19%	12	7.66%	12	7.31%
Financial	14	38.43%	14	38.33%	14	39.61%	12	42.32%
Industry	36	11.16%	35	11.13%	26	11.73%	25	10.64%
Energy	7	10.98%	7	12.20%	8	10.27%	9	11.22%
Transports	5	0.48%	5	0.43%	3	0.42%	3	0.37%
Constructions	14	1.85%	14	1.79%	9	1.62%	9	1.39%
Pharmaceutical industry	1	1.32%	1	1.37%	2	1.38%	2	1.24%
IT & Telecom	1	0.03%	1	0.03%	2	0.23%	2	0.19%
Agriculture & Fish Farming	18	0.00%	18	0.00%	9	0.00%	7	0.00%
Other sectors	13	0.16%	13	0.15%	7	0.10%	5	0.09%
Total	146	100%	145	100%	111	100%	103	100%

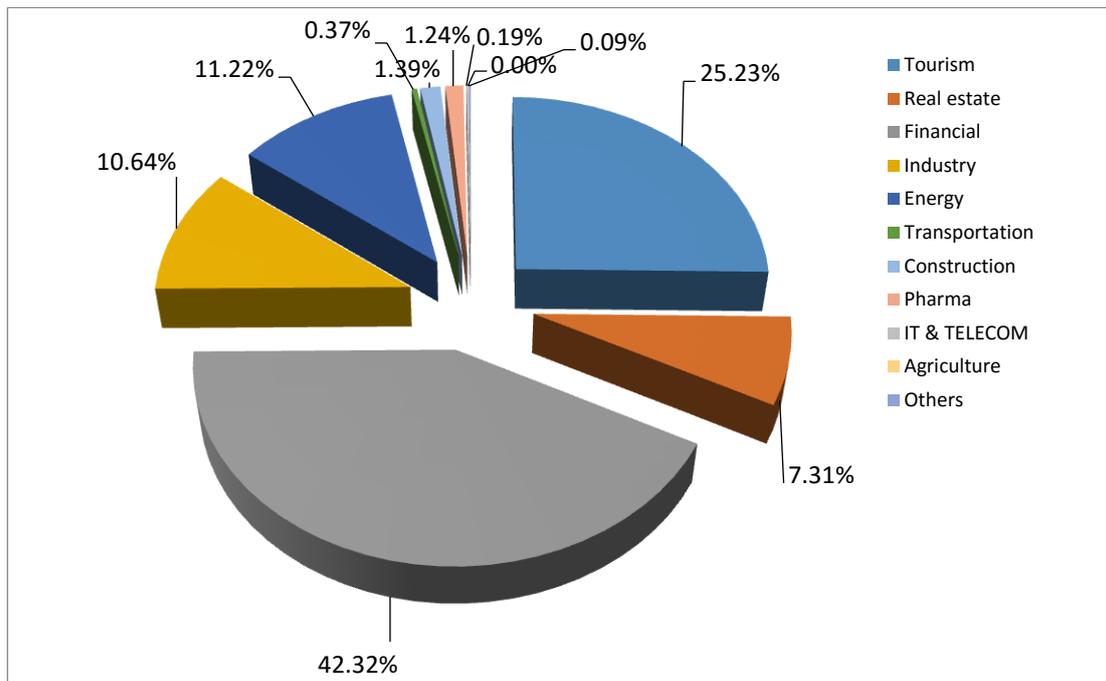
Source: S.I.F. Transilvania

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

There is a significant reduction in the number of companies in the portfolio (from 145 companies on 31.03.2017 to 103 companies on 30.03.2018), with particular focus on the following sectors: tourism (decrease from 23 to 17) and industry (from 35 to 25). The reduction in the number of companies was achieved, in particular, by finalizing the transfer of the ownership right on the shares held in insolvent companies (bankruptcy/liquidation) to the dedicated investment vehicle (33 companies between October 2017 and January 2018) as part of the portfolio restructuring process.

At the same time, there is a significant increase in the value share of sub-portfolios in the financial and energy sectors and a slight decrease in the share of tourism and industry.

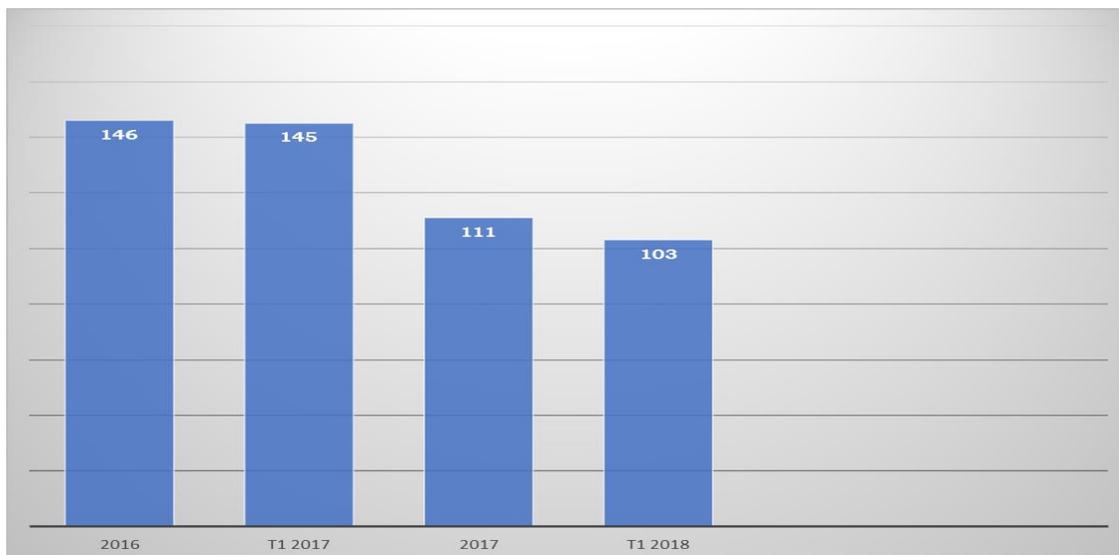
**Portfolio structure by sectors as at 30.03.2018
(excluding the shares pending the sale)**



Source: S.I.F. Transilvania

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

Portfolio evolution by number of companies (excluding the shares pending the sale)



Source: S.I.F. Transilvania

The decrease in the number of portfolio companies (30.03.2018 compared to 31.03.2017, respectively 103 companies compared to 145 companies), was especially due to the decrease in the number of unlisted companies (47 companies, from 90 companies to 43 companies) as an important part of the share portfolio restructuring process, most of them being transferred to the dedicated investment vehicle (respectively 33 companies, of which 7 companies in the first quarter 2018).

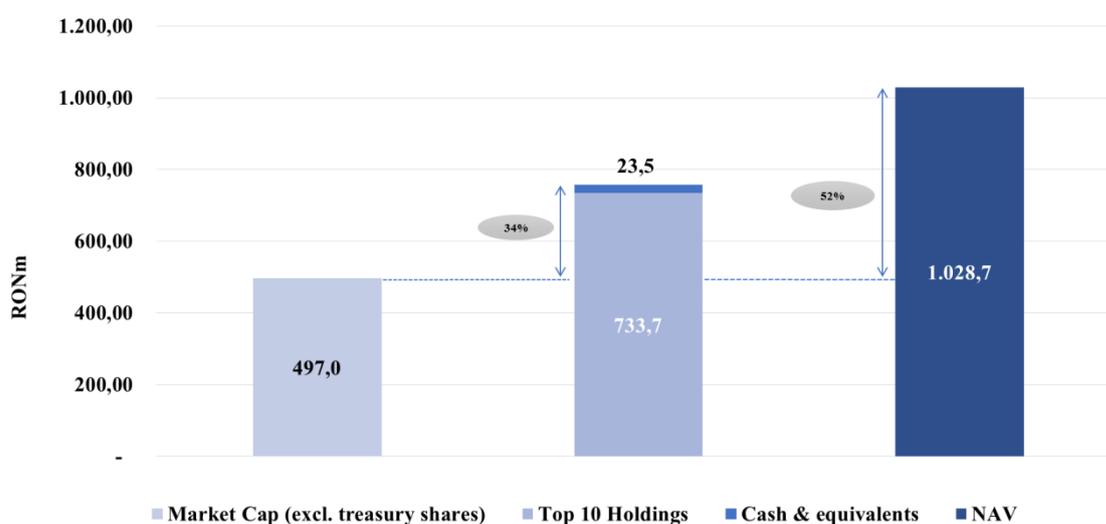
Top 10 holdings

Order No	Name	S.I.F. percentage	% of Total Assets*
1	BRD - GROUPE SOCIETE GENERALE S.A.	3.29%	31.07%
2	TURISM FELIX S.A.	63.20%	6.13%
3	S.N.G.N. ROMGAZ S.A.	0.36%	4.74%
4	OMV PETROM S.A.	0.25%	4.09%
5	FEPER S.A.	85.80%	4.02%
6	T.H.R. MAREA NEAGRĂ S.A.	77.71%	4.02%
5	ARO PALACE S.A.	85.74%	3.79%
8	FONDUL PROPRIETATEA S.A.	0.40%	3.17%
9	TURISM COVASNA S.A.	93.33%	2.58%
10	CRISTIANA S.A.	99.80%	2.21%
	Top 10 holdings		65.82
	Total portfolio of financial instruments		95.64

Source: S.I.F. Transilvania

* according to IFRS fair values (expressed in RON)

Analysis of SIF3 shares trading discount



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 the F.S.A. regulations as “*Other collective investment undertakings (A.O.P.C.) with a diversified investment policy*”. S.I.F. Transilvania is also authorized as Alternative Investment Fund Manager (A.F.I.A.).

• Governance structures

S.I.F. Transilvania is managed in a two-tier management system by an Executive Board which is controlled by the Supervisory Board.

In the first quarter of 2018, the Supervisory Board consisted of Mr. Ștefan Szabo - President, Mr. Constantin Frățilă - Vice-President, Mr. Dumitru Carapiti, Mr. Gheorghe Luțac, Mr. Crinel-Valer Andănuț, Mr. Nicolae Petria (members elected by the O.G.M.S. of 28.04.2017) and Mr. Dan Viorel Paul (provisional member appointed by the Supervisory Board in accordance with the Decision No. 2/23.11.2017 and endorsed by the F.S.A. in its Opinion No. 22/23.01.2018). The mandate of the members of the Supervisory Board expires on 27.04.2021.

After the reporting period, based on the Decision of the Supervisory Board dated 05.04.2018, Mr. Constantin Frățilă was revoked from the position of Vice-President of the Supervisory Board, in this position being appointed Mr. Dumitru Carapiti. We would like to point out that shareholders of the company have filed applications for intervention at the Trade Register against the Company's request for the mention of the abovementioned revocation.

Also, after the reporting period, the O.G.M.S. of 27.04.2018 elected Mr. Marius Adrian Moldovan as a member of the Supervisory Board of the Company, thus replacing Mr. Dan Viorel Paul whose term expired on 27.04.2018. The mandate of Mr. Marius Adrian Moldovan is between 27.04.2018 and 27.04.2021; the approval formalities are to be fulfilled by the F.S.A. in accordance with the legal provisions.

Between January and March 2018, six Supervisory Board meetings were held, of which: two sessions at the company's headquarters, three electronic sessions and a teleconference session.

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

In the first quarter of 2018, the management of the Company was ensured by the Executive Board, whose composition is as follows: Mr. Mihai Fercală - Executive President/CEO, Mr. Iulian Stan - Executive Vice President - Deputy CEO and Mr. Ștefan Szitas - Member of the Executive Board/Director. The current composition of the Executive Board was endorsed by the F.S.A., through the Opinion no. 352/23.05.2017. We mention that in the first quarter of 2018, 16 meetings of the Executive Board took place.

Detailed information on the Company's corporate governance structures can be found on the Company's website www.siftransilvania.ro, at *About SIF Transilvania*.

- **Corporate Events**

The company published on 29.01.2018 the financial communication calendar for 2018, which can be consulted on the website www.siftransilvania.ro, under the *Investor Relations* section.

On 15.02.2018, the Company published the preliminary financial results for the year 2017, which can be consulted on the Company's website at www.siftransilvania.ro, at "*Investor Relations/Reports/Periodical Reports*".

Through the F.S.A. Certificate no. 40/15.02.2018, S.I.F. Transilvania was authorized as an Alternative Investment Fund Manager (AFIA) in accordance with Law no. 74/2015 *on Alternative Investment Fund Managers*. In the process of authorizing the Company as an AFIA, the F.S.A. has endorsed the changes made under Art. 6 of the Articles of Incorporation of S.I.F. Transilvania as regards the object of activity and authorized the persons who hold key positions within the company, respectively the risk management and the compliance officer.

On 20.02.2018, S.I.F. Transilvania commenced its own shares buy-back program, in accordance with the E.G.M.S. Resolution no.1/15.12.2017. The buy-back program involves the redemption of a maximum of 21,842,867 own shares, representing 1% of the share capital, at a price between the minimum price - equal to the market price of the Company's shares on the B.S.E. at the moment of the purchase and the maximum price – RON 0.32 /share. The purpose of the program is to reduce the share capital. We mention that until 31.03.2018, S.I.F. Transilvania redeemed 4,349,370 own shares. According to the legal provisions, the own shares acquired under the buy-back program do not give the right to vote in the general meetings of shareholders, nor the right to receive dividends during the period of their holding by the company.

On 09.03.2018, the Company's Executive Board convened the Extraordinary General Meeting of Shareholders and the Ordinary General Meeting of Shareholders for 27/28.04.2018.

The main items on the agenda of the E.G.M.S. were the approval of the consolidation of the nominal value of a S.I.F. Transilvania shares, from RON 0.10/share to RON 5.00/share, by increasing the nominal value of the shares while reducing 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) and the approval of the supplementation and amendment of the Company's Articles of Incorporation, considering the authorization of the company's operation as AFIA and according to the Decision of the Executive Board.

The main items on the agenda of the O.G.M.S. were the approval of the annual financial statements for 2017, the approval of the distribution of the net profit for the financial year 2017 and the gross dividend, the approval of the discharge of the members of the Executive Board and of the members of the Supervisory Board for the activity carried out in the financial year 2017, the approval of the revenue and expenditure budget and the investment program for 2018 and the election of a member of the Supervisory Board of the company.

On March 29, 2018, at the request of a group of shareholders holding together 5,000234% of the company's share capital, the Executive Board supplemented the O.G.M.S. agenda with items referring to the completion of the committee for counting the votes expressed in the O.G.M.S. and the commencement of liability proceedings against the Executive President/CEO. The Executive

Board also supplemented the O.G.M.S. agenda with items referring to the revocation of two members of the Supervisory Board; the O.G.M.S. of 27.04.2018 did not adopt resolutions on the commencement of the liability proceedings or revocation respectively.

• **Relationship with shareholders and investors**

During the first quarter of 2018 the Company has complied with its obligations concerning the transparency, information and reporting as provided by the legal regulations and by the regulations of the Code of Corporate Governance of B.S.E.

In this respect current reports, periodical reports and press releases were drawn up and provided to shareholders and investors through their publication on the B.S.E. website, the F.S.A. website and on the Company's website and in the media, as the case may be. The reports and press releases were simultaneously disseminated both in Romanian and English.

The Company also published on its website all the materials related to the agenda of the General Shareholders' Meetings convened for 27/28 April 2018, including the justifications of the shareholders and the Executive Board regarding the supplementation of the O.G.M.S. agenda.

Also, the Company, through the Shareholders Department, has been permanently in contact with the shareholders, answering to their questions, by correspondence (including by e-mail), by telephone or at the Company's office. Also, the subscribed shareholders receive a monthly newsletter by e-mail with news concerning the Company's activity, the structure of the managed portfolio, the performances of SIF3 shares, the achievement of the revenue and expenditure budget etc.

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

- ✓ by phone: 0268 401141, 0268 401157, 0800800112 (free of charge, available during working days between 9⁰⁰ and 11⁰⁰)
- ✓ by fax: 0268 473215, 0268 473216
- ✓ by e-mail: actionari@siftransilvania.ro, investitori@siftransilvania.ro

Moreover, the shareholders can obtain information at the Company's headquarters, the work hours being during business days, from Monday to Friday, between 11⁰⁰-13⁰⁰.

• **Shareholding structure as at 31.03.2018**

On 31.03.2018, according to the data received from Depozitarul Central S.A., S.I.F. Transilvania shareholding structure was as follows:

	Number of shareholders	Number of shares held	% of the share capital
Resident natural persons	6,976,158	1,363,044,640	62.40
Resident legal entities	271	704,566,995	32.26
Total resident shareholders	6,976,429	2,067,611,635	94.66
Non-resident natural persons	2,328	30,641,244	1.40
Non-resident legal entities	36	86,033,785	3.94
Total non-resident shareholders	2,364	116,675,029	5.34
TOTAL	6,978,793	2,184,286,664	100.00

- **Policy concerning the remuneration of shareholders**

The remuneration policy of shareholders aims to implement a mix of complementary remuneration and consolidation of the invested capital, which includes the distribution of dividends, and the execution of share buy-back programs.

The dividend policy promoted by S.I.F. Transilvania aims to increase the attractiveness of SIF3 shares by ensuring a permanent balance between the remuneration of the Company's shareholders and the financial resources needed to carry out the annual investment programs, according to the medium/long term strategic objectives.

In order to increase the level of financing sources from the net profit that remain at the level of the company for the development of the investment programs and the ensurance of the sustainability of the Company's activity, in full agreement with the long-term interest of the shareholders, S.I.F. Transilvania aims to distribute dividends in cash, but at a lower rate of distribution.

As of 31.03.2018, the dividends distributed from the Company's net profit of the financial year 2016, gross of RON 0.02/share, as well as the dividends related to the financial years 2014 and 2015, which were not collected by the shareholders were available for payment through the paying agent BRD - Groupe Société Générale.

After the reporting period, the O.G.M.S. of 27.04.2018 approved the distribution of dividends from the net profit achieved in the financial year 2017, gross value of RON 0.01 per share with a nominal value of RON 0.10. In the event of the completion of the nominal value consolidation procedure, approved by the E.G.M.S. of April 27, 2018, the gross dividend value will be RON 0.50 lei/share, for the shares with nominal value of RON 5.00. The payment of dividends for the financial year 2017 will begin on 26.10.2018 (date of payment), the Company is going to inform the shareholders through the media about the details of their payment.

In terms of the execution of buy-back programs, as stated above, the Company currently carries out a buy-back program for its own shares, up to a maximum of 1% of the share capital, in accordance with the E.G.M.S. Resolution no.1/15.12.2017. The Company sends weekly notifications to the B.S.E. and the F.S.A. on the volume of redeemed own shares and the price of transactions.

As regards the process of consolidating the nominal value of S.I.F. Transilvania shares, the E.G.M.S. of 27.04.2018 approved the consolidation of the nominal value of a S.I.F. Transilvania shares, from RON 0.10/share to RON 5.00/share, by increasing the nominal value of the shares while reducing 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) and the consolidation procedure of this value. This operation will be carried out on the basis of the Prospectus approved by the F.S.A. Please note that a shareholder of the Company has filed requests for intervention at the Trade Register against our Company's request for filing-mentioning acts and publication in the Official Gazette of Romania of the E.G.M.S. Resolution no. 1/04.27.2018.

ANALYSIS OF FINANCIAL STATEMENTS

Economic and financial position

At the end of the first quarter 2018, the Company's economic and financial position can be synthesized as follows:

Statement of assets, liabilities and equity

-Ron-

INDICATORS	BALANCE AT THE END OF THE PERIOD (RON)		
	31.03.2018	31.12.2017	31.03.2017
NON-CURRENT ASSETS			
Intangible assets	68,287	69,979	137,582
Tangible assets	13,671,118	13,816,941	14,211,342
Financial assets	1,066,327,549	987,073,289	969,389,141
TOTAL NON-CURRENT ASSETS	1,080,066,954	1,000,960,209	983,738,065
CURRENT ASSETS			
Inventories	72,609	87,880	78,545
Receivables	10,872,514	10,558,908	7,598,597
Short-term financial investments	-	-	-
Cash and bank accounts	23,586,503	36,392,559	23,012,508
TOTAL CURRENT ASSETS	34,531,626	47,039,347	30,689,650
PREPAID EXPENSES	331,189	228,977	243,704
TOTAL ASSETS	1,114,929,769	1,048,228,533	1,014,671,419
LIABILITIES			
Liabilities due within less than one year (current liabilities)	39,387,724	42,277,480	31,595,953
Liabilities due within more than one year - total	46,887,704	39,243,315	38,497,729
TOTAL LIABILITIES	86,275,428	81,520,795	70,093,682
OTHER PROVISIONS	-	-	-
Tax provisions (registered in the reserves accounts)			
CAPITAL AND RESERVES			
Subscribed and paid-in share capital	218,428,666	218,428,666	218,428,666
Other equity	(1,022,069)	-	-
Reserve from revaluation of financial investments measured at fair value through other comprehensive income	240,498,376	200,365,332	195,759,861
Revaluation reserves	11,631,997	11,631,997	11,502,852
Total reserves, of which:	475,293,955	475,293,955	450,673,696
Legal reserves	39,894,350	39,894,350	36,644,133
Retained earnings	77,970,244	-	65,056,725
PROFIT/LOSS OF THE PERIOD	8,081,320	64,234,554	3,155,937
Profit distribution	(3,250,217)	(3,250,217)	
TOTAL EQUITY	1,028,654,341	966,707,738	944,577,737
TOTAL LIABILITIES AND EQUITY	1,114,929,769	1,048,228,533	1,014,671,419

Source: S.I.F. Transilvania

On 31.03.2018, the Company's total assets increased by RON 66.70 million compared to the end of the previous year, as follows:

- **Non-current assets** increased by RON 79.10 million.
Regarding the movements recorded in the period 01.01-31.03.2018, in terms of the financial instruments portfolio, we mention the following:
 - ✓ shares (from domestic markets) amounting to RON 20,219 thousand (OMV, BRD, Banca Transilvania, CONPET Ploiești, Fondul Proprietatea, S.I.F. Oltenia, S.I.F. Transilvania) were purchased;

Following the merger between the BUCHAREST STOCK EXCHANGE and the SIBIU STOCK EXCHANGE, S.I.F. Transilvania received 20,585 shares amounting to RON 0.74 million.

- ✓ shares and fund units summing up RON 14.49 million exited the portfolio by sale, of which shares on domestic capital markets: DOCURI S.A., FONDUL PROPRIETATEA, IAR S.A., NUCLEAR ELECTRICA and S.N.G.N. ROMGAZ S.A.
- **Current assets** decreased by RON 12,50 million, of which:
 - ✓ receivables increased by RON 0,31 million;
 - ✓ cash and bank accounts decreased by RON 12,81 million.
- **Prepaid expenses** increased by RON 0,10 million.

The Company's **liabilities** at the end of the first quarter of 2018 totalize RON 86.27 million, being by RON 4.75 million higher than the ones recorded at the end of the previous year, the increase being generated by the deferred tax calculated for the gain from the fair value differences of the assets available for sale (RON 7.64 million).

As concerns the **current liabilities** outstanding as at 31.03.2018, the amount of RON 36.68 million (93,12%) represents dividends due to shareholders.

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

Compared to the end of the previous year, the Company's **equity** as at 31.03.2018 is by RON 61.95 million higher, the increase being mainly generated by the gain from the measurement at fair value of the financial assets in the portfolio.

Evolution of the calculated net asset

The net asset, calculated according to the methodology provided by the internal procedure compliant with the F.S.A. Regulation no. 9/2014 (31.03.2018), as compared to the similar period from the previous year, has evolved as follows:

INDICATORS	RESULTS AT:		-RON- EVOLUTION (%) Results 2018 / Results 2017
	31 March 2018 ^{*)}	31 March 2017 ^{*)}	
Total assets – calculated amount	1,114,929,801	1,014,671,419	109.88
Total liabilities – calculated amount	86,275,428	70,093,682	123.09
Calculated net asset	1,028,654,373	944,577,737	108.90
- RON - - RON/share -	0.4719	0.4324	109.14

Source: S.I.F. Transilvania

*) Calculated according to the internal procedure compliant with the F.S.A Regulation 9/2014, procedure that can be found on the Company's website: www.siftransilvania.ro.

Cash flow

In the first quarter of 2018, the Company recorded a positive cash flow, with the detailed situation being reflected in the Statement of Cash Flows.

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

INDICATORS				-thousand RON - ACHIEVEMENT DEGREE % AS COMPARED TO:	
	REB year 2018	REB Q I 2018	ACHIEVED Q I 2018	REB year 2018	REB Q I 2018
Dividend income	56,980	-	693	1.22	-
Interest income	890	223	286	32.13	128.25
Gain/Loss from financial assets at fair value through profit or loss	14,870	2,035	11,942	80.31	586.83
Other operating income	4,000	-	15	-	-
Net operating income	76,740	2,258	12,936	16.86	572.90
Personnel expenses	12,500	2,750	2,748	21.98	99.95
Commissions and fees	2,854	1,017	844	29.57	82.99
Other expenses	6,189	1,505	1,065	17.21	70.70
Profit before tax	55,197	(3,014)	8,280	15.00	274.72

Source: S.I.F. Transilvania

The **net income** recorded at the end of the first quarter (cumulated as of the beginning of 2018 financial year) is by RON 10.68 million higher, as compared to the income provided in the revenue and expenditure budget for the first three months of 2018, namely 16.86% of the ones provided in the revenue and expenditure budget for the entire year 2018.

The **operating expenses** recorded in the first quarter 2018 totalize RON 4.66 million, being by RON 0.62 million lower than those provided in the revenue and expenditure budget for the first three months of 2018, and they represent 21.62 % of the ones provided in the Budget approved for this year.

The **profit before tax** as at 31.03.2018 amounts to RON 8.28 million, RON 11.29 million higher than the one provided in the revenue and expenditure budget for the first quarter of 2018.

Other significant information

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

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

The financial statements provided for the first quarter of 2018 represent the condensed interim financial statements prepared for the activity carried out by the Company considering the on-going concern principle.

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

The revenues and expenses recorded by the Company in the first quarter of the year 2018, as well as the ones estimated to be generated during the following period are and will be influenced by both the evolution of the capital market and the financial position and performances recorded by the companies where S.I.F. Transilvania holds shares.

Changes affecting the Company's capital and management

In order to better align with the corporate governance principles, the Company's shareholders decided in the E.G.M.S. of 20.04.2013 the change of the Company's form of administration and the transition from the unitary system to the two-tier administration system, as well as the amendment and supplementation of other provisions of the Company's Articles of Incorporation. The new Articles of Incorporation can be viewed on the Company's website at: www.siftransilvania.ro.

According to the Company's Articles of Incorporation, approved by the E.G.M.S. of 20.04.2013, S.I.F. Transilvania is administered in a two-tier system by an Executive Board under the control of a Supervisory Board. The Supervisory Board consists of seven members, natural persons.

As at March 31, 2018 the subscribed and paid-up share capital amounted to RON 218,428,666.40, with 2,179,937,294 shares issued and outstanding. The Company is currently carrying out a buy-back program of its own shares, approved by the O.G.M.S. of 15.12.2017, up to a maximum of 1% of the share capital.

Description of cases where the Company was unable to meet its financial obligations during the first quarter 2018

The Company has always had the necessary liquidities that allowed it to honour all its financial obligations on time. At this date, no factors or events are identified that would result in the Company being unable to meet its due financial obligations.

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

With respect to the shareholders whose individual and/or concerted holdings exceed the holding limit of 5% of the Company's share capital, the Company verified the voting rights as at the reference date of the General Shareholder Meetings convened on April 2018, in compliance with the F.S.A. regulations.

Significant transactions/events that took place in the first quarter of 2018

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

ECONOMIC AND FINANCIAL RATIOS AS AT 31 MARCH 2018

RATIO	CALCULATION	RESULT
Current ratio ¹⁾ (coefficient)	Current assets/Current liabilities	0.88
Indebtedness degree indicator ²⁾ (%)	$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100$	Not applicable
Debits rotation speed– clients ³⁾ (days)	$\frac{\text{Average clients balance (total receivables)}}{\text{Turnover}} \times 90$	33 days
Intangible assets rotation speed ⁴⁾ (coefficient)	$\frac{\text{Turnover}}{\text{Intangible assets}}$	0.027
Earnings per share (RON) ⁵⁾	$\frac{\text{Net profit/Net loss}}{\text{Number of shares}}$	0.0037
Net asset value per share, calculated according to F.S.A. Regulation 9/2014 (RON/share) ⁶⁾	$\frac{\text{Calculated value of assets}}{\text{Number of shares}}$	0.4719
Return on shares (%) ⁷⁾	$\frac{\text{Closing rate} + \text{Dividends} - \text{Opening rate}}{\text{Opening rate}} \times 100$	2.06%

Source: S.I.F. Transilvania

Note: Ratios are calculated according to Appendix 30B to the F.S.A. Regulation no. 1/2006.

¹⁾ This ratio offers the guarantee of coverage of current liabilities from current assets.

²⁾ Expresses the efficiency of credit risk management. S.I.F. Transilvania has not contracted any loans.

³⁾ Expresses company's efficiency in collecting its receivables, respectively the average number of days in which debtors pay their debts towards the Company. Turnover of S.I.F.s means the total net income from the current activity and to establish the average balance all net receivables included in the balance sheet were calculated, within which the weight is held by liabilities from dividends and accessories thereof due and not collected.

⁴⁾ Expresses the efficiency of intangible assets' management. The weight of shares evaluated at fair value held within portfolio companies from the total intangible assets is of 98.73% from the total intangible assets recorded in the Statement of assets under line 19 column 2, recorded in the book keeping.

⁵⁾ *Calculated by reference to the weighed average number of ordinary shares issued, existing during the period, excluding the average number of ordinary shares bought-back and held by S.I.F. Transilvania as at the reporting date.*

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

⁷⁾ *Opening rate as at 29.12.2017= RON 0.243/share; closing rate as at 30.03.2018 = RON 0.228/share; net dividend/share = RON 0.02.*

Executive President/
CEO
Ec. Mihai FERCALĂ PhD

Executive Vice President/
Deputy CEO
Ec. Iulian STAN PhD

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA
INTERIM CONDENSED FINANCIAL STATEMENTS AT 31 MARCH 2018**

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA
INTERIM CONDENSED FINANCIAL STATEMENTS AT 31 MARCH 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 31 MARCH 2018

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SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA S.A.
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018
(All amounts in RON, unless otherwise stated)

	Note	31 March 2018	31 December 2017
Cash and cash equivalents	11	23,586,503	36,405,895
Financial assets at fair value through profit or loss	12	547,946,374	435,754,567
Financial assets at fair value through other comprehensive income	13	518,381,175	551,318,722
Other financial assets	14	5,391,582	4,893,224
Other assets	15	597,481	483,542
Current income tax assets		5,287,249	5,485,663
Intangible assets	16	68,287	69,979
Tangible assets	16	13,671,118	13,816,941
Total Assets		1,114,929,769	1,048,228,533
Other financial liabilities	17	38,442,761	40,730,689
Current income tax liabilities		-	-
Deferred income tax liabilities	10	46,887,704	39,243,315
Provisions		-	-
Other liabilities	18	944,963	1,546,791
Total Liabilities		86,275,428	81,520,795
Share capital	19	218,428,666	218,428,666
Retained Earnings/ Current Result		83,823,416	60,987,788
Revaluation reserve for investment securities at fair value through other comprehensive income	20	240,498,376	200,365,332
Revaluation reserve for premises and equipment	21	11,631,997	11,631,997
Other reserves	22	475,293,955	475,293,955
Other comprehensive income	23	(1,022,069)	-
Total Equity		1,028,654,341	966,707,738
Total Liabilities and Equity		1,114,929,769	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.

SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA S.A.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 31 MARCH 2018
(All amounts in RON, unless otherwise stated)

Description	Note	31 March 2018	31 March 2017
Dividend income	4	693,210	2,761,380
Interest income	5	285,746	257,063
Net gains from the disposal of investment securities at fair value through other comprehensive income	13	-	3,739,882
Net gains from financial assets at fair value through profit or loss		11,942,400	2,099,458
Other operating income	6	(22,371)	87,493
Total net income		12,898,985	8,945,276
Personnel expense	7	(2,748,497)	(2,522,392)
Fees and commissions expense	8	(422,616)	(346,017)
Other operating expenses	9	(1,448,137)	(1,380,104)
Profit before tax		8,279,735	4,696,763
Income tax	10	(198,415)	(1,540,826)
Net profit at 31 March		8,081,320	3,155,937
Other Comprehensive Income:			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Gain/ loss from investment securities at fair value through other comprehensive income, net of deferred tax	20	40,133,044	5,255,594
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Revaluation of premises and equipment	21	-	-
Total Other Comprehensive Income at 31 March		40,133,044	5,255,594
Total comprehensive income at 30 September		48,214,364	8,411,531
Earnings per Share		0.0037	0.0014
Diluted Earnings per Share		0.0037	0.0014

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SOCIETATEA DE INVESTIȚI FINANCIARE TRANSILVANIA SA
STATEMENT OF CHANGES IN EQUITY AT 31 MARCH 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		-	-	-	-	8,081,320	-	8,081,320
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	-	-	40,133,044	-	-	-	40,133,044
Revaluation of tangible assets	21	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	40,133,044	-	8,081,320	-	48,214,364
Legal reserve						-		
Allocation of reserves from previous years' profits		-	-	-	-	-	-	-
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		-	-	-	-	2,859,870	-	2,859,870
Share repurchase		-	-	-	-	-	(1,022,069)	(1,022,069)
Dividends distribution		-	-	-	-	-	-	-
Balance at 31 March 2018		218,428,666	11,631,997	240,498,376	475,293,955	83,823,416	(1,022,069)	1,028,654,341

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Deputy C.E.O
Ec. IULIAN STAN, PhD

Financial Manager
DIANA VERES

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SOCIETATEA DE INVESTIȚI FINANCIARE TRANSILVANIA SA
STATEMENT OF CHANGES IN EQUITY AT 31 MARCH 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						3,155,937	3,155,937
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	-	-	27,591,867	-	-	27,591,867
Revaluation of tangible assets	21	-	-	-	-	-	-
Total comprehensive income for the period		-	-	27,591,867	-	3,155,937	30,747,804
Legal reserve		-	-	-	-	-	-
Allocation of reserves from previous years' profits		-	-	-	-	-	-
Dividends distribution		-	-	-	-	-	-
Balance at 31 March 2017		218,428,666	11,502,852	195,759,861	450,673,696	68,212,662	944,577,737

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Financial Manager
DIANA VERES

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SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA
STATEMENT OF CASH FLOWS AT 31 MARCH 2018
(All amounts in RON, unless otherwise stated)

	1 January 2018 – 31 March 2018	1 January 2017 – 31 March 2017
Cash flows from operating activities, total, out of which:	(11,059,126)	12,261,307
Receipts from clients	1,501,233	259,844
Payments towards suppliers and employees	(3,159,932)	(3,110,808)
Proceeds from the sale of shares	14,748,205	17,214,287
Payments for purchasing shares and unit funds, out of which:	(22,644,342)	(2,983,537)
- Shares at fair value through profit or loss	(21,622,273)	-
- share repurchase	(1,022,069)	-
Income tax payments	-	-
Contributions, taxes, dues payments towards the state budget	(1,148,897)	(1,012,676)
Other receipts or payments from operating activities	379,153	1,690,755
Payments for the acquisition of tangible and intangible assets	(12,845)	(5,833)
Proceeds from sale of tangible assets	-	-
Interest received	124,962	264,328
Dividends received	3,839	-
Other receipts and payments from investment activities (including trading sales commission)	(92,196)	(55,053)
Cash flows from financing activities, total out of which:	(1,760,266)	(1,619,118)
Dividends paid to shareholders (including tax)	(1,760,266)	(1,619,118)
Net increase / (decrease) of cash and cash equivalents	(12,819,392)	10,642,189
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	23,586,503	23,012,508

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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.

SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AT 31 MARCH 2018
(All amounts in RON, unless otherwise stated)

1. GENERAL INFORMATION

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

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

The Company's headquarters is located in Brașov, 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. PJR07¹A.F.I.A.A./080005.

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

SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AT 31 MARCH 2018
(All amounts in RON, unless otherwise stated)

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 financial statements of the Company have been prepared under the historical cost convention, except for the revaluation of financial instruments at fair value through profit or loss, 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	31 March 2018	30 March 2017	Increase/ (Decrease)
Euro (EUR)	1: RON 4.6576	1: RON 4.5511	1.02
US Dollar (USD)	1: RON 3.7799	1: RON 4.2615	0.89

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
- 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of management estimates, judgments and assumptions that affect the amounts recognized in the financial statements, as well as the following year reported value of the assets and liabilities. Estimates and assumptions associated with these are based on historical experience and other factors deemed reasonable in light of the given circumstances, and the result of 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 and Loss. In accordance with IFRS 10.30, the change in accounting policies was applied prospectively since the date of the change.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Subsidiaries and associates

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

The associates are those entities over which the Company has significant influence over the financial and operational policies but does not have control, or shared control. The existence of 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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accordance with the requirements of IAS 29.

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

2.9 Financial assets and financial liabilities

(i) Classification

a) Financial assets at fair value through profit and 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 investments at fair value through other comprehensive income

The Company's investments in equity instruments, other than those classified as financial assets at fair value through 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 through 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 Standards 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 on 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

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

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

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

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

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

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 maintenance costs of the tangible assets owned, are recorded as expense, according to the accrual accounting principle, impacting accordingly the Company's profit or loss statement for the period.

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

(iii) *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.

<u>Category</u>	<u>Years</u>
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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2.12 Impairment of non-financial assets

At each balance sheet date, the Company must verify if there are 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 reliably estimated.

2.16 Liabilities and contingent assets

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

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

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

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 deferred tax is calculated using the tax rates that are expected to be applied to temporary differences when achieving the carrying amount of assets and liabilities, as it is specified in the laws in force at the reporting date.

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 it 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 classified as at fair value through other comprehensive income and from reserves from revaluation of tangible assets.

At 31 March 2018, the tax rate used to calculate the current and deferred tax was 16% (31 March 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.

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

2.24 Interest income and interest expense

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

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

2.25 Dividend income

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

2.26 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2.27 Comparative

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

3.1 Investment entity classification

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

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

- a) obtains funds from one or more investors for the purpose of providing those 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.

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

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 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 through investment programs approved and on the continuous analysis of current market conditions, aiming to identify the optimal exit moments to achieve the objectives set by the Annual Revenue and Expenditure Budget, respectively to achieve higher aggregated yields.

(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 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 values from the separate financial statements in accordance with IFRS for the year ended 31 December 2014 in order to determine the deconsolidation adjustment.

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

(ii) *Disclosures*

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

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

4. DIVIDEND INCOME

The dividend income recorded by the Company as at 31 March 2018, as compared to 31 March 2017, is as follows:

Entity	31 March 2018	%	31 March 2017	%
CRISTIANA SA	682,675	98.48	2,761,380	100.00
OTHERS	10,535	1.52	-	-
Total	693,210	100.00	2,761,380	100.00

5. INTEREST INCOME

	31 March 2018	31 March 2017
Interest income from bank deposits	66,447	4,270
Interest income from corporate bonds	219,299	252,793
Total	285,746	257,063

6. OTHER OPERATING INCOME

	31 March 2018	31 March 2017
Foreign exchange gains from transactions	(22,372)	(37,017)
Other operating income	1	124,510
Total	(22,371)	87,493

7. PERSONNEL EXPENSE

	31 March 2018	31 March 2017
Salary expense	2,688,093	2,379,222
Social contribution expense	60,404	143,170
Total	2,748,497	2,522,392

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8. FEES AND COMMISSIONS EXPENSE

	31 March 2018	31 March 2017
Commissions on the Net Asset Value paid to the FSA	237,671	218,245
Custody commissions	105,715	83,033
Trading costs	69,919	35,272
Other commissions (i)	9,311	9,467
Total	422,616	346,017

9. OTHER OPERATING EXPENSES

	31 March 2018	31 March 2017
Legal fees	165,591	186,761
Other tax expenses (i)	294,868	257,614
Fixed assets depreciation expense	168,862	244,686
Audit and consultancy fees	259,469	126,536
Postal and telecommunication expenses	20,371	20,775
Supplies expense	42,812	34,815
Insurance premium expense	44,954	29,858
Utilities expense	36,572	38,427
Transportation expense	15,320	23,387
Protocol, donations and sponsorship expense	27,100	7,935
Rent	17,593	15,218
Maintenance and repairs expense	7,687	6,481
Net gain/loss from unrealised foreign exchange rate differences	215	434
Other expenses (ii)	346,723	387,177
Total	1,448,137	1,380,104

(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 maintenance, 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 in preparing these financial statements give rise to temporary differences between the carrying value and fiscal value of certain assets and liabilities.

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

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10. CURRENT INCOME TAX AND DEFERRED TAX (CONTINUED)

Income tax is represented by:

	<u>31 March 2018</u>	<u>31 March 2017</u>
Current income tax expense	198,415	1,540,826
Deferred tax income	-	-
Total	<u>198,415</u>	<u>1,540,826</u>

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.

	<u>1 January 2018</u>	<u>Credited/ (charged) to other comprehensive income</u>	<u>31 March 2018</u>
Tax effect of deductible/(taxable) temporary differences			
Fair value measurement of financial investments recognised through other comprehensive income	38,164,825	7,644,389	45,809,214
Fair value measurement of tangible assets	1,078,490	-	1,078,490
Net deferred tax liability	<u>39,243,315</u>	<u>7,644,389</u>	<u>46,887,704</u>

11. CASH AND CASH EQUIVALENTS

	<u>31 March 2018</u>	<u>31 December 2017</u>
Current accounts at banks, in RON	1,698,349	1,205,155
Current accounts at banks, in foreign currency	902,931	996,407
Bank deposits, in RON	20,974,566	34,198,408
Petty cash, in RON	10,657	5,925
Total	<u>23,586,503</u>	<u>36,405,895</u>

At 31 March 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 31 March 2018 and 30 December 2017, the bank deposits have a contractual maturity below 1 month.

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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 31 March 2018, by the nature of the financial instrument, is the following:

	31 March 2018	31 December 2017
Equity securities quoted on internal markets, of which:		
- quoted on BSE	445,583,709	378,300,066
- quoted on alternative markets (AeRo)	195,623,784	129,329,127
Equity securities quoted on international markets	249,959,725	248,970,939
Unquoted equity securities	4,329,563	-
Corporate bonds issued by Romanian entities	53,804,792	52,342,165
Quoted fund units	17,265,616	5,112,336
Unquoted fund units	8,638,054	
	18,324,640	
Total	547,946,374	435,754,567

The investments in subsidiaries are the following:

Entity	Fair value at 31 March 2018	% of the share capital held	% voting rights
S.I.F. TRANSILVANIA PROJECT MANAGEMENT COMPANY SA	286,576	100.00	99.998
CRISTIANA SA	24,598,511	99.80	99.80
TERRACOTTA STAR SA	-	97.48	97.48
ORGANE DE ASAMBLARE SA	-	95.70	95.70
TURISM COVASNA SA	28,760,327	93.33	95.15
TRATAMENT BALNEAR BUZIAS SA	14,721,755	91.87	91.87
SEMBRAZ SA	1,360,827	90.97	90.97
INTERNATIONAL TRADE&LOGISTIC CENTER SA	5,482,636	87.30	87.30
FEPER SA	44,820,967	85.80	97.53
ARO-PALACE SA	42,279,673	85.74	85.74
MECANICA CODLEA SA	8,461,965	81.07	81.07
TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA	44,812,046	77.71	77.71
ROMRADIATOARE SA BRASOV	23,335,323	76.51	76.51
TUSNAD SA	15,934,562	76.41	76.41
GRUP BIANCA TRANS SA	3,690,138	70.85	70.85
UTILAJ GREU SA	3,789,854	70.39	70.39
GASTRONOM SA	9,951,580	70.29	70.29
TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV	16,074,365	68.51	68.51
TURISM FELIX SA	68,360,222	63.20	63.20
COMCM SA CONSTANTA	2,359,279	56.73	56.73
VIROLA-INDEPENDENTA SIBIU	3,234,130	53.62	53.62
CASA ALBA INDEPENDENTA SIBIU	11,671,052	53.32	53.32
INDEPENDENTA SA	1,181,957	53.30	53.30
SIBAREX SA	-	52.85	52.85
SANTIERUL NAVAL SA	17,020,067	50.00	50.00
Total	392,187,812		

All the Company's subsidiaries are incorporated in Romania.

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12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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

Entity	Currency	Units at 31 December 2017	Units at 31 March 2018	Fair value at 31 December 2017	Fair value at 31 March 2018	Maturity date
Organe de Asamblare SA	RON	2,200,000	2,200,000	-	-	25 January 2017
Feper SA	RON	1,993,160	1,993,160	5,112,336	5,164,078	5 June 2018
Sibarex SA	RON	900,000	900,000	-	-	21 November 2016
Banca Transilvania	RON	688,362	2,195,197	2,228,292	2,177,914	22 May 2020
Certinvest	RON	900	9,936,483	9,769,885	9,923,624	12 December 2019
Total				17,110,513	17,265,616	

At 31 March 2018, the Company held corporate bonds issued by:

- *Organe de Asamblare SA Braşov* – corporate bonds with a total nominal value of RON 5.5 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 2.50 per bond, with a maturity of 48 months (maturity date: 25 January 2017) and an annual interest rate represented by the variable interest of ROBOR 3 months plus 2.00%. Interest payments are made on an annual basis. At 31 March 2018, the accrued interest related to these bonds is RON 835,189. The principal and interest must be repaid in full by the date of repayment, early repayment can not be made without the written agreement of the owner. The bonds issued are secured by the assets from the patrimony of Organe de Asamblare. As a result of the issuer's bankruptcy in August 2016, the collection of principal and overdue interest became unlikely, the fair value of these receivables at 31 March 2018 being zero (31 December 2017: zero).
- *Feper SA* – bonds with a total nominal value of RON 4.98 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 2.50 per bond, with a maturity of 60 months (maturity date: 5 June 2018) and an annual interest rate represented by the variable interest of ROBOR 3 month plus 2.00%. The principal and interest must be repaid in full by the date of repayment, early repayment can not be made without the written agreement of the owner. The bonds have been taken over by Feper SA as a result of the merger process with Orizont Turism S.A. As at 31 March 2018, the accrued interest related to these bonds amounts to RON 140,228.
- *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 31 March 2018, the accrued interest related to these bonds was RON 211,247. The principal and interest must be repaid in full by the repayment date or anticipated (partial or total) at the issuer's request. Given the Resolution of the Extraordinary General Meeting of Shareholders of the issuer dated 14.11.2016 on the company's dissolution followed by liquidation, the fair value of the bonds as at 31 March 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 31 March 2018, the accrued interest related to these bonds is RON 24,281. Interest payments are made bi-annually on 15 January and 15 June. The bonds can not be prepaid or redeemed before the redemption date. The unmatured bonds can be converted into shares.

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12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

- *S.A.I. Certinvest SA* – bonds with a total nominal value of RON 9 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 10,000 per bond, with a maturity of 5 years (maturity date: 12 December 2019) and a fixed interest rate of 7% per year, payable quarterly. The accrued interest at 31 March 2018 is RON 184.685 lei.

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

Entity	31 March 2018		31 December 2017	
	Units	Fair value	Units	Fair value
Fondul Inchis de Investitii Multicapital Invest	3,400	8,972,090	3,400	9,184,454
Fond Inchis de Investitii Bet-Fi Index Invest	2,054	1,304,290	2,054	1,298,128
Fondul Inchis de Investitii Star Value	9,154	9,352,550	9,154	9,123,426
ETFS 2X Daily Long Gold	15,000	2,401,924	15,000	2,412,792
ETFS 3X Daily Short DAX 30	600,000	4,931,839	600,000	4,255,238
Total	629,608	26,962,694	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:

	31 March 2018	31 December 2017
Equity securities quoted on Romanian markets	494,913,200	481,907,653
Equity securities quoted on International markets	-	4,664,517
Unquoted equity securities	23,467,975	26,474,336
Corporate bonds	-	11,998,178
Quoted fund units	-	7,966,158
Unquoted fund units	-	18,307,880
Total	518,381,175	551,318,722

14. OTHER FINANCIAL ASSETS

	31 March 2018	31 December 2017
<i>Other financial assets neither past due nor impaired</i>		
Other receivables	169,016	194,748
Receivables from group entities	682,675	-
Dividends receivable	17,348	10,601
Receivables from disposal of shares, out of which:	4,522,543	4,687,875
- <i>Biroul de Turism si Tineret S.A. ("B.T.T.")</i>	2,787,183	2,952,514
Total	5,391,582	4,893,224

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15. OTHER ASSETS

	31 March 2018	31 December 2017
Supplies and other inventories	72,609	72,356
Prepayments	353,382	239,696
Other assets	171,490	171,490
Total	597,481	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	-	12,863	-	8,485	-	21,348
Disposals and transfers	-	-	-	-	-	-
Depreciation recorded during the year	(97,007)	(51,290)	(10,389)	(10,056)	(121)	(168,863)
Depreciation for the assets sold	-	-	-	-	-	-
Balance at 31 March 2018						
Gross value	13,657,692	653,046	170,114	373,197	771,671	15,625,720
Accumulated depreciation	(485,038)	(258,540)	(66,156)	(305,999)	(770,582)	(1,886,315)
Net carrying value	13,172,654	394,506	103,958	67,198	1,089	13,739,405
Balance at 1 January 2017						
Gross value	13.657.692	551.052	164.927	348.672	770.219	15.492.562
Accumulated 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	-	91,268	5,187	21,979	1,452	119,887
Disposals and transfers	-	(2,137)	-	(5,940)	-	(8,077)
Depreciation recorded during the year	(388,031)	(208,089)	(55,767)	(44,835)	(123,656)	(820,377)
Depreciation for the assets sold	-	838	-	5,940	-	6,778

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16. TANGIBLE AND INTANGIBLE ASSETS (CONTINUED)

Balance at 31 March 2017

Gross value	13,657,692	640,183	170,114	364,712	771,671	15,604,372
Acumulated depreciation	(388,031)	(207,250)	(55,767)	(295,943)	(770,461)	(1,717,453)
Net carrying value	13,269,661	432,932	114,347	68,769	1,210	13,886,920

The Company has no restrictions over its ownership titles and none of its tangible assets are pledged. At the end of Q1 2018 the Company had no contractual obligations for the purchase of tangible assets. The latest 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	31 March 2018	31 December 2017
Trade payables	97,604	481,732
Dividend payable	36,678,146	37,646,135
Collections made in advance from third parties	1,570,259	69,086
Liabilities with related parties	-	11,775
Other payables	96,752	2,521,961
Total	38,442,761	40,730,689

18. OTHER LIABILITIES

	31 March 2018	31 December 2017
Salary liabilities	473,390	338,069
Tax liabilities	376,273	931,948
Social contributions owed to the state budget	95,300	276,774
Total	944,963	1,546,791

19. SHARE CAPITAL

The Company's statutory share capital as at 31 March 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).

The number of issued and outstanding shares corresponding to the subscribed and paid-in share capital is 2,179,937,294.

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

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19. SHARE CAPITAL (CONTINUED)

Shareholding structure as at 31 March 2018

Shareholders	Number	Shares held	% of the share capital
Resident shareholders	6,976,429	2,067,611,635	94.66
natural persons	6,976,158	1,363,044,640	62.40
legal entities	271	704,566,995	32.26
Non-resident shareholders	2,364	116,675,029	5.34
natural persons	2,328	30,641,244	1.40
legal entities	36	86,033,785	3.94
TOTAL	6,981,793	2,184,286,664	100.00
natural persons	6,981,486	1,393,685,884	63.80
legal entities	307	790,600,780	36.20

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

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

	31 March 2018	31 December 2017
Gross reserves from the fair value revaluation of investment securities at fair value through other comprehensive income	286,307,590	238,530,157
Related deferred tax liabilities	(45,809,214)	(38,164,825)
Net reserve	240,498,376	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. RESERVE REVALUATION FOR TANGIBLE ASSETS

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

The revaluation reserves cannot be distributed to shareholders as dividends.

	Gross	Deferred tax	Total Net
Balance at 1 January 2017	11,502,852	-	11,502,852
Allocation of reserve to result carried forward	(2,502)	-	(2,502)
Revaluation differences	131,647	-	131,647

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21. REVALUATION RESERVES FOR TANGIBLE ASSETS (CONTINUED)

Balance at 31 December 2017	11,631,997	-	11,631,997
Allocation of reserve to result carried forward	-	-	-
Balance at 31 March 2018	11,631,997	-	11,631,997

22. OTHER RESERVES

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

	31 March 2018	31 December 2017
Legal reserve	39,894,350	39,894,350
Reserves from previous years profits	431,487,511	431,487,511
Other reserves	3,912,094	3,912,094
Total	475,293,955	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 31 March 2018.

	31 March 2018	31 December 2017
Own shares bought back	1,022,069	-
Total	1,022,069	-

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 31 March 2018, compared to 31 March 2017, is the following:

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24. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Expenses with subsidiaries	Transaction type	31 March 2018	31 March 2017
International Trade Center S.A.	Rent	-	3,918
Aro Palace S.A.	Hotel services	-	8,832
Cristiana	Rent	38,132	32,049
Dorna Turism	Hotel services	-	320
Total		38,132	45,119

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

During Q1 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 31 March 2018, compared to 31 March 2017, is presented as follows:

Dividend income from subsidiaries	31 March 2018	31 March 2017
Cristiana SA Braşov	682,675	2,761,380
Total	682,675	2,761,380

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“ within the Profit or Loss and Other Comprehensive Income and for Q1 2018 are as follows:

Interest income from subsidiaries	31 March 2018	31 March 2017
Feper S.A.	35,213	34,083
Romradiatoare SA	-	35,247
Total	35,213	69,330

Compared to the end of the previous year, the outstanding receivables in balance at 31 March 2018 (diminished with the value of the impairment adjustments) pertaining to the related parties, are presented as follows:

Receivables from subsidiaries	Transaction type	31 March 2018	31 December 2017
Feper SA	Bonds	5,164,078	5,112,336
Total		5,164,078	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.

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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 31 March 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 31 March 2018:

	Loans and receivables	Investment securities at fair value through other comprehen sive income	Financial assets at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Cash and cash equivalents	23,586,503	-	-	-	23,586,503
Investment securities at fair value through other comprehensive income	-	518,381,175	-	-	518,381,175
Financial assets at fair value through profit or loss	-	-	547,946,374	-	547,946,374
Other financial assets	5,391,582	-	-	-	5,391,582
Total financial assets	28,978,085	518,381,175	547,946,374	-	1,095,305,634
Other financial liabilities	-	-	-	38,442,761	38,442,761
Total financial liabilities	-	-	-	38,442,761	38,442,761

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.

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

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 31 March 2018, the Company only 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:	487,480,354	30,900,821	518,381,175
<i>Shares</i>	487,480,354	30,900,821	518,381,175
<i>Unit funds</i>	-	-	-
<i>Corporate bonds</i>	-	-	-
Financial assets at fair value through profit or loss, out of which:	206,232,122	341,714,252	547,946,374
<i>Shares</i>	197,594,068	306,123,996	503,718,064
<i>Unit funds</i>	8,638,054	18,324,640	26,962,694
<i>Corporate bonds</i>	-	17,265,616	17,265,616
Total financial assets	693,712,476	372,615,073	1,066,327,549
NON-FINANCIAL ASSETS			
Tangible assets		13,671,118	13,671,118
Total assets measured at fair value	693,712,476	386,286,191	1,079,998,667

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:

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

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
FINANCIAL ASSETS			
Investment securities available for sale, out of which:	488,097,420	63,221,302	551,318,722
<i>Shares</i>	480,131,261	32,915,245	513,046,506
<i>Fund units</i>	7,966,159	18,307,879	26,274,038
<i>Corporate bonds</i>	-	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
<i>Shares</i>	129,329,127	301,313,104	430,642,231
<i>Fund units</i>	-	-	-
<i>Corporate bonds</i>	-	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 bankruptcy, insolvency or reorganization procedures at zero value, in accordance with the F.S.A. Regulation 9/2014 and the Company's internal procedures.

During Q1 2018, the following transfers between the assets included under level 3 took place:

	<u>Shares</u>	<u>Bonds</u>	<u>Unit funds</u>	<u>Total</u>
Balance at 1 January 2018	330,919,343	23,154,435	13,919,856	367,993,634
Acquisitions during the year	-	-	-	-
Sales during the year	1,134,498	-	-	1,134,498
Transfers to Level 3	-	-	-	-
Transfers from Level 3	-	-	-	-
Gain/(loss) recognised in:				
Net gain / (loss) from financial assets at fair value through other comprehensive income	(879,966)	-	-	(879,966)
Gain from financial assets at fair value through profit or loss	4,810,932	155,102	16,761	4,982,795
Balance at 31 March 2018	337,024,817	17,265,616	18,324,640	372,615,073

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

Financial assets and financial liabilities not measured at fair value as at 31 March 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	10,657	23,575,846	-	23,586,503
Other financial assets	-	-	5,391,582	5,391,582
Total financial assets	10,657	23,575,846	5,391,582	28,978,085
Financial liabilities				
Other financial liabilities	-	-	38,442,761	38,442,761
Total financial liabilities	-	-	38,442,761	38,442,761

26. FINANCIAL RISK MANAGEMENT

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

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

26.1 Credit risk

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

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

The maximum exposure to the credit risk is represented by the carrying 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.

26.2 Market risk and position risk

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

26. 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 dynamics of trading places or the evolution of the market prices of the financial instruments held by the Company.

26.3 Concentration risk

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

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

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

26.4 Currency risk

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

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

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

26.5 Interest rate risk

Interest rate risk is the current or future risk that profits and equity are negatively impacted by adverse changes of interest rates. The Company's operational cash flows are impacted by interest rates fluctuations especially in the case of cash placed in bank deposits and corporate bonds. At 31 March 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 to protect itself against interest rate fluctuation, the weight of assets exposed to interest rate fluctuation being insignificant.

26 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.

26.6 Liquidity risk

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

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

26.7 Business environment

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

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

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

The 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.

27. 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 31 March 2018 amounted to RON 1,028,654,341 (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 by the Company.

SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AT 31 MARCH 2018
(All amounts in RON, unless otherwise stated)

28. COMMITMENTS AND CONTINGENCIES

28.1. Litigations

At the end of Q1 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 31 March 2018, the Company had no provisions for litigations.

During the reporting period, the number of litigations in which the Company was involved 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 31 March 2018, the Company had no contingent liabilities.

29. SUBSEQUENT EVENTS

In accordance with the proposal on profit distribution, based on the Resolution of the General Meeting of Shareholders of 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
	Dividends*	21,842,866.64
2.		(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 yield of 3.95% related to the average trading price of SIF3 shares on the BVB-REGS market between 01.01.2017 and 31.12.2017.

The Extraordinary General Meeting of Shareholders of 27 April 2018 approved the consolidation of the nominal value of the Company's shares. If the consolidation procedure of the nominal value is completed until the payment of dividends, the gross dividend will be RON 0.50/share for the shares with a nominal value of RON 5.00.

The Company registered no other subsequent events requiring adjustments or presentation in the financial statements prepared as at 31 March 2018.



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 March 30, 2018			
		RON	% of total assets
1	NON-CURRENT ASSETS, of which:	218,812,854	19.63
1.1	Intangible Assets	68,287	0.01
1.2	Tangible Assets	13,671,118	1.23
1.3	Financial Non-Current Assets, of which:	205,073,449	18.39
1.3.1	Listed Shares	94,512,023	8.48
1.3.2	Unlisted Shares	75,960,253	6.81
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)	16,253,326	1.46
1.3.8	Newly Issued Securities	0	0.00
1.3.9	UCITS and/or non-UCITS Equity Securities	18,324,640	1.64
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:	895,785,758	80.35
2.1	Inventory	72,609	0.01
2.2	Receivables- Total, of which:	10,804,784	0.97
2.2.1.	Bills of Exchange Receivable	0	0.00
2.2.2.	Dividends or Other Receivable Rights	3,476,609	0.31
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	7,328,175	0.66
2.3	Cash and Cash Equivalents	2,612,566	0.23
2.4	Short-term Financial Investments, of which:	914,772,517	82.05
2.4.1	Listed Shares	868,037,093	77.86
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	46,735,424	4.19
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	20,973,971	1.88
2.8	Certificates of Deposit	0	0.00
2.9	Other Current Assets	-53,450,689	-4.79
3	Derivatives	0	0.00
4	Prepaid Expenses	331,189	0.03
5	TOTAL ASSETS	1,114,929,801	100.00
6	TOTAL LIABILITIES, of which:	86,275,428	
6.1	Debenture Loans	0	
6.2	Amounts Owed to Credit and Leasing Institutions	0	
6.3	Advance Payments from Customers	1,570,259	

6.4	Trade Liabilities	24,659	
6.5	Bills of Exchange Payable	0	
6.6	Amounts Owed to Group Companies	0	
6.7	Amounts Owed related to Participation Interests	0	
6.8	Other Liabilities-Total, of which:	84,680,510	
6.8.1	Dividends Payable	36,678,146	
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	96,752	
6.8.4	Other Liabilities	47,905,612	
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:	1,028,654,341	
9.1	Adjusted Share Capital, of which:	218,428,666	
9.1.1	Subscribed and Paid-in Share Capital	218,428,666	
9.1.2	Share Capital Adjustments under IFRS according to IAS 29 hyperinflation	0	
9.2	Changes in the Fair Value of non-monetary financial assets measured at fair value through other comprehensive income	240,498,376	
9.3	Premium related to Capital	0	
9.4	Revaluation Differences	11,635,448	
9.5	Reserves	475,293,955	
9.6	Retained Earnings	78,988,862	
9.6.1	Retained Earnings (including from the application of IFRS 9)	14,754,308	
9.6.2	Retained Earnings from the first-time adoption of IAS 29	0	
9.6.3	Retained Earnings- Profit Carried Forward	64,234,554	

9.7	Profit (loss) for the Period	8,081,320	
9.8	Profit Appropriation (to be deducted)	-3,250,217	
9.9	Own shares	-1,022,069	
10	Total Liabilities and Shareholders' Equity	1,114,929,769	
11	NET ASSET VALUE	1,028,654,373	
12	NUMBER OF SHARES ISSUED AND OUTSTANDING **	2,179,937,294	
13	NET ASSET VALUE PER SHARE (RON/share)	0.4719	
14	Number of Companies in Portfolio- total, of which:	103	
14.1	Companies Admitted to trading on a Regulated Market	28	
14.2	Companies Admitted to trading on an Alternative Trading System	32	
14.3	Companies not Admitted to Trading	43	
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

Certified by the Depository Company

BRD-Groupe Societ 
Generale S.A. Bucharest
Director Claudia IONESCU

MEMBER OF THE EXECUTIVE BOARD/DIRECTOR

Stefan SZITAS

FINANCIAL MANAGER,

Diana VERES

PORTFOLIO MANAGEMENT DIVISION
MANAGER,
Sorin Ion RADULESCU

This is a translation of the "Statement of assets and liabilities of SIF Transilvania as of 30.03.2018" which was prepared in Romanian.
In case of discrepancies between the Romanian version and the English version, the Romanian version shall prevail.



13/4/2018

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

REPORT AS AT 30 MARCH 2018

Statement of Assets

RON 1,048,227,296 Total Assets (Annex 16) = RON 1,114,929,801

RON 966,706,501 Net Assets (Annex 16) = RON 1,028,654,373

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	108.39	100.00	14,730,996	1,100,198,805	66,702,506
1.	Securities and money market instruments, of which:	91.39	84.28	4,664,521	878,823,907	93.57	86.33	4,329,565	958,219,550	79,060,688
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	93.15	85.94	-	958,219,550	79,395,644



1.1.1.	- shares	90.91	83.84	-	878,823,907	93.15	85.94	-	958,219,550	79,395,644
1.1.2.	- bonds	-	-	-	-	-	-	-	-	-
1.2.	Securities and money market instruments admitted or traded on a regulated market in a member state, of which:	-	-	-	-	-	-	-	-	-
1.2.1.	- shares	-	-	-	-	-	-	-	-	-
1.2.2.	- bonds	-	-	-	-	-	-	-	-	-
1.3.	Securities and money market instruments admitted to a stock exchange in a non-member state or negotiated on another regulated market in a non-member state	0.48	0.44	4,664,521	-	0.42	0.39	4,329,565	-	-334,956
1.3.1.	- shares	0.48	0.44	4,664,521	-	0.42	0.39	4,329,565	-	-334,956
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	8.96	8.27	2,147,407	90,066,173	-1,378,351
3.1.	- securities: unlisted shares	8.02	7.39	199,863	77,300,828	7.38	6.81	199,776	75,760,477	-1,540,438
3.2.	- unlisted bonds	1.66	1.54	1,978,217	14,113,023	1.58	1.46	1,947,631	14,305,696	162,087
4.	Bank deposits, of which:	3.54	3.26	-	34,196,903	2.04	1.88	-	20,973,971	-13,222,932
4.1.	bank deposits held at credit institutions in Romania, total, of which:	3.54	3.26	-	34,196,903	2.04	1.88	-	20,973,971	-13,222,932
4.1.1.	- bank deposits in RON	3.54	3.26	-	34,196,903	2.04	1.88	-	20,973,971	-13,222,932



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	0.25	0.23	902,931	1,709,635	404,814
6.1.	in RON	0.13	0.12	-	1,211,345	0.17	0.15	-	1,709,635	498,290
6.2.	in USD, equivalent in RON	0.09	0.08	855,056	-	0.07	0.07	727,555	-	-127,502
6.3.	in EUR, equivalent in RON	0.01	0.01	141,230	-	0.02	0.02	175,314	-	34,084
6.4.	in GBP, equivalent in RON	0.00	0.00	121	-	0.00	0.00	62	-	-59
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	6.32	5.84	7,333,745	57,726,319	1,601,499
8.1.	Shares listed on BSE	3.85	3.55	-	37,184,505	3.70	3.42	-	38,097,389	912,884
8.2.	Fund units – Investment Funds	2.72	2.51	6,668,052	19,606,008	2.62	2.42	7,333,745	19,628,930	688,615
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	-2.77	-2.55	17,349	-28,496,844	236,788



Net Asset Value per Unit

Item	30.03.2018	31.03.2017	Differences
Net Asset Value	1,028,654,373	944,577,737	84,076,636
Number of shares issued and outstanding^{*)}	2,179,937,294	2,184,286,664	-4,349,370
Net Asset Value per share (RON/share)	0.4719	0.4324	0.0395

*) 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".



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	30/03/2018	323,367	0.2000	1.8500	598,228.95	1.035	0.05	0.06
2	ANTIBIOTICE	ATB	30/03/2018	21,907,119	0.1000	0.5280	11,566,958.83	3.263	1.04	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	18/01/2018	345,704,600	0.1000	0.1223	42,279,672.58	85.740	3.79	4.11
5	BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	BRD	30/03/2018	22,938,647	1.0000	15.1000	346,373,569.70	3.292	31.07	33.67
6	BANCA TRANSILVANIA SA	TLV	30/03/2018	3,154,396	1.0000	2.6200	8,264,517.52	0.073	0.74	0.80
7	BIROUL DE TURISM PENTRU TINERET (BTT) SA	BIBU	26/03/2018	0	2.5000	1.5000	0.00	0.000	0.00	0.00
8	BURSA DE VALORI BUCURESTI SA	BVB	30/03/2018	681,769	10.0000	28.2000	19,225,885.80	8.470	1.72	1.87
9	CASA ALBA INDEPENDENTA SIBIU	CAIN	27/03/2018	419,484	2.5000	30.4000	12,752,313.60	53.319	1.14	1.24
10	CASA DE BUCOVINA-CLUB DE MUNTE SA	BCM	29/03/2018	6,434,481	0.1000	0.0745	479,368.83	3.845	0.04	0.05
11	COCOR SA	COCR	28/03/2018	30,911	40.0000	60.0000	1,854,660.00	10.246	0.17	0.18
12	COMCM SA CONSTANTA	CMCM	01/09/2014	134,049,930	0.1000	0.1569	21,032,434.02	56.725	1.89	2.04
13	COMP SA SIBIU	CMP	30/03/2018	3,353,936	0.1000	0.9620	3,226,486.43	1.533	0.29	0.31
14	CONCAS SA	CONK	17/10/2013	336,756	2.5000	30.4326	10,248,360.65	47.207	0.92	1.00
15	CONDMAG BRASOV	COMI	30/03/2018	19,000,000	0.1000	0.0280	532,000.00	4.982	0.05	0.05
16	CONPET SA PLOIESTI	COTE	30/03/2018	2,000	3.3000	111.6000	223,200.00	0.023	0.02	0.02



17	DIGI Communications N.V.	DIGI	30/03/2018	50,000	0.0100	34.0000	1,700,000.00	0.146	0.15	0.17
18	DORNA TURISM SA	DOIS	07/12/2017	455,793	2.5000	7.5811	3,455,412.31	32.014	0.31	0.34
19	DUPLEX SA	DUPX	06/07/2017	32,772	2.5000	13.0409	427,376.37	26.867	0.04	0.04
20	ELECTROMAGNETICA S.A.	ELMA	30/03/2018	5,426,452	0.1000	0.1390	754,276.83	0.803	0.07	0.07
21	EMAILUL SA	EMAI	29/03/2018	729,551	2.5000	13.6000	9,921,893.60	28.926	0.89	0.96
22	FEPER SA	FEP	21/02/2018	312,123,729	0.1000	0.3060	95,509,861.07	85.800	8.57	9.28
23	GASTRONOM SA	GAOY	29/03/2018	215,453	2.5000	50.0000	10,772,650.00	70.288	0.97	1.05
24	IAR SA	IARV	30/03/2018	600,000	2.5000	9.3000	5,580,000.00	3.178	0.50	0.54
25	INDEPENDENTA SA	INTA	10/01/2018	1,530,636	2.5000	0.7722	1,181,957.12	53.301	0.11	0.11
26	LEGMAS SA	LGMS	19/09/2012	175,429	2.5000	0.7992	140,202.86	7.276	0.01	0.01
27	LIDO SA	LIDO	12/02/2018	409,710	0.1000	0.6643	272,170.35	3.309	0.02	0.03
28	MECANICA CODLEA SA	MEOY	27/03/2018	100,260,250	0.1000	0.0550	5,514,313.75	81.072	0.49	0.54
29	MECON SA	MECP	04/10/2017	58,966	11.6000	17.8429	1,052,124.44	12.284	0.09	0.10
30	NEPTUN-OLIMP SA	NEOL	25/01/2018	30,194,757	0.1000	0.1357	4,097,428.52	41.185	0.37	0.40
31	OIL TERMINAL	OIL	30/03/2018	8,249,697	0.1000	0.1708	1,409,048.25	1.416	0.13	0.14
32	OMV PETROM SA BUCURESTI	SNP	30/03/2018	143,351,806	0.1000	0.3180	45,585,874.31	0.253	4.09	4.43
33	ORGANE DE ASAMBLARE SA	ORAS	15/01/2018	129,845,110	0.1000	0.0000	0.00	95.697	0.00	0.00
34	PRAHOVA ESTIVAL 2002 SA	PRAH	09/02/2017	1,288,584	0.1000	0.2572	331,423.80	39.624	0.03	0.03
35	PROSPECTIUNI SA BUCURESTI	PRSN	30/03/2018	41,129,011	0.1000	0.0815	3,352,014.40	5.728	0.30	0.33
36	ROMRADIATOARE SA BRASOV	RRD	16/03/2018	11,477,141	1.6300	0.5100	5,853,341.91	76.514	0.52	0.57
37	S.N. NUCLEARELECTRICA	SNN	30/03/2018	1,335,803	10.0000	8.1600	10,900,152.48	0.443	0.98	1.06
38	S.N.G.N. ROMGAZ S.A.	SNG	30/03/2018	1,400,000	1.0000	37.7500	52,850,000.00	0.363	4.74	5.14
39	SANTIERUL NAVAL CONSTANTA SA	SNC	13/03/2018	471,605	2.5000	1.1500	542,345.75	0.726	0.05	0.05
40	SANTIERUL NAVAL SA	SNO	29/03/2018	5,711,432	2.5000	2.9800	17,020,067.36	50.000	1.53	1.65



41	SEMBRAZ SA	SEBZ	08/03/2017	719,900	2.5000	1.8903	1,360,826,97	90.968	0.12	0.13
42	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
43	SIMEC SA	SIMI	18/12/2017	197,044	2.5000	0.4921	96,965,35	45.775	0.01	0.01
44	SOCIETATEA ENERGETICA ELECTRICA SA	EL	30/03/2018	303,360	10.0000	11.7000	3,549,312,00	0.088	0.32	0.35
45	SSIF BRK FINANCIAL GROUP S.A.	BRK	30/03/2018	1,974,835	0.1600	0.0852	168,255,94	0.585	0.02	0.02
46	TERRACOTTA STAR SA	BAZL	22/08/2017	2,209,017	1.8000	0.0000	0,00	97.483	0.00	0.00
47	TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV	TSLA	30/03/2018	353,282,752	0.1000	0.0225	7,948,861,92	68.507	0.71	0.77
48	TRATAMENT BALNEAR BUZIAS SA	BALN	19/02/2018	145,615,772	0.1000	0.0890	12,959,803,71	91.871	1.16	1.26
49	TURISM COVASNA SA	TUAA	22/03/2018	439,760,355	0.1000	0.1000	43,976,035,50	93.326	3.94	4.28
50	TURISM FELIX SA	TUFE	28/03/2018	313,579,000	0.1000	0.2180	68,360,222,00	63.203	6.13	6.65
51	TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA	EFO	30/03/2018	449,920,140	0.1000	0.0996	44,812,045,94	77.713	4.02	4.36
52	TUSNAD SA	TSND	30/03/2018	230,601,476	0.1000	0.0415	9,569,961,25	76.408	0.86	0.93
53	UTILAJ GREU SA	UTGR	19/09/2017	476,226	2.5000	7.9581	3,789,854,13	70.387	0.34	0.37
54	VIROLA-INDEPENDENTA SIBIU	VIRO	10/01/2018	74,307	2.5000	43.5239	3,234,130,44	53.616	0.29	0.31
TOTAL Securities and money market instruments admitted or traded on a regulated market in Romania							958,219,550		85.94	93.15
UCITS/NON-UCITS equity securities										
1	FONDUL PROPRIETATEA SA	FP	30/03/2018	37,796,589	0.5200	0.9340	35,302,014.13	0.405	3.17	3.43
2	SOCIETATEA DE INVESTITII FINANCIARE OLTENIA S.A.	SIF5	30/03/2018	1,270,625	0.1000	2.2000	2,795,375.00	0.219	0.25	0.27
TOTAL UCITS/NON-UCITS equity securities							38,097,389		3.42	3.70
TOTAL SHARES							996,316,940		89.36	96.86

^{x)} includes both the shares presented in Chapter I row 1.1. and the shares presented in Chapter I row 8.1.



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	29/03/2018	5,000	1.0000	159.0716	795,358.00	0.000	0.07	0.08
2	ELDORADO GOLD CORP.	EGO	29/03/2018	100,000	1.0000	3.1697	316,970.00	0.010	0.03	0.03
3	GOLDCORP INC.	GG	29/03/2018	40,000	1.0000	52.2119	2,088,476.00	0.010	0.19	0.20
4	SHIRE Plc.	SHPG	29/03/2018	2,000	1.0000	564.3805	1,128,761.00	0.000	0.10	0.11
	TOTAL SHARES						4,329,565.00		0.42	0.39

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 %



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 ¹⁾	Maturity date	Acquisition price RON/share ²⁾ (RON/bond)	Share (bond) value (RON or equivalent RON)	Total value RON ³⁾ 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:							75,960,253		6.81	7.38
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		0.4893	0.4893	1,150,290.48	39.62	0.10	0.11
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		1.9781	1.9781	820,397.19	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



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		6.4771	6.4771	17,677,113.48	9.30	1.59	1.72
9	CRISTIANA SA BV	153,410	01.11.1996		160.3449	160.3449	24,598,511.11	99.80	2.21	2.39
10	DEPOZITARUL CENTRAL SA BUCURESTI BU	10,128,748	12.08.1999		0.0291	0.0291	294,746.57	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		2.4601	2.4601	780,001.77	15.00	0.07	0.08
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		11.9447	11.9447	1,809,239.82	16.37	0.16	0.18
15	FONDUL ROMAN DE GARANTARE A CREDITELOR PT.INTREPRI BU	3,697,948	21.12.2006		0.6454	0.6454	2,386,655.64	23.02	0.21	0.23
16	GRUP BIANCA TRANS SA BV	7,694,200	31.07.2006		0.4796	0.4796	3,690,138.32	70.84	0.33	0.36
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		0.0671	0.0671	5,482,635.52	87.30	0.49	0.53
21	IRUCOM SA HR	6,269	01.11.1996		0.9632	0.9632	6,038.30	17.41	0.00	0.00
22	LEGUME FRUCTE BUZAU S.A. BZ	207,822	01.11.1996		2.7983	2.7983	581,548.30	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		0.0308	0.0308	65,755.54	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



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		6.3685	6.3685	286,576.13	100.00	0.03	0.03
29	S.U.D.V. BRASOV S.A. BV	2,154,539	28.07.2004		0.0736	0.0736	158,574.07	9.33	0.01	0.02
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		70.2778	70.2778	79,062.53	15.63	0.01	0.01
35	SOFT APLICATIV SI SERVICII SA SB	47,728	01.11.1996		5.5095	5.5095	262,957.42	28.33	0.02	0.03
36	TOMIS ESTIVAL 2002 SA CT	522,893	31.07.2002		0.5817	0.5817	304,166.86	39.62	0.03	0.03
37	TRANSIL SA IL	16,857	01.11.1996		7.2376	7.2376	122,004.22	33.16	0.01	0.01
38	TRANSILVANIA ESTIVAL 2002 SA CT	3,589,861	31.07.2002		0.1294	0.1294	464,528.01	11.14	0.04	0.05
39	TRANSILVANIA HOTELS & TRAVEL S.A. BU	1,123,180	01.11.1996		0.0000	0.0000	0.00	37.01	0.00	0.00
40	TURISM LOTUS FELIX SA BH	484,853,142	09.12.2009		0.0304	0.0304	14,739,535.52	38.27	1.32	1.43
41	The Foundations Feeder AA	124,000	23.02.2015		1.6111	1.6111	199,776.40	26.67	0.02	0.02
42	VERITAS PANCIU SA VN	656,693	01.11.1996		0.0000	0.0000	0.00	26.33	0.00	0.00
43	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:							16,253,326		1.46	1.58
1	BANCA TRANSILVANIA SA	688,362	22.05.2013	22.05.2020	2.6079	2.8294	1,947,631		0.17	0.19
	TOTAL BANCA TRANSILVANIA SA	688,362					1,947,631		0.17	0.19
2	FEPER SA	800,000	30.12.2015	05.06.2018	2.5000	2.5707	2,056,573		0.18	0.20



3	FEPER SA	1,193,160	30.12.2015	05.06.2018	2.5000	2.5698	3,066,164		0.28	0.30
	TOTAL FEPER SA	1,993,160					5,122,737		0.46	0.50
4	S.A.I. CERTINVEST S.A.	900	12.12.2014	12.12.2019	10,000.0000	10,203.2877	9,182,959		0.82	0.89
	TOTAL S.A.I. CERTINVEST S.A.	900					9,182,959		0.82	0.89
TOTAL Instruments referred to in art. 187, indent a) (total shares + total bonds)							92,213,580		8.27	8.96

¹⁾ 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.

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

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

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

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

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

Nr. crt.	Emitent	Nr. titluri	Data achizitiei	Data scadentei	Valoare initiala	Crestere zilnica	Dobanda cumulata	Valoare actualizata	% in activul total al SIF	% in activul net al SIF



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	30.03.2018	02.04.2018		7,108,466		83.92		168		7,108,634	0.64	0.69
	TOTAL BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI	RON				7,108,466				168		7,108,634	0.64	0.69
1	BANCA TRANSILVANIA SA	RON	08.03.2018	10.04.2018		1,005,000		30.77		738		1,005,738	0.09	0.10
	TOTAL BANCA TRANSILVANIA SA	RON				1,005,000				738		1,005,738	0.09	0.10
1	ING BANK	RON	30.03.2018	02.04.2018		4,776,836		63.03		126		4,776,962	0.43	0.46
	TOTAL ING BANK	RON				4,776,836				126		4,776,962	0.43	0.46
1	OTP BANK ROMANIA SA	RON	15.03.2018	16.04.2018		3,020,600		101.25		1,721		3,022,321	0.27	0.29
	TOTAL OTP BANK ROMANIA SA	RON				3,020,600				1,721		3,022,321	0.27	0.29
1	UNICREDIT TIRIAC BANK	RON	08.03.2018	10.04.2018		5,056,600		154.80		3,715		5,060,315	0.45	0.49
	TOTAL UNICREDIT TIRIAC BANK	RON				5,056,600				3,715		5,060,315	0.45	0.49
TOTAL DEPOSITS IN RON						20,967,502				6,469		20,973,971	1.88	2.04
GRAND TOTAL DEPOSITS						20,967,502				6,469		20,973,971	1.88	2.04

* 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	160.1283	160.1283	2,401,925	0.15	0.22	0.23
2	ETFS 3X Daily Short DAX 30	600,000	11.03.2015	8.2197	8.2197	4,931,820	6.00	0.44	0.48
	Subtotal open-end funds					7,333,745		0.66	0.71
1	FOND INCHIS DE INVESTITII BET-FI INDEX INVEST	2,054	01.09.2014	635.0000	635.0000	1,304,290	10.78	0.12	0.13
2	FONDUL INCHIS DE INVESTITII MULTICAPITAL INVEST	3,400	14.11.2012	2,638.8500	2,638.8500	8,972,090	22.39	0.80	0.87
3	FONDUL INCHIS DE INVESTITII STAR VALUE	9,154	07.08.2015	1,021.6900	1,021.6900	9,352,550	20.29	0.84	0.91
	Subtotal closed-end funds					19,628,930		1.76	1.91
TOTAL Fund units						26.962.675		2.42	2.62

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	CORAL SA			165,500	2.5000	0.0000	0.00	34.580	0.00	0.00
2	GALGROS			568,000	2.5000	3.5233	2,001,234.40	13.699	0.18	0.19
3	METALICA MEDGIDIA SA			19,875	2.5000	0.0000	0.00	6.667	0.00	0.00
4	VULTURUL SA			2,105,276	1.0000	0.2660	560,003.42	7.127	0.05	0.05
	TOTAL SHARES						2,561,238		0.00	0.00



Note: In the case of GALGROS, the receivable of RON 2,001,234.40 has been diminished with RON 1,501,242.90 - collected on 20.02.2018.

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									



NAV and NAV/share in the last 3 years

	31.03.2016	31.03.2017	30.03.2018
Net Asset Value	862,795,336.00	944,577,737.00	1,028,654,373.00
Net Asset Value per share (RON/share)	0.3950	0.4324	0.4719

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

Member of the Executive Board / Director,
Stefan SZITAS

Financial Manager,
Diana VERES

Portfolio Management Division
Manager,
Sorin Ion RADULESCU