

## QUARTERLY REPORT

### QUARTER III - 2018

#### ACCORDING TO THE FSA REGULATION NO.5/ 2018

**SC TRANSILVANIA CONSTRUCȚII SA**  
**Cluj Napoca, Strada Tăietura Turcului, nr 47, etaj 3**  
**Phone/Fax: 0264/416597; 0264-592229;**  
**Trade Register Registration No. J12/8/1991**  
**Tax Identification Code: RO 199044;**  
**Subscribed and paid up capital: RON 26,391,783;**

Shares are traded on Bucharest Stock Exchange, standard category.

**1. Individual interim financial statements**, prepared in accordance with the international financial reporting standards (applicable to interim financial reporting)

#### a) Statement of the financial position for September 30, 2018 - in RON

in RON	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<b>ASSETS</b>		
Tangible assets	13,033,092	14,299,380
Investment properties	175,350,263	177,139,696
Intangible assets	72,651	81,761
Held-to-maturity investments	6,001,436	5,909,835
Long-term trade and similar receivables	14,488,163	11,408,951
<b>Total fixed assets</b>	<b>208,945,605</b>	<b>208,839,623</b>
Inventories	216,574	315,861
Short-term trade receivables	3,253,860	1,887,844
Other receivables	2,709,936	1,874,532
Accrued expenses	268,936	39,683
Cash and cash equivalents	7,623,626	4,980,516
<b>Total current assets</b>	<b>14,072,932</b>	<b>9,098,436</b>
<b>TOTAL ASSETS</b>	<b>223,018,537</b>	<b>217,938,059</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	26,391,783	26,391,783
Share capital adjustments	27,019,805	27,019,805
Reserves	7,120,096	6,871,156
Retained earnings	33,391,907	31,669,213
Shareholders' equity	-104,544	-104,544
<b>Total shareholders' equity</b>	<b>93,819,047</b>	<b>91,847,413</b>

**LIABILITIES**

Long-term loans	97,883,114	103,239,576
Deferred income tax liabilities	11,142,551	11,395,445
Long-term provisions	83,126	83,126
<b>Total long-term liabilities</b>	<b>109,108,791</b>	<b>114,718,147</b>
Trade payables	4,191,886	5,840,217
Short-term loans	10,648,202	3,788,515
Other payables	5,250,611	1,743,767
<b>Total current liabilities</b>	<b>20,090,699</b>	<b>11,372,499</b>
<b>TOTAL LIABILITIES</b>	<b>129,199,490</b>	<b>126,090,646</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>223,018,537</b>	<b>217,938,059</b>

**b) Statement of comprehensive income for September 30, 2018 - in RON**

	September 30, 2018	September 30, 2017
	RON	RON
Income from turnover	29,426,829	18,103,586
Other income	303,837	137,147
Changes in inventories of finished goods and work in progress		0
<b>Total operating income</b>	<b>29,730,666</b>	<b>18,240,733</b>
Expenses related to raw materials and consumables	7,767,201	2,290,000
Expenses related to services provided by third parties	3,841,215	2,703,031
Personnel related expenses	1,649,030	1,444,650
Amortization and depreciation expenses	8,531,067	6,994,583
Goods-related expenses	111,549	100,789
Other expenses	503,769	636,059
<b>Total operating expenses</b>	<b>22,403,831</b>	<b>14,169,112</b>
<b>Operating income</b>	<b>7,326,835</b>	<b>4,071,621</b>
Financial income	1,340	4,046
Interest expenses	2,158,637	1,985,508
Other financial expenses	124,463	1,168,044
<b>Total Financial expenses</b>	<b>2,283,100</b>	<b>3,153,552</b>
<b>Financial earnings</b>	<b>-2,281,760</b>	<b>-3,149,506</b>
<b>Profit before tax</b>	<b>5,045,075</b>	<b>922,115</b>

Income tax expenses	1,087,033	183,847
Deferred tax revenue	252,894	60,898
<b>Net profit of the period</b>	<b>4,210,936</b>	<b>799,166</b>
Other items of comprehensive income	0	0
<b>COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>4,210,936</b>	<b>799,166</b>

**Earnings per share**

Basic	5.27	1.00
<b>Diluted</b>	<b>5.27</b>	<b>1.00</b>

**Selected explanatory notes**
*Assets purchased and alienated:*

In the first 9 months of 2018, the company made the following acquisitions of fixed assets (purchased from third parties or self-made)

## 1. Fixed assets received:

Asset type	Asset name	Value-RON	Operation
Real estate assets	Dwelling house in Str. Orastiei nr.10	26,903	new investment
Real estate assets	Outbuildings in Str. Orastiei, nr. 10	12,611	new investment
Real estate assets	Land 500 square metres Str. Orastiei, nr. 10	360,328	new investment
Real estate assets	Warehouse 8 update	2,758,808	update of
Equipment and machines	Audi A3 Vehicle	69,400	new investment
Equipment and machinery	Flying scaffold	3,384	new investment
Equipment and machinery	IT equipment	82,809	new investment
Equipment and machinery	Three-phase generator set	27,437	new investment
Computer programs	Backup server licenses	13,528	new investment
<b>Total General active procurement</b>		<b>3,355,208</b>	

Within the period of 01.01.2018-30.09.2018 the company demolished 2 old buildings that were no longer productive (a warehouse, respectively an outbuilding for a lift bridge). The inventory value of such constructions was RON 1,095,048, the unamortized value amounting to RON 33,642.

**Transactions with related parties:**

The Company has as related parties the following companies:

1. SC Melisa Prod SRL, with office in Cluj-Napoca, Strada Orastiei nr.10, judetul Cluj, tax ID: RO 17597400, J12/1857/2005.

The share capital of the company consists of 20 shares of which 19 shares are held by SC Transilvania Constructii SA and one share is held by Mr. Timofte Andrei.

Starting from 2011, this company did not carry out any activity.  
During the period January 1, 2018 - September 30, 2018 the company did not carry out transactions with SC Melisa Prod SRL.

2. SC Brieta Industrial Com SRL, with the registered office in Cluj-Napoca, strada Orastiei, nr. 10, judetul Cluj, Tax Registration Number RO 6839037, J12/4795/1994. The company has a share capital in the amount of RON 17,480 consisting of 1748 shares held as follows:

874 shares: Mrs. Timofte Gabriela;

874 shares: Mr. Timofte Mircea

The company carried out the following transactions with SC Brieta Industrial Com:

- during the period January 1, 2018 - September 30, 2018 the company carried out the following transactions with Brieta Industrial Com:

Original credit balance account 404:	RON 0.00;
Credit cash flow account 404:	RON 69,400.00;
Debit cash flow account 404:	RON 69,400.00;
Final credit balance account 404:	RON 0.00

Transilvania Constructii acquired an AUDI A3 vehicle. The transaction was carried out at arm's length, based on appraisal report prepared by a chartered appraisers.

- during the period January 1, 2017 - September 30, 2017 the company carried out the following transactions with Brieta Industrial Com:

Payment of the loan taken out from Industrial Com in 2013:

Opening loan balance on January 1, 2017: RON 790,000;

Debit cash flow : RON 790,000

Closing loan balance on September 30, 2017: Ron 0

*Other related parties:*

ABC Facility Management, Single Registration Number: 35226834, with the registered office in Cluj Napoca, strada Orastiei, nr 10;

Invincible Real Estate, tax ID: 35226842, with office in Cluj Napoca, strada Orastiei, nr 10;

Novis Plaza, tax ID 35226850, with office in Cluj-Napoca, Strada Taietura Turcului nr. 47, etaj 3;

Transilvania Constructii holds 95% of the share capital of these companies.

In the first nine months of 2018 the company carried out the following transactions with these companies:

a) Transactions carried out with SC Novis Plaza:

- granting loan to Novis Plaza:

Original debit balance account 4511: RON 10,930,551.83;  
Debit cash flow account 4511: RON 610.95;  
Credit cash flow account 4511: RON 0.00;  
Final debit balance account 4511: RON 10,931,162.78;

- service purchases made from Novis Plaza (space rent and re-invoicing expenses),

Original credit balance account 401: RON 10,513.27;  
Credit cash flow account 401: RON 440,041.97;  
Debit cash flow account 401: RON 230,885.48;  
Final credit balance account 401: RON 219,669.76

- provision of services to Novis Plaza:

Original debit balance account 4111: RON 415,192.67;  
Debit cash flow account 4111: RON 0.00;  
Credit cash flow account 4111: RON 230,885.48;  
Final debit balance account 4111: RON 184,307.19

-transactions with Novis Plaza within the period of January 1, 2017 - September 30, 2018:

Within the first 9 months of 2017, the company increased its share ownership in the share capital of Novis Plaza, amounting to RON 190 to RON 45,790. As the minority shareholder increased its share ownership, the share held in the share capital of Novis Plaza remained unchanged, i.e. 95%.

- granting loan to Novis Plaza:

Original debit balance account 4511: RON 8,599,701.83;  
Debit cash flow account 4511: RON 2,339,450.00;  
Credit cash flow account 4511: RON 5,100.00;  
Final debit balance account 4511: RON 10,934,051.83

- service purchases from Novis Plaza (space rent and re-invoicing expenses), as well as purchase of furniture:

Original credit balance account 401: RON 28,021.87;  
Credit cash flow account 401: RON 658,059.11;  
Debit cash flow account 401: RON 317,490.45;  
Final credit balance account 401: RON 368,590.53

Original credit balance account 404: RON 0;  
Credit cash flow account 404: RON 137,461.18;  
Debit cash flow account 404: RON 0.00;  
Final credit balance account 404: RON 137,461.18

- provision of services to Novis Plaza

Original debit balance account 4111: RON 3,439,474.84;  
 Debit cash flow account 4111: RON 50,407.40;  
 Credit cash flow account 4111: RON 2,417,490.45;  
 Final debit balance account 4111: RON 1,072,391.79

b) Transactions carried out with ABC Facility Management:

- the period of 01.01.2018-30.09.2018

-loan granted to ABC Facility Management:

Original debit balance account 4511: RON 1,420,000;  
 Debit cash flow account 4511: RON 3,544,000;  
 Credit cash flow account 4511: RON 1,407,000;  
 Final debit balance account 4511: RON 3,557,000;

- during the period of January 1, 2017 - September 30, 2017: the company did not carry out transactions with ABC Facility Management

The company did not carry out transactions with Invincible Real Estate SRL.

### Segment reporting

The company manages the following business segments:

- Transilvania Logistic Park;
- TRC Park Cluj Logistic Park;
- Installation and Construction Division (provides general contracting for the developments carried out by the Company itself and maintenance activity in logistic parks operated by the company). It does not earn revenue from foreign clients

Item	Business segments									
	Logistic park Transilvania		TRC Park Cluj		Construction-mounting works		Other segments		Total segments	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from external clients	17,870,352	14,766,922	10,748,031	2,452,957	0		808,446	883,707	29,426,829	18,103,586
Revenues from transactions with other segments	0	0	0	0	4,901,378	15,526,388	594,653	674,605	5,496,031	16,200,993
Profit per segment	6,497,554	4,738,936	1,912,867	226,028	292,898	414,296	-188,774	-171,065	8,514,545	5,208,195



*Reconciliation of income, profit or loss related to reportable segments*

**Income**

***in RON***

	<b>2018</b>	<b>2017</b>
Total income related to the reportable segments	33,519,761	32,746,267
Income related to other segments	1,403,099	1,558,312
Elimination of income from transactions with other segments	-5,496,031	-16,200,993
<b>Consolidated income</b>	<b>29,426,829</b>	<b>18,103,586</b>

**Profit or loss**

***in RON***

	<b>2018</b>	<b>2017</b>
Total profit or loss related to the reportable segments	8,703,319	5,379,260
Profit or loss from other segments	-188,774	-171,065
<b>Subtotal profit</b>	<b>8,514,545</b>	<b>5,208,195</b>
Elimination of profit from transactions with other segments		
Unallocated amounts:		
Other income	205,296	98,260
Other expenses	-3,674,766	-4,384,340
<b>Profit or loss before tax</b>	<b>5,045,075</b>	<b>922,115</b>

**Accounting policies**

The financial statements for September 30, 2018 were prepared in accordance with the International Financial Reporting Standards and include information compared to previous periods.

In preparing the financial statements for the period January 1, 2018 - September 30, 2018 the provisions of IAS 34 on interim financial reporting were taken into account.

The accounting policies did not change compared to the accounting policies used to prepare the financial statements for December 31, 2017.

The company's activity is carried out in a continuous manner, having an uniform evolution during the financial exercise. The only accounting treatment that does not apply in the case of interim reports is the analysis of the uncertain or disputed clients. This operation is done at the closure of the financial exercise when the depreciation of receivables is estimated.

**Events after the balance sheet date:**

On November 7, 2018 the Board convened the Shareholders General Assembly in order to approve the distribution of interim dividends from the net profit registered within the period of January 1, 2018 - September 30, 2018. The total amount proposed for dividends' distribution is RON 1,519,526.90 were granted, the gross dividend/share being RON 1.9.

Shareholders General Assembly was convened for December 17, 2018.

## 2. Economic and financial indicators, in accordance with Annex 13A of the FSA Regulation no. 5/2018

Name of indicator	Calculation formula	Value
Current liquidity indicator	Current Assets/Current Liabilities	0.7
Indebtedness indicator	Borrowed Capital/Committed Capital*100	53.77%
Turnover speed for client debit items	Average Client Balance/Turnover*270	23
Turnover speed for fixed assets	Turnover / Fixed Assets	0.14

## 3. The financial statements for the third quarter of 2018 have not been audited.

## 4. Other relevant information:

In the first nine months of 2018, the company has achieved a Turnover of RON 29,426,829.

The operating income amounts to RON 29,730,666.

The company recorded an operating profit of RON 7,326,835. The operating profit rate was of 24.9 %, with the company having a high return on the operating activity.

EBITDA within the first 9 months of the year is 15,857,902 lei (53.9 % of the Turnover).

Regarding the financial activity, the company recorded a loss of RON 2,281,760, mainly due to interest costs related to bank loans (RON 2,158,637).

The net income of the company for the first nine months was RON 4,210,936.

The Turnover was made in the majority of rents of spaces in Transilvania Logistic Park. The company also earned income from the management of TRC Park Cluj Logistic Park (inaugurated at the end of 2016), as well as of Transilvania Sports Club.

A breakdown of the Turnover for the main activities is presented below:

Activity	30/09/2018	
	Value	% of total
Transilvania Logistic Park	17,870,352	60.73
TRC Park Cluj	10,748,031	36.52
Sport centre	794,296	2.70
Miscellaneous	14,150	0.05
<b>Total</b>	<b>29,426,829</b>	<b>100.00</b>

Within the first 9 months the company distributed the following dividends:

- according to the OGMS as of April 26, 2018, dividends amounting to RON 2,239,303 were granted, the gross dividend/share being RON 2.8. Payment of dividends was performed on June 5, 2018;





- according to the OGMS as of September 4, 2018, dividends amounting to RON 2,399,253 were granted, the gross dividend/share being RON 3. Payment of dividends was performed on October 12, 2018;

General Manager  
Timofte Andrei Iancu

Chief Financial Officer  
Barz Lucian