

QUARTERLY REPORT

IIIRD QUARTER - 2017

ACCORDING TO REGULATION NO. 1/2006 OF THE ROMANIAN NATIONAL SECURITIES COMMISSION

SC TRANSILVANIA CONSTRUCTII 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 share capital: RON 26,391,783;

Shares are traded on BUCHAREST STOCK EXCHANGE, standard category.

In the first nine months of 2017 the share capital did not change.

In the first nine months of the financial year 2017, the company did not carry out significant transactions, business being carried out normally. The significant purchases of assets are presented in the explanatory notes.

According to the Resolution of the Ordinary General Meeting of the Shareholders as of August 10th, 2017, the company distributed dividends amounting to RON 959,701, the gross dividend/share being RON 1.2. The payment of dividends was initiated on September 19th, 2017.

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 30th, 2017 - in RON

- in RON	September 30 th , 2017	December 31 st , 2016
ASSETS		
Tangible assets	13,662,955	13,187,643
Real estate investments	174,224,888	157,877,223
Intangible assets	88,203	21,293
Held-to-maturity investments	4,671,436	4,534,235
Long-term trade and similar receivables	11,935,819	8,993,358
Total non-current assets	204,583,301	184,613,752
Inventories	314,432	326,090
Short-term trade receivables	2,694,552	4,662,219
Other receivables	626,378	4,519,399
Accrued expenses	293,545	31,162
Cash and cash equivalents	5,001,978	2,684,550
Total current assets	8,930,885	12,223,420
TOTAL ASSETS	213,514,186	196,837,172

EQUITY

Share capital	26,391,783	26,391,783
Share capital adjustment	27,019,805	27,019,805
Reserves	6,635,424	6,593,780
Retained earnings	33,746,324	33,948,502
Own shares	-104,544	-104,544
Total equity	93,688,792	93,849,326

LIABILITIES

Long-term loans	90,340,602	75,506,191
Deferred income tax liabilities	11,418,793	11,479,691
Long-term provisions	83,126	83,126
Total Long-term liabilities	101,842,521	87,069,008

Trade payables	8,214,378	6,290,618
Short-term loans	7,745,204	8,156,211
Other payables	2,023,291	1,472,009
Total current liabilities	17,982,873	15,918,838

TOTAL LIABILITIES	119,825,394	102,987,846
TOTAL EQUITY AND LIABILITIES	213,514,186	196,837,172

b) Statement of comprehensive income for September 30th, 2017-in RON

	September 30 th , 2017	September 30 th , 2016
	RON	RON
Income from turnover	18,103,586	15,610,219
Other operating income	137,147	126,362
Changes in inventories of finished goods and work in progress	0	221
Total operating income	18,240,733	15,736,802
Expenses related to raw materials and consumables	2,290,000	2,116,553
Expenses related to services provided by third parties	2,703,031	921,058
Personnel related expenses	1,444,650	1,125,422
Amortization and depreciation expenses	6,994,583	5,518,249
Provision expenses	0	-43,705
Goods-related expenses	100,789	95,797
Other operating expenses	636,059	1,009,213

Total operating expenses	14,169,112	10,742,587
Operating profit	4,071,621	4,994,215
Financial income	4,046	2,618,128
Interest expenses	1,985,508	2,015,655
Other financial expenses	1,168,044	0
Total Financial expenses	3,153,552	2,015,655
Financial loss	-3,149,506	602,473
Profit before tax	922,115	5,596,688
Income tax expenses	183,847	866,357
Deferred tax revenue	60,898	61,206
Net profit of the period	799,166	4,791,537
Other comprehensive income	0	0
COMPREHENSIVE INCOME OF THE PERIOD	799,166	4,791,537
Income per share		
Basic	1.00	5.99
Diluted	1.00	5.99

Selected explanatory notes

Assets purchased and alienated

In the first nine months of 2017, the company made the following purchases of fixed assets (purchased from third parties or made under private ownership)

1. Non-current assets received:

Asset type	Asset denomination	Value-RON	Transaction
Real-estate assets	C1 Building Warehouse -Jucu	6,697,886	increase of value
Real-estate assets	Concrete platform-Jucu	1,211,976	increase of value
Real-estate assets	C2 Building Warehouse -Jucu	4,766,339	new investment
Real-estate assets	Land 13,120 mp-Str Orastiei , nr 10	4,907,171	new investment
Real-estate assets	Football court - Transilvania-3 Sports Club	170,760	new investment
Real-estate assets	Football court - Transilvania-4 Sports Club	170,760	new investment
Real-estate assets	Football court - Transilvania-5 Sports Club	170,760	new investment
Real-estate assets	C1-1,709.9 sqm. warehouse -Orastiei nr 10	412,118	new investment
Real-estate assets	C2-2,571.52 sqm. warehouse -Orastiei nr 10	1,239,434	new investment
Real-estate assets	C5-65 sqm. storage -Orastiei nr 10	10,806	new investment
Real-estate assets	Railway -849.13 sqm. -Orastiei nr 10	10,531	new investment
Other tangible assets	IT Equipment	15,756	new investment

Equipment and machinery	Vehicle	804,878	new investment
Equipment and machinery	Vehicle	171,644	financial leasing
Equipment and machinery	Jucu warehouse equipment	406,019	new investment
Furniture	Office fittings	148,667	new investment
Software	Charisma ERP license	78,423	new investment
Total General		21,393,929	

During the period January 1st, 2017-September 30th, 2017, a series of fixed assets (IT equipment) came out of the company's patrimony, by decommissioning. The value of these decommissioned assets was RON 24.279.

Transactions with affiliated parties

The Company has as related parties the following companies:

1.SC Melisa Prod SRL, with the registered office in Cluj Napoca, strada Orastiei, nr 10, Cluj county, Tax Registration Number: 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 1st, 2017-September 30th, 2017, the company did not carry out transactions with SC Melisa Prod SRL.

2. 2. SC Brieta Industrial Com SRL, with the registered office in Cluj-Napoca, strada Meseriilor, nr 27, Cluj county, Tax Registration Number RO 6839037, J12/4795/1994. The company has a share capital in the amount of RON 17,480 consisting of 1,748 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 1st, 2017-September 30th, 2017, the company carried out the following transactions with SC Brieta Industrial Com:

Payment of the contracted loan from Brieta Industrial Com in 2013:

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

Debit account : RON 790,000

Final credit balance on September 30th, 2017 : RON 0

-during the period January 1st, 2016-September 30th, 2016, the company carried out the following operations with SC Brieta Industrial Com SRL: payment of the interest related to the loan contracted from Brieta Industrial Com. The amount paid as interest in the first 9 months of the year 2016 was RON 11,464.54;

3. The company took out a loan from Mr. Timofte Andrei Iancu, a shareholder holding 57.72% of the share capital.

The situation of this loan in the first 9 months of 2017 was as follows:

Opening credit balance:	RON	4,070.60;
Debit account :	RON	4,070.60;- closing loan from the shareholder
Credit account:	RON	0.00;
Final credit balance:	RON	0.00;

The shareholder loan is not interest-bearing.

Other affiliated parties:

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

Invincible Real Estate, with Tax Registration Number 35226842, with the registered office in Cluj Napoca, strada Orastiei, nr 10;

Mega Property for Rent, with Tax Registration Number 35226850, with the registered office in Cluj Napoca, strada Orastiei, nr 10;

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

The company carried out the following transactions with these companies within the first 9 months of 2017:

a) Transactions carried out with SC Mega Property for Rent:

In the first 9 months of 2017, the company increased its interest in the share capital of Mega Property for Rent from RON 190 to RON 45,790. As the minority shareholder also increased its interest, the share held in Mega Property for Rent remained unchanged, i.e. 95%.

- loan granted to Mega Property for Rent:

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

- service purchases made from Mega Property for Rent (space rent and re-invoicing expenses), as well as purchase of furniture:

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

Opening credit balance account 404:	RON	0,00;
Credit balance account 404:	RON	137,461.18;
Debit balance account 404:	RON	0.00;

Final credit balance account 404: RON 137,461.18

- - services provided to Mega Property for Rent

Opening debit balance account 4111: RON 3,439,474.84;

Debit balance account 4111: RON 50,407.40;

Credit balance account 4111: RON 2,417,490.45;

Final debit balance account 4111: RON 1,072,391.79

b) Transactions carried out by ABC Facility Management:

- granting a loan to ABC Facility Management:

Opening debit balance account 4511: RON 0.00;

Debit balance account 4511: RON 620,000.00;

Credit balance account 4511: RON 0.00;

Final debit balance account 4511: RON 620,000.00

In the first 9 months of 2016, the company did not carry out transactions with the three companies mentioned above.

Segment reporting

Starting with 2017, the company manages the following business segments:

-Parc Logistic Transilvania;

-Parc Logistic TRC Park Cluj;

- 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

Element	Business segments									
	Parc logistic Transilvania		TRC Park Cluj		Installation and Construction Works		Other segments		Total segments	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Income from foreign clients	14,766,922	14,696,176	2,452,957	0	0	0	883,707	914,043	18,103,586	15,610,219
Income from transactions with other segments	0	0	0	0	15,526,388	24,862,617	674,605	608,157	16,200,993	25,470,774
Profit per segment	4,738,936	4,253,306	226,028	0	414,296	1,076,660	171,065	210,349	5,208,195	5,540,315

Reconciliation of income, profit or loss related to reportable segments

Income in RON

	2017	2016
Total income related to the reportable segments	32,746,267	39,558,793

Income related to other segments	1,558,312	1,522,200
Elimination of income from transactions with other segments	-16,200,993	-25,470,774
Consolidated income	18,103,586	15,610,219

Profit or loss
in RON

	2017	2016
Total profit or loss related to the reportable segments	5,379,260	5,329,966
Profit or loss from other segments	-171,065	210,349
Subtotal profit	5,208,195	5,540,315
Elimination of profit from transactions with other segments		
Unallocated amounts:		
Other operating income	98,260	2,716,698
Other operating expenses	-4,384,340	-2,660,325
Profit or loss before tax	922,115	5,596,688

Accounting policies

The financial statements for September 30th, 2017 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 1st, 2017 - September 30th, 2017 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 31st, 2016.

The company activity is carried out in a continuous manner, having an uniform evolution during the financial year. The only accounting treatment that does not apply in the case of interim reports is the analysis of the uncertain or litigated clients. This operation is performed at the closing of the financial year, when the depreciation of receivables is also estimated.

Events occurring later than the reporting date:

On November 6th, 2017, the Ordinary General Meeting of Shareholders decided to grant dividends. The total amount distributed for payment of dividends is RON 1,319,589.15, the gross dividend/share being RON 1.65. Dividends may be paid as of December 14th, 2017.

2. Economic and financial indicators, in accordance with Annex 30B of the FSA Regulation no. 1/2006

Indicator denomination	Calculation formula	Value
Current liquidity indicator	Current assets/Current liabilities	0.50
Indebtedness indicator	Borrowed Capital/Committed Capital*100	52.10%
Turnover speed for client debit items	Average Client Balance/Turnover*270	59
Turnover speed for fixed assets	Turnover / Fixed Assets	0.09

3. The financial statements for the IIIrd quarter of 2017 have not been audited.

4. Other relevant information:

In the first 9 months of 2017 the company has achieved a Turnover of RON 18,103,586.

The operating income amounts to RON 18,240,733.

The company recorded an operating profit of RON 4,071,621. The operating profit rate was of 22.32 %, with the company having a high return on the operating activity.

Regarding the financial activity, the company recorded a loss of RON 3,149,506, mainly due to interest costs related to bank loans (RON 1,985,508), as well as unfavorable exchange rate fluctuations (RON 1,168,044);

The net income of the company for the first 9 months was RON 799,166.

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	September 30 th , 2017	
	Value	% of the total
Parc Logistic Transilvania	14,766,922	81.57
TRC Park Cluj	2,452,957	13.55
Sports base	777,721	4.30
Miscellaneous	105,986	0.59
Total	18,103,586	100.00

General Manager
Timofte Andrei Iancu

Chief Financial Officer
Barz Lucian