

**SIF TRANSILVANIA SA**

**STAND ALONE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AS AT**

**31 DECEMBER 2011**

**Prepared in accordance with**

**Order of the National Securities Commission no 13/2011**

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

**INDEPENDENT AUDITOR'S REPORT TO  
THE SHAREHOLDERS OF FINANCIAL INVESTMENT COMPANY TRANSILVANIA SA**

**Report on the financial statements**

- 1 We have audited the accompanying stand alone financial statements ("financial statements") of Societatea de Investitii Financiare Transilvania SA ("the Company"), which comprise the balance sheet as at 31 December 2011, and the income statement, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 1 to 64, presenting the following:

- Total equity and reserves: 769,314,328 RON;
- Profit for the year: 207,727,564 RON.

**Management's Responsibility for the Financial Statements**

- 2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the National Securities Commission no. 13/2011 regarding the approval of the regulation in accordance with the 4<sup>th</sup> Directive of European Economic Community applicable to entities authorised, regulated and supervised by National Securities Commission and subsequent amendments, and with the accounting policies presented in the note 6 to the financial statements, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

- 6 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with the requirements of the Order of the National Securities Commission no. 13/2011 regarding the approval of the regulation in accordance with the 4<sup>th</sup> Directive of European Economic Community applicable to entities authorised, regulated and supervised by National Securities Commission and subsequent amendments, and the accounting policies presented in the Note 6 to these financial statements.

### **Other Matters**

- 7 This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

### **Report on conformity of the Administrators' Report with the Financial Statements**

In accordance with the Order of the National Securities Commission no. 13/2011, section 8, article 281, paragraph 2 we have read the Administrators' Report presented from page 1 to 78. The Administrators' Report is not a part of the financial statements. In the Administrators' Report we have not identified any financial information which is not consistent, in all material respects,

with the information presented in the accompanying financial statements as at 31 December 2011.

**Refer to the original  
signed Romanian version**

Paul Facer  
Statutory auditor registered with  
the Chamber of Financial Auditors of Romania under no 3371/17 February 2010

On behalf of

PricewaterhouseCoopers Audit SRL  
Audit firm registered with  
the Chamber of Financial Auditors of Romania under no 6/25 June 2001

16 March 2012

*The accompanying financial statements are not intended to present the financial position, results of operations and a complete set of notes to the financial statements of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Romania. Accordingly, the accompanying financial statements are not designed for those who are not informed about Romanian legal and statutory requirements including the Order of the National Securities Commission no. 13/2011 and subsequent amendments.*

**SIF TRANSILVANIA SA**

**STAND ALONE FINANCIAL STATEMENTS**

**31 DECEMBER 2011**

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SIF TRANSILVANIA SA

BALANCE SHEET

AS OF 31 DECEMBER 20 11

	<u>Row</u>	<u>Note</u>	<u>Balance as at</u> <u>31 December 20 10</u> (RON)	<u>Balance as at</u> <u>31 December 20 11</u> (RON)
<b>A. NON-CURRENT ASSETS</b>				
<b>I. INTANGIBLE ASSETS</b>				
3. Concessions, patents, licenses, trademarks, similar rights and other intangible assets	3	1 a)	<u>6,020</u>	<u>5,636</u>
<b>TOTAL</b>	6	-	6,020	5,636
<b>II. TANGIBLE ASSETS</b>				
1. Land and buildings	7	1 b)	13,573,265	13,292,538
2. Technical installations and machines	8	1 b)	929,542	248,497
3. Other plant, tools and furniture	9	1 b)	277,863	172,217
4. Advances and tangible assets in progress	10	1 b)	<u>4,281</u>	<u>-</u>
<b>TOTAL</b>	11		14,784,951	13,713,252
<b>III. FINANCIAL ASSETS</b>				
1. Shares held with related entities	12	1 c)	358,461,004	347,199,135
3. Participating interests	14	1 c)	57,266,311	64,967,495
5. Securities and other similar instruments held as non-current assets	16	1 c)	268,524,339	315,239,038
6. Other receivables	17	1 c)	<u>60,087,573</u>	<u>8,489,742</u>
<b>TOTAL</b>	18	1 c)	744,339,227	735,895,410
<b>NON-CURRENT ASSETS - TOTAL</b>	19		<u>759,130,198</u>	<u>749,614,298</u>
<b>B. CURRENT ASSETS</b>				
<b>I. INVENTORY</b>				
1. Consumables	20		<u>30,335</u>	<u>36,741</u>
<b>TOTAL</b>	23		30,335	36,741
<b>II. ACCOUNTS RECEIVABLES</b>				
1. Trade receivables	24	13	782	800
2. Receivables from affiliated undertakings	25	14	-	-
3. Receivables from participating interests	26	14	-	-
4. Other receivables	27	14	<u>586,896</u>	<u>1,489,741</u>
<b>TOTAL</b>	29	5	587,678	1,490,541

The accompanying notes from 1 to 21 are integral part of the financial statements.

**SIF TRANSILVANIA SA**

**BALANCE SHEET**

**AS OF 31 DECEMBER 20 11**

	<u>Row</u>	<u>Note</u>	<u>Balance as at 31 December 2010 (RON)</u>	<u>Balance as at 31 December 2011 (RON)</u>
<b>IV. CASH AND BANK</b>	33	15	<u>74,661,918</u>	<u>136,211,981</u>
<b>CURRENT ASSETS - TOTAL</b>	34		75,279,931	137,739,263
<b>C. PREPAID EXPENSES</b>	35		137,844	104,646
<b>D. CURRENT LIABILITIES</b>				
3. Advances from customers	38	5, 18	177,916	2,348,916
4. Trade liabilities	39	17	218,873	333,555
6. Amounts due to affiliated undertakings	41	5, 18	9,502	12,559
7. Amounts due relating to participating interests	42	5, 18	-	54,618
8. Other liabilities, including tax and social security payables	43	5, 18	<u>64,293,277</u>	<u>43,343,074</u>
<b>TOTAL</b>	44	5	64,699,568	46,092,722
<b>E. NET CURRENT ASSETS, RESPECTIVELY</b>				
<b>NET CURRENT LIABILITIES</b>	45		<u>10,718,207</u>	<u>91,751,187</u>
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES</b>	46		<u>769,848,405</u>	<u>841,365,485</u>
<b>H. PROVISIONS</b>				
2. Provisions for taxes	57	2	66,040,218	64,844,207
3. Other provisions	58	2	<u>4,310,000</u>	<u>7,206,950</u>
<b>TOTAL PROVISIONS:</b>	59		70,350,218	72,051,157
<b>J. CAPITAL AND RESERVES</b>				
<b>I. SHARE CAPITAL</b>	61	7	109,214,333	109,214,333
out of which				
- subscribed and paid in share capital	63		109,214,333	109,214,333
<b>III. REVALUATION RESERVES</b>				
	Balance C	65	10,875,087	10,811,873

The accompanying notes from 1 to 21 are integral part of the financial statements.

**SIF TRANSILVANIA SA****BALANCE SHEET****AS OF 31 DECEMBER 20 11**

	<u>Row</u>	<u>Note</u>	<b>Balance as at 31 December 20 10 (RON)</b>	<b>Balance as at 31 December 20 11 (RON)</b>
<b>IV. RESERVES</b>	67	19	512,489,357	441,560,558
1. Legal reserves	68		21,842,867	21,842,867
2. Reserves created from adjustments related to financial assets value loss				
<u>Balance D</u>	69		(114,987,060)	(222,478,407)
4. Reserves created from the value of securities / shares acquired free of charge	71		199,789,280	165,013,481
6. Reserves representing the surplus from revaluation reserve	73		3,595,476	3,658,691
7. Other reserves	74		<u>402,248,794</u>	<u>473,523,926</u>
<b>VI. RESULT OF THE FINANCIAL YEAR</b>				
Balance C	80	3	66,919,410	207,727,564
Profit distribution	82	3	_____ -	_____ -
<b>TOTAL SHAREHOLDER'S EQUITY</b>	83		<u>699,498,187</u>	<u>769,314,328</u>

Signed on behalf of the Board of Directors as at 16 March 2012.

ADMINISTRATOR,  
Name and surname  
FERCALĂ MIHAI  
Signature

Unit's stamp

PREPARED BY,  
Name and surname  
BOIAN ADRIANA  
Chief Accountant  
Signature

Registration no, with professional body

The accompanying notes from 1 to 21 are integral part of the financial statements.



# SIF TRANSILVANIA SA

## STATEMENT OF INCOME

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

			Financial year ended as at <u>31 December 2010</u> (RON)	Financial year ended as at <u>31 December 2011</u> (RON)
	<u>Row</u>	<u>Note</u>		
<b>A. INCOME FROM CURRENT</b>				
<b>ACTIVITY – TOTAL</b>	1	4	<u>121,534,602</u>	<u>325,883,732</u>
1. Income on financial assets	2		32,697,486	14,902,707
4. Income on ceded financial investments	5		73,115,806	256,819,843
6. Income on provisions, receivables reactivated and other sundry debtors	7		8,042,730	6,945,895
7. Gain from foreign exchange differences	8		4,110,189	2,879,113
8. Interest income	9		3,422,560	3,395,497
10. Other income from current activity	11	4	<u>145,831</u>	<u>40,940,677</u>
<b>B. EXPENSES FROM CURRENT</b>				
<b>ACTIVITY – TOTAL</b>	12	4	46,716,476	77,562,747
12. Expenses related to ceded financial investments	14		9,646,558	43,197,569
13. Expenses related to foreign exchange differences	15		3,371,464	2,432,613
14. Interest expense	16		-	-
15. Fee and commission expenses	17		2,983,832	3,378,641
16. Expenses related to banking and similar services	18		30,082	28,920
17. Amortisation and depreciation, provisions, receivables losses and sundry debtors	19		7,587,174	8,915,760
18. Other expenses from current activity, (rows 21+22+23+26+27), out of which	20	4	23,097,366	19,609,244
a. Material expenses	21		308,270	303,413
b. Energy and water	22		147,409	142,909
c. Staff costs (rows 24+25) out of which	23		19,833,632	16,134,845
c1. salaries	24		16,987,341	13,583,439
c2. social security contribution	25		2,846,291	2,551,406
d. Third party services	26		2,036,101	2,115,651
e. Taxes, duties and similar liability expenses	27		771,954	912,426

The accompanying notes from 1 to 21 are integral part of the financial statements.

# SIF TRANSILVANIA SA

## STATEMENT OF INCOME

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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	<u>Row</u>	<u>Note</u>	<b>Financial year ended as at 31 December 2010</b>	<b>Financial year ended as at 31 December 2011</b>
			(RON)	(RON)
			<b>C. CURRENT RESULT</b>	
- profit	28	4	74,818,126	248,320,985
19. TOTAL INCOME	34	4	121,534,602	325,883,732
20. TOTAL EXPENSES	35	4	46,716,476	77,562,747
<b>G. GROSS RESULT</b>				
Profit	36	3	<u>74,818,126</u>	<u>248,320,985</u>
21. INCOME TAX				
Income tax expenses	38	10C	<u>7,898,716</u>	<u>40,593,421</u>
<b>H. RESULT OF THE FINANCIAL YEAR</b>				
Profit	40	3	<u>66,919,410</u>	<u>207,727,564</u>

Signed on behalf of the Board of Directors as at 16 March 2012.

ADMINISTRATOR,  
Name and surname  
FERCALĂ MIHAI  
Signature

Unit's stamp

PREPARED BY,  
Name and surname  
BOIAN ADRIANA  
Chief Accountant  
Signature

Registration no, with professional body

# SIF TRANSILVANIA SA

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

- RON -

<u>Shareholders' equity</u>	<u>Balance as at</u>	<u>Increases</u>		<u>Decreases</u>		<u>Balance as at</u>
	<u>January 2011</u>	<u>Total</u>	<u>Through</u>	<u>Total</u>	<u>Through</u>	<u>31 December 2011</u>
	<u>1</u>	<u>out of which:</u>	<u>transfer</u>	<u>out of which</u>	<u>transfer</u>	
		<u>2</u>	<u>3</u>	<u>4</u>	<u>5 6</u>	
Subscribed and paid in share capital	109,214,333	-	-	-	-	109,214,333
Revaluation reserves (Note 6d)	10,875,087	-	-	63,214	63,214	10,811,873
Legal reserves	21,842,867	-	-	-	-	21,842,867
Reserves from adjustments for value losses of financial assets (Note 20) Balance D	(114,987,060)	(115,283,105)	-	(7,791,758)	-	(222,478,407)
Reserves representing the surplus from revaluation reserve (Note 6d)	3,595,476	63,215	63,214	-	-	3,658,691
Reserves created from the value of / shares acquired free of charge (Note 19)	199,789,280	19,573,515	-	54,349,314	45,091,539	165,013,481
Other reserves, total out of which (Note 19):	<u>402,248,794</u>	<u>79,390,814</u>	<u>79,246,649</u>	<u>8,115,682</u>	<u>-</u>	<u>473,523,926</u>
Reserves from recording at nominal value the initial S.I.F. portfolio (Laws 58/1991, 55/1995 and 133/1996)	128,563,305	144,165	-	901,036	-	127,806,434
Reserves from profit, as own financing sources	266,987,546	34,155,110	34,155,110	-	-	301,142,656
Other capital reserves	6,697,943	45,091,539	45,091,539	7,214,646	-	44,574,836

The accompanying notes from 1 to 21 are integral part of the financial statements.

# SIF TRANSILVANIA SA

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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<b><u>Shareholders' equity</u></b>	<b>Balance as at</b>	<b>Increases</b>		<b>Decreases</b>		<b>Balance as at</b>
	<b><u>1 January 2011</u></b>	<b><u>Total</u></b>	<b><u>Through</u></b>	<b><u>Total</u></b>	<b><u>Through</u></b>	<b><u>31 December 2011</u></b>
	<b>1</b>	<b><u>out of which:</u></b>	<b><u>transfer</u></b>	<b><u>out of which</u></b>	<b><u>transfer</u></b>	<b>6</b>
		<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Result of the financial year	66,919,410	207,727,564	-	66,919,410	34,155,110	207,727,564
<b>TOTAL SHAREHOLDERS' EQUITY</b>	699,498,187	191,472,003	79,309,863	121,655,862	79,309,863	769,314,328

The accompanying notes from 1 to 21 are integral part of the financial statements.

# SIF TRANSILVANIA SA

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

- RON -

<u>Shareholders' equity</u>	<u>Balance as at</u>	<u>Increases</u>		<u>Decreases</u>		<u>Balance as at</u>
	<u>January 2010</u>	<u>Total</u>	<u>Through</u>	<u>Total</u>	<u>Through</u>	<u>31 December 2010</u>
	<u>1</u>	<u>out of which:</u>	<u>transfer</u>	<u>out of which</u>	<u>transfer</u>	<u>6</u>
		<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
Subscribed and paid in share capital	109,214,333	-	-	-	-	109,214,333
Revaluation reserves	12,076,328	1,520,149	-	2,721,390	1,448,015	10,875,087
Legal reserves	21,842,867	-	-	-	-	21,842,867
Reserves from adjustments for value losses of financial assets (Note 20) Balance D	(102,975,661)	(28,759,608)	-	(16,748,209)	-	(114,987,060)
Reserves representing the surplus from revaluation reserve	2,378,361	1,448,015	1,448,015	230,900	-	3,595,476
Reserves created from the value of securities / shares acquired free of charge	178,550,749	35,031,714	-	13,793,183	-	199,789,280
Other reserves, total out of which:	321,085,180	84,525,143	83,898,729	3,361,529	-	402,248,794
Reserves from recording at nominal value the initial S.I.F. portfolio (Laws 58/1991, 55/1995 and 133/1996)	131,374,773	535,518	-	3,346,986	-	128,563,305
Reserves from profit, as own financing sources	183,088,817	83,898,729	83,898,729	-	-	266,987,546
Other capital reserves	6,621,590	90,896	-	14,543	-	6,697,943

The accompanying notes from 1 to 21 are integral part of the financial statements.

# SIF TRANSILVANIA SA

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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<u>Shareholders' equity</u>	Balance as at	Increases		Decreases		Balance as at
	<u>1 January 2010</u>	<u>out of which:</u>	<u>Through</u>	<u>Total</u>	<u>Through</u>	<u>31 December 2010</u>
	<u>1</u>	<u>2</u>	<u>transfer</u>	<u>out of which</u>	<u>transfer</u>	<u>6</u>
Result of the financial year	116,663,029	66,919,410	-	116,663,029	83,898,729	66,919,410
Profit distribution	-	-	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	658,835,186	160,684,823	85,346,744	120,021,822	85,346,744	699,498,187

Signed on behalf of the Board of Directors as at 16 March 2011

ADMINISTRATOR,  
Name and surname  
FERCALĂ MIHAI  
Signature

Unit's stamp

ÎNTOCMIT,  
Name and surname  
BOIAN ADRIANA  
Chief Accountant  
Signature  
Registration no, with professional body

The accompanying notes from 1 to 21 are integral part of the financial statements.

# SIF TRANSILVANIA SA

## STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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	<b>Financial year ended as at <u>31 December 2010</u> (RON)</b>	<b>Financial year ended as at <u>31 December 2011</u> (RON)</b>
<b>Cash flows used in operating activities</b>		
total out of which:	(26,449,828)	(44,120,375)
Receipts from clients (including subsidiaries and creditor clients)	604,335	2,171,147
Payments to suppliers and employees (including subsidiaries and affiliated undertakings)	(16,160,014)	(14,296,540)
Income tax paid	(2,449,976)	(24,915,067)
Contributions, charges, taxes paid to the budget (excluding income tax and dividend tax)	(7,402,043)	(6,616,209)
Other payments or proceeds related to the operation of the Company	(1,042,130)	(463,706)
<b>Cash flows from investment activities</b>		
total, out of which:	25,903,686	132,157,165
Payments for purchase of shares	(68,565,473)	(138,653,239)
Payments for purchase of bonds	-	-
Payments for purchase of tangible and intangible assets	(11,152)	(24,659)
Proceeds from sale of shares	71,923,011	256,803,370
Proceeds from sale of tangible assets	36,723	-
Interest received	3,750,915	2,928,666
Dividends received	18,534,181	11,576,799
Other proceeds or payments related to investments (brokerage commissions, sales and exchange rate differences)	235,481	(473,772)
<b>Cash flows used in financing activities</b>		
total, out of which:	(25,331,718)	(26,486,727)
Dividends paid to shareholders (including dividend tax)	(25,331,718)	(26,486,727)

The accompanying notes from 1 to 21 are integral part of the financial statements.

# SIF TRANSILVANIA SA

## STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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	Financial year ended as at <u>31 December 2010</u> (RON)	Financial year ended as at <u>31 December 2011</u> (RON)
<b>Net increase /decrease in cash and cash equivalents</b>	<u>(25,877,860)</u>	<u>61,550,063</u>
Cash and cash equivalents at the beginning of the financial year	<u>100,539,778</u>	<u>74,661,918</u>
Cash and cash equivalents at the end of the financial year	<u>74,661,918</u>	<u>136,211,981</u>

Signed on behalf of the Board of Directors as at 16 March 2012.

ADMINISTRATOR,  
Name and surname FERCALĂ MIHAI  
Signature  
Unit's stamp

PREPARED BY,  
Name and surname BOIAN ADRIANA  
Chief Accountant  
Signature



# SIF TRANSILVANIA SA

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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#### 1. NON-CURRENT ASSETS

a) angible assets	Int Intangible assets (RON)
<b>Gross value</b>	
Balance as at 1 January 2011	230,367
Additions	4,947
Ceded assets, transfers and other disposals	-
<b>Balance as at 31 December 2011</b>	<b>235,314</b>
<b>Accumulated amortisation</b>	
Balance as at 1 January 2011	224,347
Charge for the financial year	5,331
Disposals or reversals	-
<b>Balance as at 31 December 2011</b>	<b>229,678</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>6,020</b>
<b>Net carrying amount as at 31 December 2011</b>	<b>5,636</b>

# SIF TRANSILVANIA SA

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

#### 1 NON-CURRENT ASSETS (CONTINUED)

##### a) Tangible assets

	<u>Land and buildings</u>	<u>Technical installations and machines</u>	<u>Other plant, tools and furniture</u>	<u>Advances and tangible assets in progress</u>	<u>Total</u>
	(RON)	(RON)	(RON)	(RON)	(RON)
<b>Gross value</b>					
Balance as at 1 January 2011	16,664,526	2,475,310	1,050,164	4,281	20,194,281
Additions	-	12,622	11,372	20,491	44,485
Ceded assets, transfers and other disposals	-	105,030	-	24,772	129,802
<b>Balance as at 31 December 2011</b>	<b>16,664,526</b>	<b>2,382,902</b>	<b>1,061,536</b>	<b>-</b>	<b>20,108,964</b>
<b>Accumulated depreciation</b>					
Balance as at 1 January 2011	3,091,261	1,545,768	772,301	-	5,409,330
Charge for the year	280,727	693,667	117,018	-	1,091,412
Disposals or reversals	-	105,030	-	-	105,030
<b>Balance as at 31 December 2011</b>	<b>3,371,988</b>	<b>2,134,405</b>	<b>889,319</b>	<b>-</b>	<b>6,395,712</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>13,573,265</b>	<b>929,542</b>	<b>277,863</b>	<b>4,281</b>	<b>14,784,951</b>
<b>Net carrying amount as at 31 December 2011</b>	<b>13,292,538</b>	<b>248,497</b>	<b>172,217</b>	<b>-</b>	<b>13,713,252</b>

# SIF TRANSILVANIA SA

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

#### 1 NON-CURRENT ASSETS (CONTINUED)

##### b) Financial assets

	<u>Securities held as non-current assets (shares)</u> (RON)	<u>Bonds (including accrued interests)</u> (RON)	<u>Bank deposits guarantees)</u> (RON)	<u>Free shares receivable</u> (RON)	<u>Amounts receivable related to subscriptions for share capital increases and cessions</u> (RON)	<u>Other non-current receivables (guarantees and collaterals)</u> (RON)	<u>Total non-current assets</u> (RON)
<b>Gross value</b>							
Balance as at 1 January 2011	831,594,407	3,471,059	5,538	29,994,676	25,682,422	933,878	891,681,980
Additions	253,366,116	280,433	1,933	6,438,805	19,507,363	3,250	279,597,900
Ceded assets, transfers and other disposals	103,080,694	284,484	3,487	36,433,481	40,189,785	918,378	180,910,309
<b>Balance as at 31 December 2011</b>	<b>981,879,829</b>	<b>3,467,008</b>	<b>3,984</b>	<b>-</b>	<b>5,000,000</b>	<b>18,750</b>	<b>990,369,571</b>
<b>Value adjustments</b>							
Balance as at 1 January 2011	147,342,753	-	-	-	-	-	147,342,753
Charge for the year	115,283,105	-	-	-	-	-	115,283,105
Disposals or reversals	8,151,697	-	-	-	-	-	8,151,697
<b>Balance as at 31 December 2011</b>	<b>254,474,161</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254,474,161</b>
<b>Net carrying amount as at</b>							
<b>1 January 2011</b>	<b>684,251,654</b>	<b>3,471,059</b>	<b>5,538</b>	<b>29,994,676</b>	<b>25,682,422</b>	<b>933,878</b>	<b>744,339,227</b>
<b>Net carrying amount as at 31 December 2011</b>	<b>727,405,668</b>	<b>3,467,008</b>	<b>3,984</b>	<b>-</b>	<b>5,000,000</b>	<b>18,750</b>	<b>735,895,410</b>

**SIF TRANSILVANIA SA**

**NOTES TO THE STAND ALONE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011**

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**1. NON-CURRENT ASSETS (CONTINUED)**

The shares are split according to their nature as follows:

	<u>Quoted Shares</u> (RON)	<u>Unquoted Shares</u> (RON)	<u>Total</u> (RON)
<b>Gross value</b>			
Balance as at 1 January 2011	499,888,152	331,706,255	831,594,407
Additions, transfers (i)	252,169,820	1,196,296	253,366,116
Ceded assets, transfers and other disposals (i)	36,849,583	66,231,111	103,080,694
<b>Balance as at 31 December 2011</b>	<b>715,208,389</b>	<b>266,671,440</b>	<b>981,879,829</b>
<b>Value adjustments</b>			
Balance as at 1 January 2011	123,197,127	24,145,626	147,342,753
Charge for the year	104,317,291	10,965,814	115,283,105
Transfers	3,871,235	(3,871,235)	-
Disposals or reversals	7,715,882	435,815	8,151,697
<b>Balance as at 31 December 2011</b>	<b>223,669,771</b>	<b>30,804,390</b>	<b>254,474,161</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>376,691,025</b>	<b>307,560,629</b>	<b>684,251,654</b>
<b>Net carrying amount as at 31 December 2011</b>	<b>491,538,618</b>	<b>235,867,050</b>	<b>727,405,668</b>

(i) During 2011 the Company sold part of his participation to BCR Bank (“BCR”) representing 1.26% from the share capital of BCR. The value of the transaction (included in line “Income on ceded financial investments”, see note 4) was 123,615,504 RON.

The remaining participation in BCR (representing 4,74% from the share capital of BCR) was swapped against the ERSTE Bank AG („Erste”) shares, the parent of BCR Bank. The exchange was based on the market value of both BCR and Erste shares (no gain or loss existing at the swap date).

The swap has not affected the Company P&L, the Erste shares received being recorded at the same value as the disposed BCR shares (51,510,458 RON).

The swap transaction is shown in the above table both in the “Additions, transfers” for Quoted shares line (Erste Bank shares) and in “Ceded assets, transfers and other disposals” for Unquoted shares line (BCR shares).

Financial assets in balance as at 31 December 2011 are carried at historical cost adjusted by RON 254,474,161, representing adjustments for value loss from unfavourable differences that resulted from the valuation performed at annual stock count for the end of the financial year, out of which RON 31,995,754 resulted from provisions created prior to 2008 (by affecting the statement of income) and RON 222,478,407 created starting with 2008 directly from equity (see note 6F for computation and booking method of financial investments adjustments).

**SIF TRANSILVANIA SA**

**NOTES TO THE STAND ALONE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011**

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**1. NON-CURRENT ASSETS (CONTINUED)**

The shares are split according to their origin as follows:

	<b>Shares from initial portfolio and related free shares</b>	<b>Shares acquired from the local market and related free shares</b>	<b>Shares acquired from external market</b>	<b>Total</b>
	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>
<b>Gross value</b>				
Balance as at 1 January 2011	254,305,151	561,520,853	15,768,403	831,594,407
Additions	37,417,238	226,663,809	(10,714,931)	253,366,116
Ceded assets, transfers and other disposals	71,648,505	31,432,189	-	103,080,694
<b>Balance as at 31 December 2011</b>	<b>220,073,884</b>	<b>756,752,473</b>	<b>5,053,472</b>	<b>981,879,829</b>
<b>Value adjustments</b>				
Balance as at 1 January 2011	-	146,179,473	1,163,280	147,342,753
Charge for the year	-	113,076,568	2,206,537	115,283,105
Disposals or reversals	-	8,151,697	-	8,151,697
<b>Balance as at 31 December 2011</b>	<b>-</b>	<b>251,104,344</b>	<b>3,369,817</b>	<b>254,474,161</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>254,305,151</b>	<b>415,341,380</b>	<b>14,605,123</b>	<b>684,251,654</b>
<b>Net carrying amount as at 31 December 2011</b>	<b>220,073,884</b>	<b>505,648,129</b>	<b>1,683,655</b>	<b>727,405,668</b>

## SIF TRANSILVANIA SA

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

## 1. NON-CURRENT ASSETS (CONTINUED)

The financial assets are split according to the Company's ownership percentage as follows:

	<b>Shares held with related entities (&gt; 50 %)</b>	<b>Participating interests ( 20-50 %)</b>	<b>Securities and other similar instruments ( &lt;20 %)</b>	<b>Other receivables</b>	<b>Total financial assets</b>
	(RON)	(RON)	(RON)	(RON)	(RON)
<b>Gross value</b>					
Balance as at 1 January 2011	414,239,419	57,941,144	359,413,844	60,087,573	891,681,980
Additions, transfers	58,885,840	19,014,824	175,465,452	26,231,784	279,597,900
Ceded assets, transfers and other disposals	-	1,213,695	101,866,999	77,829,615	180,910,309
<b>Balance as at 31 December 2011</b>	<b>473,125,259</b>	<b>75,742,273</b>	<b>433,012,297</b>	<b>8,489,742</b>	<b>990,369,571</b>
<b>Value adjustments</b>					
Balance as at 1 January 2011	55,778,415	674,833	90,889,505	-	147,342,753
Charge for the year	72,719,362	9,504,980	33,058,763	-	115,283,105
Disposals or reversals	2,571,653	155,035	5,425,009	-	8,151,697
Transfers	-	750,000	(750,000)	-	-
<b>Balance as at 31 December 2011</b>	<b>125,926,124</b>	<b>10,774,778</b>	<b>117,773,259</b>	<b>-</b>	<b>254,474,161</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>358,461,004</b>	<b>57,266,311</b>	<b>268,524,339</b>	<b>60,087,573</b>	<b>744,339,227</b>
<b>Net carrying amount as at 31 December 2011</b>	<b>347,199,135</b>	<b>64,967,495</b>	<b>315,239,038</b>	<b>8,489,742</b>	<b>735,895,410</b>
<b>Total, out of which:</b>	<b>347,199,135</b>	<b>64,967,495</b>	<b>315,239,038</b>	<b>8,489,742</b>	<b>735,895,410</b>
Shares	347,199,135	64,967,495	315,239,038	-	727,405,668
Bonds	-	-	-	3,467,008	3,467,008
Financial investments in progress	-	-	-	5,000,000	5,000,000
Bank deposits, securities administrators	-	-	-	3,984	3,984
Other non-current assets	-	-	-	18,750	18,750

**SIF TRANSILVANIA SA**

**NOTES TO THE STAND ALONE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011**

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**2. PROVISIONS**

<u>Type of provision</u>	<u>Balance as at 1 January 2011</u> (RON)	<u>Transfers into account from account</u> (RON)	<u>Balance as at 31 December 2011</u> (RON)
Provisions for taxes (i)	66,040,218	10,172,673 (11,368,684)	64,844,207
Provisions for risks and expenses	4,310,000	6,535,616 (4,310,000)	6,535,616
Litigation provisions	-	671,334 -	671,334
Total provisions	<u>70,350,218</u>	<u>17,379,623 (15,678,684)</u>	<u>72,051,157</u>

Relatively, during the previous year the following movements were recorded:

<u>Type of provision</u>	<u>Balance as at 1 January 2010</u> (RON)	<u>Transfers into account from account</u> (RON)	<u>Balance as at 31 December 2010</u> (RON)
Provisions for taxes	60,002,548	7,917,705 (1,880,035)	66,040,218
Provisions for risks and expenses	<u>7,890,000</u>	<u>4,310,000 (7,890,000)</u>	<u>4,310,000</u>
Total provisions	67,892,548	12,227,705 (9,770,035)	70,350,218

(i) Tax provisions (see note 6K3) amounting to RON 64,844,207, in the balance sheet as at 31.12.2011 are those arising from applying the income tax rate of 16% to the balance of reserves from the value of shares acquired free of charge (account 1065), of reserves created from the tangible assets revaluation surplus for the period before 01.05.2009 (account 1067), of reserves related to the initial portfolio for company incorporation (account 10681) and of reserves created from favourable differences resulting from the valuation of contribution in kind, which represents the company's contribution to the increase in share capital of certain issuers (account 10684).

**2. PROVISIONS (CONTINUED)**

Analytically, the statement of these provisions is as follows:

	<b>Balance as at 31 December 2010 (RON)</b>	<b>Balance as at 31 December 2011 (RON)</b>
Tax provisions, total out of which:	66,040,218	64,844,207
- related to the balances of reserves from the value of securities/shares acquired free of charge	38,055,101	31,431,139
- related to the balance of reserves from realisation of revaluation reserves of tangible assets	683,921	683,921
- related to the balance of reserves from recording at nominal value the initial portfolio of S,I,F, (Law 58/1991, 55/1995 and 133/1996)	24,488,248	24,344,083
- related to the balance of reserves from favourable differences arising from the contribution of the Company in kind to increases in share capital of certain issuers	530,638	7,745,284
- related to income arising from the increase in value of shares of B,C,R, as an effect of incorporation into share capital	2,282,310	639,780

Regarding the position of "Provisions for risks and expenses", we would like to mention that in the previous financial year, according to provisions of the Company contract and to the Collective labour agreement, other provisions for risks and expenses of RON 4,310,000 destined to cover the fund for the participation of company' staff (employees, directors with mandate contract and administrators) to net profit realised in 2010 (payable in 2011), and to the related contribution to the health insurance contribution fund, as follows:

- RON 3,400,000, to cover incentives to be granted to employees and directors with mandate contract;
- RON 600,000, to cover incentives to be granted to Company administrators;
- RON 310,000, to cover the Company's contribution for the incentives to be granted to employees for the participation of the employees to the 2010 profit, The percentage used for the calculation of the participation fund of the employees to the profit in accordance with the art 7 point (4) from the Company's Contract is 5,6157% of the net profit of 2010, before the recording the provision of RON 4,310,000 out of witch:
  - a) for the employees and directors with mandate contract =4,7734%
  - b) for the Board of Directors members =0,8423%

The amount RON 4,310,000 recorded in 2010 as a "Provision for risks and expenses" was approved by the Board of Directors and paid during 2011.



**2. PROVISIONS (CONTINUED)**

For the financial year 2011, the line "Provisions for risks and expenses " recorded the amount of RON 6,535,616, destined to cover the fund for company' staff participation in the profit realised in the financial year 2010 (payable in 2012) and the social contributions related to incentives to be granted from this fund, as follows:

- a) to cover the fund for employees and directors with mandate contract participation in profit = RON 5,125,000;
- b) to cover the fund for the members of the Board of Directors participation in profit = RON 875,000;
- c) to cover social contributions recorded by the company (employer) related to incentives to be granted from the fund for company' staff participation in the profit realised in 2011, which will be computed at the date of granting the incentives, according to art, 296<sup>18</sup>, paragraph (8) of the Fiscal Code = RON 535,616.

The share referred to in art, 7, paragraph (4) of the Company contract, taken into account in determination of the fund for staff participation in profit (6,000,000) is of 2,8003% from the net profit realised in 2011, before the set-up of the RON 6,535,616 provision (that reduce the profit), out of which:

- a) for employees and directors with mandate contract = 2,3919%;
- b) for members of the Board of Directors = 0,4084%.

The amount of RON 6,535,616, created in 2011 as "Provision for risks and expenses" will be subject to the shareholders' approval during 2012.

**3. PROFIT DISTRIBUTION**

Net profit that remained undistributed in the balance sheet concluded for the previous financial year, taken over as result carried forward at the beginning of 2011, amounting to RON 66,919,410, was distributed in 20 May 2011, according to a Decision of the Ordinary General Meeting of Shareholders (decision no 1/ April 2011) as follows:

Other reserves – own financing sources created from profit	= RON 34,155,110
Dividends (due to shareholders recorded in the shareholder register as at 17 May 2010)	= RON 32,764,300

The payment of the dividends was made according to the decision of the Board of Directors in the period 01.09 – 28.10.2011. The shareholders that received dividends for the year 2010 are the ones from the Consolidated Register of the Shareholders at 20 May 2011, date established by the Board of Directors according with the Law no 297/2004 regarding the capital market – art 238, (1) point.

In the financial year 2011, after the deduction of the provision for risks and expenses mentioned in Note 2, a net profit of RON 207,727,564 was distributed, out of which until 31.12.2011 there were no distributions.

Compared to the previous financial year, the profit is disclosed as follows:

<b>Purpose</b>	<b>Financial year ended as at <u>31 December 2010</u> (RON)</b>	<b>Financial year ended as at <u>31 December 2011</u> (RON)</b>
Gross profit realised	74,818,126	248,320,985
Income tax	7,898,716	40,593,421
Net profit realised, out of which distributed for:	<u>66,919,410</u>	<u>207,727,564</u>
- dividends	32,764,300	-
- other reserves	34,155,110	-
- profit not distributed as at 31 December 2011	-	207,727,564

The proposal of the Company Board of Directors to distribute the net profit realised in the financial year 2011 is disclosed as a separate document and will be subject to debate and approval of the ordinary general meeting of shareholders, together with the stand alone annual financial statements.

## 4. OPERATING RESULT OF THE CURRENT ACTIVITY

INDICATORS	<u>Row</u>	<u>31 December 2010</u> (RON)	<u>31 December 2011</u> (RON)
1. Dividend income from financial assets	01	32,697,486	14,902,707
4. Income on ceded financial investments <sup>x)</sup>	04	73,115,806	256,819,843
7. Income on provisions	07	8,042,730	6,945,895
8. Income on exchange rate differences	08	4,110,189	2,879,113
9. Interests income	09	3,422,560	3,395,497
11. Other income on current activity:	11	145,831	40,940,677
- from other income <sup>xx)</sup>	16	121,816	40,880,582
- from other financial income	18	24,015	60,095
<b>12. Income from current activity - Total</b>	<b>19</b>	<b><u>121,534,602</u></b>	<b><u>325,883,732</u></b>
14. Expenses regarding ceded financial investments <sup>x)</sup>	21	9,646,558	43,197,569
15. Expenses related to exchange rate differences	22	3,371,464	2,432,613
17. Fees and commissions expenses	24	2,983,832	3,378,641
18. Expenses regarding banking and similar services	25	30,082	28,920
19. Loss on receivables and sundry debtors	26	126,360	29,980
20. Provisions and amortisation and depreciation expenses	27	7,460,814	8,885,780
21. Other expenses for current activity:	28	<u>23,097,366</u>	<u>19,609,244</u>
- materials	29	308,270	303,413
- energy and water	30	147,409	142,909
- staff:	31	<u>19,833,632</u>	<u>16,134,845</u>
• salaries	32	16,987,341	13,583,439
• social security contribution	33	2,846,291	2,551,406
- third party services. from which:	34	<u>2,036,101</u>	<u>2,115,651</u>
• maintenance and repairs	35	243,514	254,382
• royalties. leases and rent	36	60,646	79,357
• insurance premiums	37	182,259	128,401
• studies and research	38	63,819	-
• protocol. advertising. publicity	39	62,944	95,508
• transport of goods and personnel	40	2,291	317
• travel. secondment. transfers	41	176,426	169,935
• postage and telecommunications	42	340,741	488,052
• other third party services	43	637,805	691,408
• other expenses	44	265,656	208,291
- other taxes. duties and similar expenses	47	<u>771,954</u>	<u>912,426</u>
<b>22. Expenses from current activity</b>	<b>48</b>	<b><u>46,716,476</u></b>	<b><u>77,562,747</u></b>

**SIF TRANSILVANIA SA**

**NOTES TO THE STAND ALONE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011**

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<b>23. Current activity result</b>	49	<u>74,818,126</u>	<u>248,320,985</u>
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x) Included in “Income on ceded financial investments” is the amount of 123,615,504 RON representing the value of 1.26% of BCR share capital, shares sold by the company during December 2011 (see Note 1c). The related expenses included in „Expenses regarding ceded financial investments” was 13,627,735 RON.

xx) Included in “Other income on current activity” is the amount of 40,842,469 RON representing income from dividends not claimed by the shareholders for the period 1996 – 2007 for which the legal claiming period expired (3 years).

## SIF TRANSILVANIA SA

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

## 5. ACCOUNTS RECEIVABLE AND PAYABLE

Receivables	<b>Balance as at <u>31 December 2010</u> (RON)</b>	<b>Balance as at <u>31 December 2011</u> (RON)</b>	<b>Due in <u>Less than 1 year</u> (RON)</b>
Advances of services (Note 13)			
to suppliers	782	800	800
Trade receivables (Note 13)	12,892	12,892	12,892
Other receivables - Total (Note 14)	1,607,228	2,458,734	2,458,734
<b>Total gross receivables</b>	<b>1,620,902</b>	<b>2,472,426</b>	<b>2,472,426</b>
Adjustments for			
impairment of bad debts:			
Balance as at 1 January	1,041,885	1,033,224	1,033,224
Charge for the year	138,351	44,181	44,181
Disposals or reversals	147,012	95,520	95,520
Balance as at			
31 December 2011 (Note 13, 14)	1,033,224	981,885	981,885
<b>Total net receivables (after impairment adjustments)</b>	<b>587,678</b>	<b>1,490,541</b>	<b>1,490,541</b>
Payables	<b>Balance as at <u>31 December 2010</u> (RON)</b>	<b>Balance as at <u>31 December 2011</u> (RON)</b>	<b>Due in <u>less than 1 year</u> (RON)</b>
Trade payables (suppliers), including, indemnities for administrators and directors with mandate contract (Note 17)	218,873	333,555	333,555
Dividends due to shareholders (Note 18)	55,023,675	20,673,432	20,673,432
Liabilities related to staff (Note 18)	251,138	189,210	189,210
Payables to the			
consolidated State budget (Note 18)	1,907,596	1,914,118	1,914,118
Profit tax (Note 18)	4,776,805	20,455,159	20,455,159
Advances from clients	177,916	2,348,916	2,348,916
Payables to group companies (subsidiaries) (Note 10)	9,502	12,559	12,559
Payables to associated companies – participating interests (Note 18)	-	54,618	54,618
Other sundry creditors (Note 18)	334,063	111,155	111,155
Payments to be made for subscribed financial assets (Note 18)	2,000,000	-	-
<b>Total payables</b>	<b>64,699,568</b>	<b>46,092,722</b>	<b>46,092,722</b>

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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**5. ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUED)**

Analysis of the dividends distributed to shareholders in 2010 and 2011:

<b>Dividends due to shareholders</b>	<b>Balance as at 31 December 2010</b>	<b>Balance as at 31 December 2011</b>
	(RON)	(RON)
<b>Balance as at 1 January</b>	48,615,138	55,023,675
Dividends payable from the profit of the previous year (Note 3)	32,764,300	32,764,300
Dividends paid during current year and related tax	(26,645,117)	(26,566,193)
Prescribed dividends (1996-2007) (see note 4)	-	(40,842,469)
Dividends reimbursed	<u>289,354</u>	<u>294,119</u>
<b>Balance as at 31 December</b>	<b>55,023,675</b>	<b>20,673,432</b>

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS**

The main accounting policies adopted in preparing these financial statements are disclosed below:

**A Basis of preparation****(1) General information**

These financial statements have been prepared in accordance with:

(i) The Accounting Law no 82/1991 republished in June 2008 (Law 82");

(ii) Order of the President of National Securities Commission ("NSC") no 13/2011 for the approval of the regulation no 4/2011 regarding the approval of the regulation in accordance with the 4th Directive of European Economic Community applicable to entities authorised, regulated and supervised by National Securities Commission ("NSC") published in the Official Gazette of Romania part I, no 185/16 March 2011 ("Order no 13/2011") and in the Official Gazette of Romania part I, no 185 bis/16 March 2011 ("Regulation no 4/2011").

These financial statements have been prepared under the historical cost convention, adjusted with the depreciation and with the loss of value found by performing a stock-count, except for the tangible assets, which are presented at revaluated amount, the last revaluation was made on 31.12.2011.

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**(2) Use of estimates**

The preparation of financial statements in accordance with Order no 14/2011, requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective period. Although these estimates are based on the best information available as at the date of the financial statements, actual results may differ from these estimates.

**(3) Going concern**

The accompanying financial statements have been prepared based on the 'going concern' principle, which assumes that the Company will continue to operate in the foreseeable future, In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows and cash outflows.

Based on these reviews, the management believes that the Company will be able to continue to operate as a going concern in the foreseeable future and, therefore, this principle should be applied in the preparation of these financial statements.

**B Foreign currency translation**

**(1) Measurement currency**

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei (RON), rounded to 1 RON.

**(2) Transactions and balances in foreign currency**

Foreign currency transactions of the Company are translated into the measurement currency using the exchange rates communicated by the National Bank of Romania ('NBR') as at the dates of the transactions, Foreign currency balances are translated into RON using the exchange rates communicated by NBR as at the balance sheet date, Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under financial result. The evaluation of the receivables, liabilities and cash in foreign currency is made monthly at NBR exchange rate from the last day of the month, and the differences are recorded in the revenues and expenses from foreign exchange differences.

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**C Intangible assets**

(1) Cost

Computer software and licenses

Computer software and related licenses are recognised at purchase cost and disclosed in the financial statements at the net book value, respectively the purchase cost, diminished by amortisation and potential impairment adjustments, accumulated up to the date of preparation of these financial statements.

(2) Amortisation

Computer software and licenses

Computer software is amortised over a period of between 1 and 3 years, and the licenses over their validity period, using the straight-line method.

**D Tangible assets**

(1) Cost / valuation

Tangible assets are initially measured at purchase cost for the goods acquired in exchange for a consideration and at fair value for the goods received free of charge. In this case, the value replaces the acquisition cost. Tangible assets existing at the end of the year, at fair value, are revalued periodically, generally every three years, with the results being reflected in the accounting records.

The latest revaluation was made at 31 December 2010 when the tangible assets were revalued on the basis of Order 75/2005. This order provides that revaluation of tangible assets is made at fair value, determined by an appraisal normally undertaken by professionally qualified appraisers. An increase of carrying amount resulted from these revaluations was credited in the revaluation reserve. The fair values of tangible assets revalued in accordance with the regulation, regulation that commencing with 2011 are the ones from the Regulation no 14/2011 approved by National Securities Commission ("NSC") with the Order no 13/2011, being updated with sufficient regularity so the accounting value to not differs substantially from from that which would be determined using fair value at the balance sheet date . If there is no market-based evidence of fair value, it is estimated using net cash flows or depreciated replacement cost approach.



**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

The revaluation differences related to fixed assets, decommissioned and brought as contribution in kind to the share capital of other companies or sold, are transferred into account 1067 "Reserves representing realisation of the land and building revaluation reserves". This reserve, properly decreased by the value taken into consideration as item similar to taxable income according to provisions of GEO 34/2009, is adjusted using the deferred tax created previously by applying the tax rate to the gross reserve.

Expenditure on repairs or maintenance of tangible assets are recognised in the income statement over the period in which they are incurred, while any significant improvements to tangible assets (modernisation) which increase the value or useful life of the assets, or which increase their revenue generating capacity are capitalised (they increase the value of that fixed asset).

Purchased inventory items are expensed on commissioning and, during their operational period, inventory items are monitored by means of an off-balance sheet account. When these are no longer useful, they are disposed of at the proposal of the inventory commissions and / or other commissions set up for this purpose, either by means of sale or write off.

**(2) Depreciation**

Depreciation is determined based on carrying value (acquisition cost or revalued value) using the straight-line method over the estimated useful life of the assets and it is included in expenses on a monthly basis.

The classification and the normal operational periods of fixed assets held by the Company are established by a technical commission appointed by decision, taking into account the provisions included in GD no 2139/2004 and in their approved Catalogue, considering the actual conditions of use within the Company, as follows:

<b>Asset</b>	<u><b>Years</b></u>
Buildings	10 -50
Technical installations and cars	3 -10
Other plant, tools and furniture	3 -10

Land is not depreciated as it is considered to have an indefinite life, According to GEO no 34/11.04.2009, from 1 May the monthly depreciation included on deductible expenses, related to favourable value differences arising from revaluations carried out after 1 January 2004, is treated as a non-deductible item from a fiscal perspective (similar to items related to income).

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**(1) Sale / disposal of tangible assets**

Tangible assets which are no longer necessary for the business performance are decommissioned and written off, together with the depreciation accumulated up to the decommissioning date, and recorded in an off-balance sheet account, until they are realised by sale or disposal. Any gain or loss resulting from such an operation is included in the current income statement. Revaluation reserves related to decommissioned and fully depreciated tangible assets are transferred on the decommissioning date to "Reserves representing the surplus from revaluation reserves".

**E Impairment of assets**

At each year-end, tangible assets and other non-current assets are reconciled with the results of the annual count. For this purpose, the carrying value is compared with the value established on stock-count, referred as the annual count value. If this value is lower than the carrying value, the differences are accounted for as additional depreciation and amortisation for assets where depreciation is irreversible, or as an adjustment for depreciation, where depreciation is reversible. The annual count value is determined based on the asset's utility, condition and market value. The last physical inspection was made on 31.12. 2011.

**F Financial assets**

Classification

The Company classifies its financial assets in its portfolio in the following categories:

- (1) Financial assets with fixed maturity acquired with the purpose, declared as at the date of acquisition, of being held until maturity, are included in non-current assets (A III „Financial assets” in balance sheet), at the date of acquisition if their maturity exceeds 1 year from the date of acquisition, or in current assets if their maturity is less than 1 year (note 6G).
- (2) Financial assets purchased for an indefinite period, but which may be sold at any time as a result of favourable fluctuations in price, for the purpose of obtaining profit or for obtaining cash, are classified on the acquisition date as financial assets available for sale (A III „Financial assets” in balance sheet). This category includes shares from initial portfolio, free shares and shares acquired from the market. Shares held with related parties and participating interests are included in this category.

**6. ACCOUNTING POLICIES, principles and methods (CONTINUED)**

Classification of the financial assets in these two categories is made on the acquisition date. The Company reviews this classification on a regular basis, when conditions change significantly from those that existed on the acquisition date.

Recognition

Financial assets are recognised in the financial statements at the date of settlement, i.e, the date the investment is actually delivered to the Company.

Evaluation

(1) At acquisition

- (i) Financial assets with fixed maturity and shares acquired from the market are measured at acquisition cost.

Shares in the initial portfolio were valued at the nominal value of the shares.

The initial portfolio contains the shares held by the company as at date of its set-up as financial investments company under law no 133/1996, by transforming Private Property Fund (set-up under Law no 58/1991), after the finalisation of the mass privatisation process carried out based on Law no 55/1995.

According to Law no 133/1996, based on which the Company was set-up, the original share capital was created by aggregating the coupons subscribed by citizens who chose this Company and coupons whose value was established by the Romanian Government by considering the value of all Romanian companies, which were subject to the mass privatisation process performed in accordance with Law no 55/1995.

The value of the initial portfolio evaluated at nominal value was higher than the initial share capital and, consequently, the positive difference which arose was recorded in equity through the account "Reserves from assessment of initial portfolio at nominal value". These reserves were created as protection for the initial share capital.

- (ii) Free shares resulting from increases in the share capital of the issuer by using as increase source the following:

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

- a) internal reserves and /or share premiums recognised as counterpart assets in equity, at acquisition at the nominal issuance value;
- b) profit (profit incorporation) is recognised as counterpart assets in financial assets, as acquisition at nominal issuance value,

(1) At the end of the period

- (i) Financial assets kept until maturity are carried at amortised cost;
- (ii) Shares are assessed on an annual basis at initial value less accumulated adjustments for value losses.

The inventory value considered in order to determine the provisions for impairment is established as follows:

- a) For securities traded on a regulated market, the inventory value is determined based on the transaction price of the last transaction of the year (provided that there were transactions during the year); otherwise they are treated as securities.
- b) For non-listed securities, the inventory value is determined using the net asset value of the issuing company disclosed in the last financial reporting required by the Ministry of Finance, weighted depending on the Company`s share of ownership, as specified in the National Securities Commission`s Regulation no 15/2004, as follows:
  - weighted net assets for participations of more than 50% of the share capital of the issuer and for participations in banks and insurance companies;
  - weighted net assets reduced by 15% for participations between 33% and 50% of the share capital of the issuer;
  - weighted net assets reduced by 25% for participations between 5% and 33% of the share capital of the issuer;
  - weighted net assets reduced by 50% for participations lower than 5% of the share capital of the issuer;
  - weighted net assets reduced by 100% for participations held at companies that are under restructuring, under liquidation procedures or have negative equity or which were unable to provide recent financial statements.

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

- (iii) Shares from initial portfolio and related free shares are assessed on portfolio basis. Thus, if the total value arising from the assessment of this portfolio at the end of the period is lower than the total initial value of the portfolio ("nominal value") this difference is recorded in equity by adjusting the "Reserves from recording at nominal value the initial SIF portfolio". If the value is higher no adjustment is recorded.
- (iv) In the case of shares acquired free of charge, as a result of increasing the share capital of the issuer, by using internal reserves as increasing source, recognised at acquisition in equity; the adjustment for value loss is recognised in equity.
- (v) For shares acquired through investments (for a price), value adjustments were recorded directly through equity (starting with 2008), in account "Reserves arising from adjustments for value losses of financial assets".

The accounting policy for impairment booking was changed, beginning with financial year 2008, to record the impairment directly in equity in accordance with Order 11/2009. Upon the sale of financial assets, the reversal of impairment is recognised in the Profit and Loss Account or Equity to the extent of the impairment previously recognised. The adjustments for loss of value is made annually on stock count basis.

Derecognition

A financial asset is derecognised when the Company loses control over contracting rights related to that asset.

Derecognition of sold financial assets is done as at the settlement date or as at the date of transfer of ownership. Gains or losses realised at derecognition are computed based on the historical cost of the financial asset and are recorded in the statement of income.

Derecognising financial assets held in the portfolio is performed at each disposal, using the FIFO principle, respectively first in, first out.

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**G Short-term financial investments**

These include bonds, shares and securities purchased to gain profit. Short-term investments that are traded on a regulated market are valued at the bid value on the last day of trading of the year, and those not traded are carried at amortized cost less any possible adjustments for impairment. As of 31.12.2011 and 31.12.2010 the Company had no investments classified as short-term investments.

**H Cash and cash equivalents**

Cash and cash equivalents are recorded at cost in the financial statements. For the purpose of the cash-flow statement, cash and cash equivalents comprise cash in hand, bank accounts, cash in transit and short-term financial investments with an original maturity of up to 3 months.

**I Share capital**

Ordinary shares are classified as equity.

**J Trade payables**

Trade payables are recorded at the value of the amounts payable for the goods or services received.

**K Provisions for risks, expenses and taxes**

(1) Provision for litigations

For the litigations in course at the balance sheet date, for which the management estimate that outflows of resources are probable, a provision is booked.

(2) Provisions for risks and expenses

Provisions for risks and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(3) Income tax provision

The tax provision is computed by applying the rate provided by the tax legislation on the accumulated reserves (in Equity) related to the initial portfolio, the reserves related to shares received free of charge, the reserves related to the input value of fixed assets to the share capital of other companies and reserves from the revaluation surplus realised from untaxed revaluation differences.

The set up and the regularization of the income tax provision is made against related reserve in equity, with the exception of the provisions set until 2008 year which is regularised using profit and loss account (as the set up of the provision until 2008 was made against profit and loss account).

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

**L Employee benefit**

In the normal course of business, the Company makes payments to the health, risk and accident funds, as well as to the pension and unemployment state funds on behalf of its employees, directors with mandate contract and, partially, of administrators of the Company, at statutory rates. All these people are members of the Romanian State pension plan. These costs are recognised in the income statement as incurred together with the related salary costs and / or remuneration granted.

The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no further obligation in respect of pensions.

Apart from salaries and other salary-related rights, according to the collective labour agreement, administrators, directors with mandate contract and employees of the Company are entitled to incentives from the fund of participation in profit. For details please see Note 2 – Provisions.

**M Taxation**

Current income tax

The Company records current income tax based upon taxable income from the Romanian financial statements, in accordance with the Romanian income tax legislation.

Starting with 2009, the Romanian taxpayers were forced to pay an annual minimum income tax. The minimum tax is determined based on the revenue reported up to 31 December of the previous year, using predefined thresholds.

As of 1 October 2010, according to provisions of G,E,O, no 87/2010, the minimum income tax was no longer applied and in 2011 the company did not recorded this tax.

**N Revenue recognition**

Revenues recorded by the Company are accounted for according to their nature, being recognised as per National Securities Commission ("NSC") Regulation no 4/2011, specific to each category of revenues, and taking into account the following treatments:

- (1) Revenue from financial assets

Dividends due for investments held in portfolio are recognised during the financial year when the general meeting of shareholders of the Company in which these investments are held decides on the distribution of dividends, as at registration date (or, as appropriate, at reference date) which gives the right to receive dividends and this is the moment when the Company acquires the right to receive dividends in accordance with the investment held in that Company or, in certain cases, as a priority dividend (if the shares do not carry any voting rights) and they are accounted for as "Revenue from financial assets".

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

The dividend income was recorded at net value, obtained (if the case) by deducting the withholding tax.

The nominal value of shares received free of charge are also recorded as revenue from financial assets following the direct incorporation of profit in the share capital of issuing companies held in company's portfolio.

**(2) Revenue from transactions**

Proceeds from sales of equity securities are recognised when the Company has transferred the main risks and benefits related to the securities to the purchaser, using settlement date accounting.

Revenues from sales of equity securities are recognised at gross value (at transaction value), and those arising from short-term financial investment transactions are shown on a net basis (i.e. difference between sale proceeds and cost).

The proceeds from sale of shares from initial portfolio and the cost of sales (the nominal value of the shares) are recognised in the income statement. The related reserve is not released upon the sale of the shares and will continue to be recognised in equity, being used when removing from portfolio the companies for which the bankruptcy procedure was concluded and the respective company did not recover, by liquidation, the value of the investment held in the initial portfolio and/or in the case of certain decreases in investments held in the initial portfolio, as an effect of some regularisations (with AVAS, internal losses).

The revenue related to the shares received free of charge recorded in equity, when acquired, as counterpart assets, is recorded in the current statement of income, and the related reserve is liquidated from equity without any effect on costs and statement of income.

The revenue related to the shares received free of charge recorded in revenue from financial assets, when acquired, as counterpart assets is recorded in the current statement of income, and the value allocated when acquired (nominal) is recorded in costs for the period, as tax non-deductible expenses.

**(3) Interest income**

Interests are recognised periodically and proportionally as the respective revenue is generated on an accountancy engagement basis.



**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

Interest income also includes income generated from spreading the discount for assets acquired at a value lower than the settlement amount at maturity and for premiums generated by payables recorded at an amount higher than the settlement amount at maturity.

**O Enforcement of accounting regulations compliant with European Directives**

In 2011 entered into force the Order of the National Securities Commission no 13/3 February 2011 for the approval of the Regulation no 4/2011 regarding the accounting regulations in accordance with the IVth Directive of European Economic Communities, applicable to undertakings authorised, regulated and monitored by the National Securities Commission.

The Order 13/2011 abrogates the Order 75/2005. Commencing with 2011 the company prepare the individual financial statements in accordance with the specific accounting regulations presented in the Regulation no 4/2011 approved by the NSC Order no 13/2011.

The financial statements as of 31.12.2010 were drafted in accordance with Order 75/2005. No adjustment was deemed as necessary in the present financial statements (as of 31.12.2011) in respect of the comparative amounts.

By Order no 11/3 February 2011 the NSC approve the Statement no 3/2011 regarding the application of the International Standards of Financial Reporting for the authorised entities, regulated and supervised by NSC. According to this Order for the financial years 2010 and 2011 the company will have to prepare, with informative purpose, in 180 days from the end of the each financial year, the second set of financial statements, in accordance with IFRS, obtained by making a restatement of the information from the financial statements prepared in accordance with the national regulations. By ordering the measures no 9/15.06.2011 NSC has suspended the application of the provisions of this Statement until 31 December 2011.

According to NSC Order no 116/21.12.2011 was abrogated the Statement no 3/2011 and it was approved the Statement no 6/2011 regarding the application of the International Standards of Financial Reporting by the authorised, regulated and supervised by NSC entities.

According to this Statement for the financial years 2011 and 2012 was established the obligation for preparing with informative purpose, in 180 days from the end of the each financial year, the second set of financial statements in accordance with IFRS, obtained by making a restatement of the information from the financial statements prepared in accordance with the IV<sup>th</sup> Directive of European Economic Communities

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FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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According with this Statement the Company will have to prepare and make public, with informative purpose on its own site, until 29 June 2012 also this second set of financial statements in accordance with International Standards of Financial Reporting.

**6. ACCOUNTING POLICIES, PRINCIPLES AND METHODS (CONTINUED)**

According to NSC Decisions no 2492/3.12.2007 and no 1068/22.05.2008, Financial Investment Companies (SIF), entities registered with NSC in the category AOPC, with a complex investment policy, which meet the conditions provided in item 3 of the accounting regulations approved by NSC Order 74/2005, prepare, by 31 August, consolidated annual financial statements, starting with the financial year 2007, in compliance with the International Financial Reporting Standards, adopted by the European Union.

The Company sent to CNVM a notification regarding the classification of the Company within exceptions mentioned in item 20 of the accounting regulations approved by NSC Order 74/2005 regarding the exclusions from consolidation and as at 17 July 2008. CNVM issued Certificate no 238, through which it takes notice of the company's classification (and of SIFs in general) in the exceptions mentioned.

The conditions presented in the accounting regulations, applied until 31.12.2010 are now mentioned in the art. 24 from the Regulation no 3/2011 regarding the accounting regulations in accordance with the IVth Directive of European Economic Communities applied to the authorised, regulated and supervised by NSC entities, regulations that are approved by Order no 13/2011 and entered into force beginning with the financial year 2011.

The Company has issued and published the Current Reports as of 7 August 2008, 3 November 2008, 31 August 2009 , 30 August 2010 and 09 September 2011 though which it informed the public of the preparation of the consolidated, unaudited financial statements sent to NSC, BVB and posted to the company's site.

Through further reports on the consolidated financial statement, the company will continue to bring to the public's notice any information considered relevant.

**7. FINANCING SOURCES**

(1) Apart from the shares related to the subscribed and paid-in share capital, the Company has not issued any investment certificates, or other securities and / or convertible bonds.

(2) **Subscribed and paid-in share capital.**

Subscribed and paid share capital did not record any changes in the financial year 2011. Thus, at the end of 2011, the subscribed and paid in share capital amounts to RON 109,214,333,20 being issued

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

and circulating 1,092,143,332 shares. All issued shares are ordinary, carry equal voting rights and are quoted on the Bucharest Stock Exchange under the symbol SIF3.

The company has a high degree of shareholding dispersion, with more than 7 million shareholders, natural and legal persons, resident and non-resident.

As at 20 May 2011, the shares issued by S.I.F. TRANSILVANIA S.A. and under circulation, were held by 7,046,815 shareholders, as follows:

Shareholders	Number		Weight in share capital (%)
	Shareholders	Shares	
A. Resident shareholders, out of which:	7,044,901	872,665,695	79.90
- Natural persons	7,044,481	680,455,103	62.30
- Legal persons	420	192,210,592	17.60
B. Non-resident shareholders, out of which	1,914	219,477,637	20.10
- Natural persons	1,823	14,127,986	1.30
- Legal persons	91	205,349,651	18.80
TOTAL, out of which	7,046,815	1,092,143,332	100.00
- Natural persons	7,046,304	694,583,089	63.60
- Legal persons	511	397,560,243	36.40

According to the report received from DEPOZITARUL CENTRAL, as at 31 December 2011, the shares issued by the Company and under circulation were held by 7,039,842 shareholders, out of which 7,039,320 natural persons and 522 legal persons, as follows:

Shareholders	Number		Weight in share capital (%)
	Shareholders	Shares	
A. Resident shareholders, out of which:	7,037,838	926,723,412	84.85
- Natural persons	7,037,400	751,327,400	68.79
- Legal persons	438	175,396,012	16.06
B. Non-resident shareholders, out of which	2,004	165,419,920	15.15
- Natural persons	1,920	9,089,023	0.83
- Legal persons	84	156,330,897	14.32

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**NOTES TO THE STAND ALONE FINANCIAL STATEMENTS**

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TOTAL, out of which	7,039,842	1,092,143,332	100.00
- Natural persons	7,039,320	760,416,423	69.63
- Legal persons	522	331,726,909	30.37

- (3) According to Law no 297/2004 on capital market, with subsequent amendments and supplements, the exertion of voting rights is suspended for the shares held by shareholders, individually and / or as a whole, which exceed 1% of the share capital. Shareholders in this situation are forced to sell the shares which exceed the shareholding limit within 3 months of exceeding this level.

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

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## 7. FINANCING SOURCES (CONTINUED)

The list of shareholders who hold individually and / or as a whole more than 1% of the company's share capital and suspended voting rights e is sent monthly to NSC and to the Depozitarul Central and is published on the company's web site under the heading "A.G.A".

We also inform the investing public that, after the publication in The Official Journal of Romania, first part, n. 20 from 10.02.2012 of the Law 11/2012 – regarding the modification of Law 297/2004 on capital market, this threshold have been raised from 1% to 5% of the Company's equity.

From the perspective of shareholding limits, the shareholding structure as at 31 December 2010 is as follows:

Shareholding limits	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Percentage from share capital %</u>
1. Below 1% of the share capital, total, out of which:	7,039,841	1,081,117,832	98.99
1.1. Below 100 shares, total, out of which:	6,847,134	106,889,848	9.79
1.1.1. 16 shares	5,392,698	86,283,168	7.90
1.1.2. below 16 shares	1,168,584	9,344,818	0.86
1.2. between 100 and 2,016 shares, total, out of which:	170,356	262,409,683	24.03
1.2.1. 1,950 shares each	47,626	92,870,700	8.50
1.2.2. 2,016 shares each	70,084	141,289,344	12.94
1.3. between 2,017 and 100,000 shares	21,689	149,164,933	13.66
1.4. between 100,001 and 1,092,143 shares, out of which:	551	165,039,325	15.11
1.5. between 1,092,144 and 10,921,433 shares,	111	397,614,043	36.40
2. over 1% of share capital	1	11,025,500	1.01
<b>3. Total</b>	<b>7,039,842</b>	<b>1,092,143,332</b>	<b>100,00</b>

(4) The Company has no redeemable shares

(5) During the the period under analysis, the Company did not issue any shares.

(6) The Company did not issue any bonds and has no liabilities of this type to report in the 2011 stand alone annual financial statements.

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

**7. INFORMATION REGARDING THE EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

- (1) Indemnities granted to members of the administrative, management (directors with mandate contract) and supervisory bodies:  
During the period under review the company recorded as company's expenses the amount of RON 31,157,398, representing wages due to the members of the Board of Directors of the company and rights such as salaries due to two directors of the company, who concluded mandate contract with the company.
- (2) The Company has no liabilities contracted regarding the payment of pensions to former members of administrative, management and supervisory bodies therefore it has no such commitments recorded in its accounting.
- (3) The Company did not grant credit or advances (except for salary advances and / or to cover delegation expenses) to members of the administrative, management and supervisory bodies, and it has no such obligations recorded in the balance as at the end of 2011.

(4) Employees

<u>Employees category</u>	<b>Education</b>		<b>Average number</b>	
	<b>(S = superior)</b>	<b>(M = medium)</b>	<b>in the financial as at</b>	
	<b>(G = general)</b>		<b>31.12.2010</b>	<b>31.12.2011</b>
Total employees, out of which:	(S, M, G)		85	77
- managers (managers of divisions, managers of branch offices) and internal control	S		8	8
- heads of departments	S		12	11
- production staff, total, out of which:	x		50	42
-with superior studies	S		45	41
-with medium studies	M		5	1
- administration staff, total, out of which:	x		15	16
- with medium studies	M		13	14
- with general studies	G		2	2

In the financial year 2011, the average number of employees was 77, 8 employees less than the number of employees at the end of the previous financial year.

The number of employees at the end of the year being 75, respectively 9 employees less than the number of employees at the end of the previous year.

**8. INFORMATION REGARDING THE EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (CONTINUED)**

Salary rights paid or payable to employees in the period under review, amounting to RON 10,426,041.

According to the law, total expenses covered by the Company in the analysed period under review regarding social security contribution, insurance contribution for work accidents and professional illnesses, contribution to the unemployment fund, contribution to health insurance, contribution for leave, and indemnities and contribution to the fund for granting salary receivables due for the employees, directors with mandate contract and, partially, for company administrators (social security contribution only for those who have labour agreements concluded with other companies) amounted to RON 2,551,406.

Under these circumstances, it comes out that, during the period under analysis, the total of staff expenses (rights granted to administrators, directors with mandate contracts and employees, including incentives from the fund of participation in the profit realised during 2009, social contributions and meal tickets) amounted to RON 16,134,845 (rows 23 in the statement of income form), out of which RON 9,583,439 salaries and similar, RON 4,000,000 incentives from the fund of participation in the profit realised during the previous year and RON 2,551,406 social contributions related to rights granted.

The Company has no assumed liabilities for pension plans, other than for State plans, provided by Law no 263/2010, with subsequent amendments and supplements.

We mention that, under a limit of 2% applicable to the total staff expense, according to Romanian Labour Code and collective labour contract, during the financial year 2011, there were paid other social rights to employees amounting RON 104,750, that are recorded as expenses in the chapter "Other expenses".

Salaries and other amounts payable to employees as at 31.12.2011 are disclosed in Note 5 - Salaries.

**9. ANALYSIS OF THE MAIN ECONOMIC-FINANCIAL RATIOS****1 Liquidity ratios**

(a) Current ratio:

	<u>31 December 2010</u> (ratio)	<u>31 December 2011</u> (ratio)
<u>Current assets</u> =	1.16	2.99
Current liabilities		

(b) Quick ratio:

	<u>31 December 2010</u> (ratio)	<u>31 December 2011</u> (ratio)
<u>Current assets - Inventories</u> =	1.16	2.99
Current liabilities		

(c) Cash ratio:

	<u>31 December 2010</u> (%)	<u>31 December 2011</u> (%)
<u>Cash+Short term investments</u> =	115.40	295.52
Current liabilities		

**2 Risk ratios:**

(a) Debt ratio:

	<u>31 December 2010</u> (ratio)	<u>31 December 2011</u> (ratio)
<u>Total liabilities</u> =	0.08	0.05
Total assets		

(b) Solvability ratio:

	<u>31 December 2010</u> (ratio)	<u>31 December 2011</u> (ratio)
<u>Total Assets</u> =	12.90	19.25
Current liabilities		



**3 Activity ratios (administration ratios):**

(a) Receivable turnover: <sup>x)</sup>		
	<b><u>31 December 2010</u></b>	<b><u>31 December 2011</u></b>
	(days)	(days)
<u>Average receivable balance</u> x 365 days =	3.43	1.16
Total income from current activity		
(b) Non-current asset turnover:		
	<b><u>31 December 2010</u></b>	<b><u>31 December 2011</u></b>
	(ratio)	(ratio)
<u>Income from current activity</u> =	0.16	0.43
Non-current assets		
(c) Total assets turnover:		
	<b><u>31 December 2010</u></b>	<b><u>31 December 2011</u></b>
	(ratio)	(ratio)
<u>Total income from current activity</u> =	0.15	0.37
Total assets		

## 9. ANALYSIS OF THE MAIN ECONOMIC-FINANCIAL RATIOS (CONTINUED)

## 4 Profitability ratios:

(a) Return on capital employed:	<u>31 December 2010</u>	<u>31 December 2011</u>
	%	%
$\frac{\text{Gross result}}{\text{Capital employed (equity)}} \times 100 =$	10.70	32.28

(b) Return on assets:	<u>31 December 2010</u>	<u>31 December 2011</u>
	%	%
$\frac{\text{Net profit}}{\text{Total Assets}} \times 100 =$	8.02	23.41

(c) Return on equity:	<u>31 December 2010</u>	<u>31 December 2011</u>
	%	%
$\frac{\text{Net profit}}{\text{Equity}} \times 100 =$	9.57	27.00

## 5 Ratios regarding earnings per share:

(a) Earnings per share (EPS):	<u>31 December 2010</u>	<u>31 December 2011</u>
	(RON/share)	(RON/share)
$\frac{\text{Result for the financial year}}{\text{Weighted average number of ordinary shares existing during the period}} =$	0.0613	0.1902

(b) Price / earnings ratio (P/E):	<u>31 December 2010</u>	<u>31 December 2011</u>
	(ratio)	(ratio)
$\frac{\text{Average market price of each share (last trading day of the periodxxx) - RON}}{\text{Earnings per share at the end of reporting period - RON}} =$	8.71	2.99

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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(c) Return on investment:

	<u>31 December 2010</u>	<u>31 December 2011</u>
	(%)	(%)
(1) $\frac{\text{Net Assets per share}^{\text{xxx)}}}{\text{Market price}} \times 100 =$	258.01	214.63
(2) $\frac{\text{Net profit per share}}{\text{Market price}} \times 100 =$	11.48	33.49

Note:

x) In the case of the ratio "receivable turnover", total receivables (therefore receivables representing dividends due and not cashed from companies in the portfolio) includes not only receivables from the "accounts receivable".

xx) Average transaction price total as at 30.12.2011 = RON/share 0.5679.

xxx) Calculated according to N.S.C. order 15/2004

**10. OTHER INFORMATION**

**A Information regarding the company**

The Company was incorporated as a financial investment company in Romania as per Law no 133/1996 and Law no 31/1990, by transformation of the former Fondul Proprietatii Private III Transilvania under the name Societatea de Investitii Financiare Transilvania S.A.

The company was set-up with the purpose of collective investments, investing cash resources into financial instruments and operating on the bases of risks diversification principle and prudential administration.

S.I.F. TRANSILVANIA S.A. is a closed-type investment company included in the category of other collective investment bodies (AOPC), with a complex investment policy, founded by constitutive act, being registered with:

- (i) Braşov Trade Register Office, under no J 08/3306/1992 and fiscal code 3047687;
- (ii) Ministry of Finance under Fiscal Registration Code (C.I.F.): RO 3047687;
- (iii) National Securities Commission – Securities Recording Department, with certificate no 401/20.08.1999 and no 401/12.07.2007, as AOPC. with a complex investment policy, by certificate no. 258/14.12.2005, in the National Securities Commission. Record in section 9 - Closed-end investment companies, under no. PJR09SIIR/080004, by certificate no 146/06.03.2006.

Company's activity has a double nature, respectively AOPC and commercial company, of which shares are admitted on a regulated market (Bucharest Stock Exchange) and therefore is subject both to special statutory requirements of Law no 297/2004 – on the capital market and to regulations issued by NSC when applying this law and to general provisions included in Company Law no 31/1990 R, with subsequent amendments and supplements.

The registered office of the Company is at: 2 Nicolae Iorga Street, Braşov, postcode 500057.

The main activity domain of the Company is CAEN Code 649 – other financial intermediation activities, insurance activities and pension funds.

The main activity of the Company is that provided under CAEN code Rev. 2 - 6499 other financial intermediations not classified elsewhere.

Secondary activities of the Company, according to the articles of incorporation and CAEN Code Rev. 2, are as follows:

- (i) 6420 – Activities of holdings; and

- (ii) 6430 – Mutual funds and other similar financial entities.

**OTHER INFORMATION (CONTINUED)**

In order to realise its object of activity, the Company has branch offices in the following cities: Bucharest, Buzău, Focșani, Constanța, Sibiu and Tg. Mureș. It will be allowed to set up, as per a decision of the Board of Directors, if necessary, branches, subsidiaries, agencies, as well as workstations, in the country and abroad, by observing legal requirements for authorisation and publicity.

The depository services for financial instruments held in the portfolio are provided based on a contract (approved by National Securities Commission.) by ING BANK NV Amsterdam – Bucharest Branch, registered with the Register of Credit Institutions under no. RB-PJS-40-024 and with the Public Register of CNVM under no. PJM10DEPMNLDOO01.

The regulated market on which the shares issued by the Company are traded is the Bucharest Stock Exchange – First Tier, under the symbol SIF 3.

The record of shareholders and the shares held by them is kept based on a contract, in accordance with legal provisions, by the storage and independent register company Depozitarul Central SA (former REGISCO S.A.), CUI RO9638020 with its head-office at 34 – 36 Carol I Boulevard, IBC Modern Building, floors 3, 8, 9, 2<sup>nd</sup> District, Bucharest. The Company is authorised by the National Securities Commission through Incorporation Decision no. 1407/20 June 2006 and Decision on Operation no. 3567/14 December 2006.

The audit of the financial statements for the year end as of 31.12.2011 (same as of 31.12.2010) is performed, on a contract basis, by the statutory auditor Pricewaterhouse Coopers Audit SRL and the internal audit is performed, on a contract basis, by the financial auditor Moonlight SRL.

S.I.F. TRANSILVANIA is constatly preoccupied to offer to it's shareholders and investors an information characterized by rigorosity, homogeneity and quality, by quarterly and annual reporting and by current reporting prepared accodring to the applicable law. These reports can be consulted on the Company's website [www.siftransilvania.ro](http://www.siftransilvania.ro).

**B Information regarding the relationship of the Company with entities in which it holds investments**

These stand alone financial statements refer to the activity performed by SIF Transilvania SA during the financial year 2011, as a closed-end financial investment company, included in the category of other collective investment bodies (AOPC) with a diversified investment policy.

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

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## OTHER INFORMATION (CONTINUED)

The relationship between the Company and the companies in which it holds investments is that between a shareholder and the issuer of shares, in accordance with Law no. 31/1990, republished, with subsequent amendments and supplements. Any transaction with a Company in the portfolio is performed based on the arm's length transactions principle.

**C Information regarding income tax**

According to the provisions of the Fiscal Code, in force for the financial year for which the financial statements are prepared, the income tax is computed and recorded in the accounting on a monthly basis and declared quarterly to the relevant tax authority.

Compared to the financial year 2010, when according to the applicable law a minimum taxation was due, the income tax payable for the activity carried forward in the financial year 2011, amounts to RON 40,593,421, resulting from the following computation:

EXPLANATIONS	<u>31 December 2010</u> (RON)	<u>31 December 2011</u> (RON)
Total income	121,534,602	325,883,732
Items similar to income	65,998	803,285
Total Expenses including income tax charge <sup>xx)</sup>	54,636,693	118,156,168
Total deductions <sup>x)</sup>	640,076	1,096,743
Non-taxable income - total	40,390,436	21,409,851
Non-deductible expenses or with limited deductibility <sup>xx)</sup> - total	23,688,577	67,852,375
Total tax base, total, out of which:	49,621,972	253,876,630
- taxed at a rate of 16%	49,621,972	253,876,630
Total computed income tax	7,939,516	40,620,261
Income tax reduction for sponsorship / patronage	40,800	26,840
Computed income tax	7,898,716	40,593,421
Total final income tax out of which:	7,898,716	40,593,421
- payments performed and compensations from the debit balance of the previous year and from unique account	3,121,911	20,138,262
- Payable	4,776,805	20,455,159
- Paid in addition (income to be recovered)	-	-

**10. OTHER INFORMATION (CONTINUED)**

x) Also includes tax amortisation

xx) Includes amongst other items income tax expenses, as well as accounting amortisation.

**D Total revenues from current activity**

For financial investment companies, total revenues from current activity are the equivalent of the turnover.

For the period under review, total revenues from current activity compared to previous period are analysed in note 4.

**E Explanations regarding the value and nature of extraordinary revenues and expenses, and of deferred income and prepaid expenses**

As at 31.12.2011, the Company did not record any extraordinary revenues and expenses, with all revenues and expenses realised being related to ordinary activities.

As at 31 December 2011, the Company did not record any deferred income. Prepaid expenses, amounting to RON 104,646, represent mainly maintenance commission, in the NSC record and at the Bucharest Stock Exchange quota, for shares issued by the Company, anticipated payments for subscriptions with various publications, anticipated payment of local taxes and duties, and insurance of goods through insurance companies, for events which might take place in the following period. These expenses are recognised each month in the operating and functioning expenses of the financial year to which they refer.

**F Information regarding lease payments**

In the period under review, the Company had no leasing contracts concluded.

**G Fees paid to financial auditors, as well as fees in relation to certification services, tax advisory services and other non-audit services.**

The internal and external financial audit activities were carried out based on service contracts concluded with financial auditors, members of the Chamber of Financial Auditors of Romania and authorised by the NSC. The Company paid fees to auditors in relation to financial audit services amounting to RON 207,947 (excluding VAT), to which VAT was paid at the rate provided by law.

In the same period, for services other than audit and financial situations, mainly for legal consulting and defence in legal actions, fees were paid and recorded as expensed for the period to law firms, amounting to RON 434,500 (excluding VAT), to which VAT was paid at the rate provided by law.

**OTHER INFORMATION (CONTINUED)**

**H Trade bills**

The Company does not have any trade bills recorded in its portfolio.

**I Information regarding repayment of liabilities that exceed the amounts received**

The Company did not contract any bank loans.

**J Contingent liabilities and commitments undertaken**

The Company does not have any commitments undertaken in favour of third parties or mortgaged and / or pledged assets. The Company management is not aware of the existence of contingent liabilities which were not accounted for and disclosed in the stand alone financial statements prepared for the financial year 2011.

The Company does not have any commitments such as guarantees to third parties, including in relation to affiliated undertakings.

**K Transactions with related parties**

Related parties for which the Company presents transactions and balances are entities in which the Company holds participating interests of at least 25%.

In the financial year 2011 the following transactions were performed with affiliated undertakings - Romanian legal entities, transactions disclosed in the statement of income with line "Other expenses from current activity":

1. Hotel services, amounting to RON 11,565, performed by S.C. ARO PALACE S.A. Braşov, a company in which we hold 85.74%.
2. Rent and utilities amounting to RON 16,651 paid to S.C. GASTRONOM S.A. Buzău, a company in which we hold 60.28% of the share capital, based on the rental agreement concluded for the carrying out of the Buzău agency's activity.
3. Rents for spaces where subsidiaries from Vrancea and Mures carry out their activity and for a meeting room, as well as utilities amounting to RON 111,916, paid to S.C. API TRANSILVANIA S.A. Braşov, a company in which we hold 99.33% of the share capital.
4. Security services for the registered office, amounting to RON 64,976, provided based on service contract by S.C. BRAV ROMPROT S.A. Braşov, a company in which we hold 42.42% of the share capital.
5. Rent for warehouse (archive), and for holding the Ordinary General Meeting of Shareholders, amounting to RON 34,165, paid to S.C. INTERNAȚIONAL TRADE CENTER S.A. Braşov, a company in which we hold 87.18% of the share capital.



## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

6. Hotel services for company's delegate, amounting to RON 385, paid to S.C. T.H.R. Prahova, a company in which we hold 89.52% of the share capital.
7. Hotel services for company's delegate, amounting to RON 208, paid to S.C. T.H.R Marea Neagra, a company in which we hold 77.71% of the share capital.
8. Hotel services for company's delegate, amounting to RON 422, paid to S.C.TURISM FELIX S.A. Baile Felix, a company in which we hold 63,20% of the share capital.

We specify that all transactions with affiliated undertakings were performed based on the arm's length trading principle.

In the financial year 2011 the company did not record any transaction with administrators, employees, shareholders (since it has no shareholders to hold control), to be subject to requirements provided with art. 225 of Law nor. 297/2004 on the capital market.

Purchases are disclosed in the statement of income with line "Other expenses from current activity" and compared to the previous financial year they are disclosed as follows:

<u>Purchases</u>	<u>Type of transaction</u>	<u>Financial year ended as at 31 December 2010</u>	<u>Financial year ended as at 31 December 2011</u>
		(RON)	(RON)
ARO PALACE S.A.	hotel services	10,705	11,565
THR Prahova S.A.	hotel services	-	385
GASTRONOM S.A.	hotel services	15,621	16,651
API TRANSILVANIA S.A.	hotel services	85,884	111,916
BRAVROMPROT S.A.	security services	61,236	64,976
INTERNATIONAL TRADE CENTER S.A.	rental services	25,057	34,165
THR MAREA NEAGRA S.A.	hotel services	150	208
TRANSILVANIA TRAVEL	rental services	1,614	-
TURISM FELIX S.A.	hotel services	-	422
<b>TOTAL</b>		<b>200,267</b>	<b>240,288</b>

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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**10. OTHER INFORMATION (CONTINUED)**

Income from dividends obtained from affiliated undertakings is disclosed in the statement of income with line "Income of financial assets" and compared to the previous financial year is disclosed as follows:

<b>Income on dividends from the following companies:</b>	<b>Financial year ended as at 31 December 2010 (RON)</b>	<b>Financial year ended as at 31 December 2011 (RON)</b>
FEPER S.A. Bucuresti	381,889	222,795
GASTRONOM S.A. Buzau	739,080	277,155
CRISTIANA S.A. Brasov	446,718	248,389
EMAILUL S.A. Medias	521,118	-
SANTIERUL NAVAL S.A. Orsova	2,284,573	-
UTILAJ GREU S.A. Murfatlar	120,290	217,343
TISMANA S.A. Jupiter	6,543	1,117
TRANSIL S.A. Slobozia	29,837	-
SPID S.A. Tg Mures	168,549	-
TRANSILVANIA LEASING IFN Brasov	-	629,678
NEPTUN-OLIMP S.A.	-	103,133
<b>TOTAL</b>	<b>4,698,597</b>	<b>1,699,610</b>

In the financial year 2011 the Company does not have net receivables (gross receivables less depreciation adjustments).

The gross receivables amount 133,120, the depreciation adjustments having the same value.

Receivables, in balance as at 31.12.2010 and 31.12.2011, related to related parties are disclosed as follows:

<b>Receivables from related parties</b>	<b>Type of transaction</b>	<b>Balance as at 31 December 2010 (RON)</b>	<b>Balance as at 31 December 2011 (RON)</b>
S.C. NEGOIUL S.A. Fagaras	dividends to be cashed	-	48,170
S.C. BRAVROMPROT S.A.	security services	-	6,448
<b>TOTAL</b>	-	-	54,618

**10. OTHER INFORMATION (CONTINUED)**

**L Contingencies**

(1) Litigation:

The Company continues to be subject to several legal actions arising in the normal course of business. The Company management considers that they will have no material adverse effect on the economic results or the Company's financial position. In the case of litigations pending, being the possibility of unfavourable decisions, the Company set up provisions amounting to RON 671,334.

In the financial year 2011 the number of litigations involving the Company and their structure stayed approximately the same as in the previous period; the most frequent being legal actions regarding the defence of the Company's corporative rights as well as defence of other rights of the Company.

The Extraordinary General Meeting of Shareholders of S.I.F. Transilvania S.A. Braşov as of 20 March 2009 adopted the EGMS Decision no 2 on 20.03.2009 which, through art. 1 approved the amendment regarding the shares holding limit of the Articles of Incorporation; this amendment is possible through a new draft of paragraphs (6) and (7) of art. 5 – Shares of Heading I – Company contract.

**10. OTHER INFORMATION (CONTINUED)**

The above-mentioned decision could not be put in practice, as NSC, through Decision no. 674/28.04.2009 has rejected the request of the Company regarding the increase of the shareholding limit from 1% to 5% of share capital and limit the voting right to 1% of share capital

The prior complaint of the S.I.F. Transilvania against the refusal to issue an opinion, have been rejected by NSC Decision 911/04.06.2009.

Against this decision, the company appealed to court, which called for its cancellation and the cancellation of the Decision no. 674/2009, reject of the endorsement of the Decision A.G.E.A no. 2/2009 and order to C.N.V.M. to issue a new decision to endorse the Decision A.G.E.A amending the threshold of ownership.

The Bucharest Court rejected the appeal to be unfounded in the context of rejecting by the Constitutional Court of the unconstitutionality exception of the art. 2861 dispositions from the Law no 297/2004 regarding the capital market, exception rise by the company.

The appeal against the decision of the Court of Appeal will be solved by the High Court of Cassation and Justice.

We mention that, after the end of the financial year 2011, the Law 297/2004 on capital market have been changed, the limit being raised automatically through operation of law.

Thus, at 10.01.2012 have been published the Law 11/2012 regarding the modification of Law 297/2004 on capital market the shareholding limit have been raised from 1% to 5% of the Company's equity, the constitutive documents of the Company are to be changed accordingly.

**(2) Contingent liabilities**

There were no contingent liabilities as of 31.12.2011 (same as 31.12.2010).

**(3) Onerous contracts**

As at 31 December 2011 the Company had no onerous contracts. An onerous contract means a contract in which the compulsory costs of meeting contractual obligations exceed the economic benefits to be received under the contract.

## 11. STATEMENT OF THE PORTFOLIO

Name	Net carrying <u>value</u> (RON)	Acquisition carrying <u>value</u> (RON)	Market or reimbursement <u>value Differences +/-</u> (RON) (RON)	
A. Securities accepted for trading on a regulated market or by an alternative trading system, total out of which:	491,538,618	715,208,389	949,690,556	234,482,167
1. Bucharest Stock Exchange	345,335,989	427,210,052	774,593,454	347,383,402
2. RASDAQ	142,952,303	280,580,970	171,157,092	(109,423,878)
3. Sibiu Stock Exchange (SIBEX)	1,566,671	2,363,895	2,134,276	(229,619)
4. Foreign stock exchanges	1,683,655	5,053,472	1,805,734	(3,247,738)
B. Securities not accepted for trading on a regulated market or by an alternative trading system, total, out of which:	239,334,058	270,071,440	270,976,795	905,355
• Shares	235,867,050	266,671,440	267,509,787	838,347
• Bonds	3,467,008	3,400,000	3,467,008	67,008 <sup>xx</sup> )
G. Other assets or financial instruments <sup>x)</sup> (financial assets)	5,022,734	5,022,734	5,022,734	-
TOTAL GENERAL, out of which:	735,895,410	990,302,563	1,225,690,085	235,387,522
Investments held as				
non-current assets (shares)	727,405,668	981,879,829	1,217,200,343	235,320,514
- Unlisted bonds	3,467,008	3,400,000	3,467,008	67,008 <sup>xx</sup> )
- Other non-current receivables <sup>x)</sup>	5,022,734	5,022,734	5,022,734	-

x) Includes bank deposits created based on the amounts deposited by employees with administrative responsibilities, as collateral (RON 3,984), as well as the amounts paid in by the Company and/or dividends capitalised in order to increase share capital with companies in the portfolio (RON 5,000,000), bails paid within various litigations (RON 17,500) and contractual guaranties (RON 1,250)

xx) Represent interest accrued as at 31.12.2011, recorded as revenues of the period and not cashed.

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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**11. STATEMENT OF THE PORTFOLIO (CONTINUED)**

The Statement of the portfolio includes shares and other financial assets in the balance sheet as at 31 December 2011, both at net carrying value, gross carrying value, and value computed according to the assessment methodology provided by the NSC in Regulation no. 15/2004, with subsequent amendments and supplements.

In accordance with Regulations no. 15/2004 issued by NSC, for securities traded on a regulated market, the market value is computed based on a weighted average for the market quotation for the last three calendar months, and for securities not traded on a regulated market, the market value is computed based on issuer's equity (net assets) as recorded in the latest financial reports required by the Ministry of Finance and/or NBR, weighted in relation to the percentage held in share capital.

According to their origin, shares can be classified as follows:

	<u>Net carrying</u> <u>value</u> (RON)	<u>Acquisition</u> <u>cost</u> (RON)	<u>Market</u> <u>value</u> (RON)	<u>Differences +/-</u> (RON)
Shares from initial portfolio and related free shares	220,073,884	220,073,884	365,225,761	145,151,877
Shares acquired from the local market and related free shares	505,648,129	756,752,473	850,168,848	93,416,375
Shares acquired from the foreign market	1,683,655	5,053,472	1,805,734	(3,247,738)
<b>Total</b>	<b>727,405,668</b>	<b>981,879,829</b>	<b>1,217,200,343</b>	<b>235,320,514</b>

Thus, investments held as non-current assets (shares in the portfolio) amount at gross carrying amount – historical cost RON 981,879,829. In the financial statements the carrying amount ( RON 727,405,668) represents the gross book value diminished by RON 254,474,161 , representing adjustments for loss in value (created in the years before 2008 in Statement of income and, from 2008, directly in equity) existing in the balance sheet as at 31 December 2011.

Favourable value differences resulted from the difference between the amount computed according to the methodology provided in NSC Regulations no. 15/2004 and the gross carrying amount of shares in the portfolio, amounting at year-end to RON 235,320,514, are not recorded in the accounting because they are kept at historical cost, net of impairment provisions, created and outstanding at the end of the period.

SIF TRANSILVANIA SA

NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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12. STATEMENT OF BANK DEPOSITS

Bank's name	Account <u>symbol</u>	Deposit Value		%	Interest Value		Total <u>weight%</u>	Date of <u>Creation</u>	Date of <u>Maturity</u> <sup>*1</sup>
		<u>Maturity</u> <u>&lt; 60 days</u>	<u>Maturity</u> <u>&gt; 60 days</u>		<u>Annual</u>	<u>Amount as at</u> <u>31 December 2010</u>			
B.C.R. (RON)	5121	8,438,000	-	6.1	37,174	(RON)	x	06.12.2011	05.01.2012
B.C.R. (RON)	5121	123,616,000	-	6.45	442,957	(RON)	x	12.12.2011	05.01.2012
B.C.R. (RON)	5121	2,705,000	-	6.00	5,410	(RON)	x	20.12.2011	19.01.2012
<b>TOTAL B.C.R. (RON)</b>	<b>5121</b>	<b>134,759,000</b>	<b>-</b>	<b>6.41</b>	<b>485,541</b>		<b>99.02</b>	<b>x</b>	<b>x</b>
ING BANK (RON)	5121	1,332,000	-	4.00	1,332	(RON)	0.98	23.12.2011	03.01.2012
<b>TOTAL DEPOSITS IN RON</b>									
(Note 15)	5121	136,091,000	-	6.39	486,873	(RON)	100.00	x	x

x) The last day of deposit is recorded, amounts being available in the current account of the following day.

The total amount of bank deposits in RON amounting to RON 136,091,000, cumulated with interest due and committed, but not cashed by 31 December 2011, of RON 486,873, amounting to RON 136,577,873. Bank deposits in the balance sheet as at the end of 2011 are invested with an annual average interest rate of 6.39%.

SIF TRANSILVANIA SA

NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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13. TRADE RECEIVABLES

	<u>31 December 2010</u>	<u>31 December 2011</u>
	(RON)	(RON)
Domestic trade receivables (Note 5)	12,892	12,892
Advances of services to domestic suppliers (Note 5)	782	800
Gross trade receivables	13,674	13,692
Adjustments for impairment of clients and bad debts	(12,892)	(12,892)
Net trade receivables	782	800

14. OTHER RECEIVABLES

	<u>31 December 2010</u>	<u>31 December 2011</u>
	(RON)	(RON)
Receivables from state budget	121,415	223,455
Sundry debtors, including amounts to be cashed from affiliated undertakings and participating interests	1,469,818	1,748,402
Interest receivable from deposits and current accounts	15,995	486,877
Total other receivables, gross (Note 5)	1,607,228	2,458,734
Adjustments for impairment of sundry debtors, receivables from affiliated undertakings and participating interests	(1,020,332)	(968,993)
<b>Total other trade receivables, net (rows 25 + 26 + 27 in the balance sheet)</b>	<b>586,896</b>	<b>1,489,741</b>



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NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

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15. CASH AND BANK

	<u>31 December 2010</u>	<u>31 December 2011</u>
	(RON)	(RON)
Bank accounts in RON	43,967	57,400
Bank accounts in foreign currency	38,492	32,964
Bank deposits in RON	31,018,000	136,091,000
Bank deposits in foreign currency	43,540,541	-
Cash on hand in RON	15,036	23,036
Other amounts	5,882	7,581
<b>Total</b>	<b>74,661,918</b>	<b>136,211,981</b>

16. SHORT TERM FINANCIAL INVESTMENTS

At the end of the financial year 2011, except for investments with bank deposits , amounting RON 136,091,000(included in the balance sheet at the amount recorded with row 33 and spread by Banks in note 12), the company does not have any short-term financial investments.

17. CURRENT TRADE PAYABLES

	<u>31 December 2010</u>	<u>31 December 2011</u>
	(RON)	(RON)
Domestic suppliers of services	162,006	281,141
Suppliers – invoices not received	56,867	52,414
<b>TOTAL (rows 39 in the balance sheet and Note 5)</b>	<b>218,873</b>	<b>333,555</b>

## NOTES TO THE STAND ALONE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2011

**18. OTHER CURRENT TRADE PAYABLES**

	<u>31 December 2010</u>	<u>31 December 2011</u>
	(RON)	(RON)
Dividends distributed from the profit of 2010 (Note 5)	-	7,356,148
Dividends for previous years (Note 5)	55,023,675	13,317,284
Payables related to staff (Note 5)	251,138	189,210
Income tax (Note 5)	4,776,805	20,455,159
Other payables to the centralised State budget (Note 5)	1,907,596	1,914,118
Payments to be made for subscribed financial assets	2,000,000	-
Other sundry creditors and advances to clients, including amounts due to affiliated undertakings and participating interests (Note 5)	521,481	2,527,248
<b>Total (row 38 + row 41 + row 42 + row 43 in the balance sheet)</b>	<b>64,480,695</b>	<b>45,759,167</b>

**19. RESERVES****(1) Reserves created by recording the initial portfolio at nominal value**

The net movement in these reserves is a decrease of RON 756,871 , as follows:

- (i) Increase of RON 144,165, representing the cancellation of the tax provision related to reserves liquidated as a result of shares disposed from the initial portfolio (see below the “(ii) Decrease” point).
- (ii) Decrease by RON 901,036, representing the gross value (before deduction of provision for income tax) of shares disposed from the initial portfolio this year, as a result of removals from the Trade Register of some issuers, for which the bankruptcy procedure was ended.

From the companies removed from the Trade Register, for which the nominal value of shares removed from the portfolio was covered from reserves related to the initial portfolio, we mention the following: TRANSCORIND S.A.(RON 23,495), VULTAGRA S.A. Vulturii Constanta (RON 193,870), SERE S.A. Brasov(RON 230,763), INMUR S.A. Ghindari (RON 267,725), ALCOMUR S.A. Tg. Mures (RON 1,681), AGROMECH HORIA S.A. Constanta (RON 69,147), RESTAURANT POIANA URSULUI S.A. Brasov (RON 3,260), NITROSERE S.A. Fagaras (RON 31,322), and CARAMIDA S.A. Bodoc (RON 79,773).

**19. RESERVES (CONTINUED)****Reserves created by recording at nominal value the initial portfolio of the Company:****31 December 2011****(RON)**

Balance as at 1 January 2011	128,563,305
Total increases, out of which:	144,165
Cancellation of tax provision related to the removed companies	144,165
Total decreases, out of which:	901,036
Removals	901,036
Balance as at 31 December 2011	127,806,434

**(2) Reserves created from the value of shares acquired free of charge**

The net movement in these reserves is a decrease of RON 34,775,799, as follows:

**(i) Increase of RON 19,573,515 representing:**

- a) RON 11,163,409 represents free shares and rights received in the period under review, without money consideration, as a result of share capital increases carried out by certain issuers in which the Company holds participating interests, the source of increase being internal reserves, respectively: TURISM COVASNA S.A. (RON 4,451,148), TRANSILVANIA LEASING IFN S.A. BRASOV (RON 4,619,568), RAIFFEISEN BANK (RON 1,341), SSIF BROKER SA Cluj (RON 37,801), DEPOZITARUL CENTRAL S.A. Bucuresti (RON 139,976) and BANCA TRANSILVANIA (RON 1,913,575).
- b) RON 8,410,106 represents the reversal of provision for income tax related to the reserves decrease as a result of exit from portfolio of free shares sold for the following issuers BRD – G.S.G and OVIDIUS S.A. Constanta (withdrawal of the shareholding) and to the reserves related to BCR shares which was moved to “other capital reserves” after the swap with Erste Bank shares (the reserve was moved from “reserves constituted from the value of the shares obtained without consideration to money” see note 1C).

**19. RESERVES (CONTINUED)****(2) Reserves created from the value of shares acquired free of charge**

(ii) Decrease of RON 54,349,314, representing:

- a) RON 52,563,169 reserved related to sale of shares from those received free of charge from B.R.D-G.S.G. Bucuresti (RON 7,276,470), withdrawal of shareholding of S.C. OVIDIUS S.A. Constanta (RON 195,160), transfer of reserves related to B.C.R. shares to "other capital reserves" after the swap with Erste Bank shares ( RON 45,091,539).
- c) RON 1,786,145 represents tax provision, at a rate of 16%, related to free shares during the period under review.

**Reserves created from the value of the securities / shares acquired free of charge:**

	<b><u>31 December 2011</u></b>
	<b>(RON)</b>
Balance as at 1 January 2011	199,789,280
Total increases, out of which:	19,573,515
Free shares received/to be received	11,163,409
Release of deferred tax for corresponding release of	8,410,106
- the reserve for shares from initial portfolio disposed of	7,214,646
Total decreases, out of which:	54,349,314
Sales, Removal from the portfolio and decrease of share capital, out of which:	52,563,169
- Share exchange (see note 1C)	45,091,539
Recording of provision for tax related to free shares received or to be received	1,786,145
Balance as at 31 December 2011	165,013,481

**20. ADJUSTMENTS FOR LOSS IN VALUE OF FINANCIAL ASSETS RECORDED DIRECTLY IN EQUITY**

In the Financial Statements for 2011, the debit balance of the reserve created as per specific accounting regulations (as amended by NSC Order no. 11/11.03.2009) from adjustments for impairment losses of financial assets (row 69, 2<sup>nd</sup> column in the balance sheet), amounts to RON 222,478,407 and is made up of:

- (i) RON 114,987,060, representing debit balance as at the beginning of the financial year;
- (ii) RON 5,135,988 , representing reversals recorded in the financial year 2011 (FONDUL PROPROETATEA, OLTCHIM S.A. Rm. Valcea, ANTIBIOTICE S.A Iasi, ARGUS S.A. Constanta and OIL TERMINAL S.A. Constanta)
- (iii) RON 115,283,105 , constitutions recorded in the financial year 2011, on the occasion of stock count.
- (iv) RON 2,655,770, representing reversals recorded in the financial year 2011, on the occasion of stock count.

**21. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

We are not aware of any events subsequent to the balance sheet date that would have a material impact on the information disclosed in the stand alone annual financial statements prepared for the financial year 2011.

ADMINISTRATOR,

PREPARED BY,

Name and surname FERCALĂ MIHAI

Signature \_\_\_\_\_

Unit's stamp

Name and surname ADRIANA BOIAN

Finance Manager

Registration no. with the professional body

Signature \_\_\_\_\_