

**SIF IMOBILIARE PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
Year ended 31 December 2017

# **SIF IMOBILIARE PLC**

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## **REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2017

### **CONTENTS**

### **PAGE**

Board of Directors and other officers	1
Management Report	2
Independent auditor's report	3 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 25

# SIF IMOBILIARE PLC

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Chystalla Mina  
Androula Saxiate  
Administrare Imobiliare S.A.

**Company Secretary:**

Romanos Secretarial Ltd  
30 Karpenisiou Street  
CY-1077, Nicosia  
Cyprus

**Independent Auditors:**

Evoserve Auditors Limited  
Certifies Public Accountants and Registered Auditors  
7, Andrea Papakosta, 1037  
P.O Box 21550, Elefterias Square, 1510  
Nicosia, Cyprus

**Registered office:**

30 Karpenisiou Street  
CY-1077, Nicosia  
Cyprus

**Registration number:**

HE323682

# SIF IMOBILIARE PLC

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## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2017.

### **Incorporation**

The Company SIF Imobiliare Plc was incorporated in Cyprus on 18 July 2013 as a public company under the provisions of the Cyprus Companies Law, Cap. 113.

### **Principal activity and nature of operations of the Company**

The principal activity of the Company, which is unchanged from last year, is to serve as a holding vehicle of shares in other entities and is engaged in the provision of financing facilities to related entities.

### **Review of current position, future developments and performance of the Company's business**

The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 3 and 4 of the financial statements.

### **Results**

The Company's results for the year are set out on page 9. The net loss for the year attributable to the shareholders of the Company amounted to €351,025 (2016: €127,929). On 31 December 2017 the total assets of the Company were €33,391,069 (2016: €33,744,933) and the net assets of the Company were €33,355,324 (2016: €33,706,349).

### **Dividends**

The Company did not have any distributable profits as at 31 December 2017, thus the Board of Directors cannot recommend the payment of a dividend.

### **Share capital**

There were no changes in the share capital of the Company during the year under review.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2017.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 21 to the financial statements.

### **Independent Auditors**

The Independent Auditors, Evoserve Auditors Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Chystalla Mina  
Director

Nicosia, 22 May 2018

## **Independent Auditor's Report**

### **To the Members of SIF IMOBILIARE PLC**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of parent company SIF Imobiliare PLC (the "Company"), which are presented in pages 9 to 25 and comprise the statement of financial position as at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report (continued)

### To the Members of SIF IMOBILIARE PLC

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of investment in subsidiaries (refer to Note 10 to the Financial Statements)</i>	
<p>The Company holds investments in subsidiaries at the total value of Euro 19.155.029 as at 31 December 2017 which represents approximately 57,37% of the total assets of the Company. The subsidiaries held by the Company are incorporated in Romania and their main activities is that of holding of investment properties in Romania.</p> <p>Management periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability, which may indicate that the carrying amount of an asset is not recoverable. In addition, management obtains valuation reports for all the investment properties held from external independent valuers. Management assessment on the valuation of the investment in subsidiaries is based on estimations and judgement.</p> <p>The investments in subsidiaries are stated at cost and we consider the impairment testing of the investment in subsidiaries as a key audit matter due to their significance on the statement of financial position and due to the fact that management exercise significant judgment and estimations.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Evaluated the management assessment in relation to the possible impairment of the investment in subsidiaries.</li> <li>- Obtained the audited financial statements of all of the subsidiaries and to assess whether there is an indication of impairment based on their performance and their net assets value.</li> <li>- Based on our findings we have discussed with the management the possible impairment of the investment in subsidiaries.</li> <li>- Obtained the valuation reports performed from independent valuers in relation to the investment properties held by the subsidiaries and to assess the independence and the qualifications of the external valuator.</li> </ul> <p>Based on the results of our audit procedures we have obtained adequate assurance in regard to the valuation of the investment in subsidiaries.</p>

## Independent Auditor's Report (continued)

### To the Members of SIF IMOBILIARE PLC

Key audit matter	How our audit addresses the key audit matter
<i>Recoverability of loans receivables (refer to Note 11 to the Financial Statements)</i>	
<p>The Company has loans receivables of the total value of Euro 12.406.539 as at 31 December 2017 which represents approximately 37,16% of the total assets of the Company. The loans receivable was granted to the subsidiaries of the Company in order to finance them for their activities.</p> <p>Management periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable.</p> <p>We consider the recoverability of the loans receivable as a key audit matter due to their significance on the statement of financial position and due to the fact that the management exercise significant judgment and estimations in order to assess whether there is an indication of impairment in the loans receivable.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Evaluated the management assessment in relation to the recoverability of the loans receivable.</li> <li>- Reviewed the terms of the loan agreements and whether all the conditions of the loan are met.</li> <li>- Obtained the signed audited financial statements of all of the subsidiaries and to assess whether the subsidiaries have the necessary assets to repay their debts.</li> <li>- Based on our findings we have assessed with management the possible impairment in the value of the loans receivable</li> <li>- Obtained the valuation reports performed from independent valuers in relation to the investment properties held by the subsidiaries and to assess the independence and the qualifications of the external valuator.</li> </ul> <p>Based on the results of our audit procedures we have obtained adequate assurance regarding the recoverability of the loans receivable.</p>

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Independent Auditor's Report (continued)**

### **To the Members of SIF IMOBILIARE PLC**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.



## **Independent Auditor's Report (continued)**

### **To the Members of SIF IMOBILIARE PLC**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Board of Directors, we determine those matters were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

## **Independent Auditor's Report (continued)**

### **To the Members of SIF IMOBILIARE PLC**

#### **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Constantinos Montis.

*C. Montis*

**EVOSERVE AUDITORS LIMITED**

Constantinos Montis, BSc ACA  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Evoserve Auditors Limited**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 22 May 2018

# SIF IMOBILIARE PLC

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 €	2016 €
Dividend income		<b>1,056,038</b>	134,259
Loan interest income		<b>122,943</b>	110,610
<b>Gross profit</b>		<b>1,178,981</b>	244,869
Administration expenses		<b>(76,722)</b>	(106,022)
Other expenses	5	<b>(1,407,335)</b>	-
<b>Operating (loss)/profit</b>	6	<b>(305,076)</b>	138,847
Net finance costs	7	<b>(30,373)</b>	(4,655)
<b>(Loss)/profit before tax</b>		<b>(335,449)</b>	134,192
Tax	8	<b>(15,576)</b>	(6,263)
<b>Net (loss)/profit for the year</b>		<b>(351,025)</b>	127,929
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(351,025)</b>	127,929

The notes on pages 13 to 25 form an integral part of these financial statements.

# SIF IMOBILIARE PLC

## STATEMENT OF FINANCIAL POSITION

31 December 2017

	Note	2017 €	2016 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	10	<b>19,155,029</b>	20,562,364
Non-current loans receivable	11	<b>1,245,486</b>	1,629,753
		<b>20,400,515</b>	22,192,117
<b>Current assets</b>			
Receivables	12	<b>330</b>	409,398
Loans receivable	11	<b>11,161,053</b>	11,082,568
Refundable taxes	17	<b>4,315</b>	2,367
Cash at bank	13	<b>1,824,856</b>	58,483
		<b>12,990,554</b>	11,552,816
<b>Total assets</b>		<b>33,391,069</b>	33,744,933
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	<b>4,499,974</b>	4,499,974
Share premium		<b>31,037,928</b>	31,037,928
Accumulated losses		<b>(2,182,578)</b>	(1,831,553)
<b>Total equity</b>		<b>33,355,324</b>	33,706,349
<b>Current liabilities</b>			
Other payables	16	<b>35,744</b>	38,326
Borrowings	15	<b>-</b>	258
		<b>35,744</b>	38,584
<b>Total equity and liabilities</b>		<b>33,391,068</b>	33,744,933

On 22 May 2018 the Board of Directors of SIF IMOBILIARE PLC authorised these financial statements for issue.



Chystalla Mina  
Director



Androula Saxiate  
Director

The notes on pages 13 to 25 form an integral part of these financial statements.

# SIF IMOBILIARE PLC

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
<b>Balance at 1 January 2016</b>		<b>1,500,000</b>	<b>31,037,928</b>	<b>(1,959,482)</b>	<b>30,578,446</b>
<b>Comprehensive income</b>					
Net profit for the year		-	-	127,929	127,929
<b>Transactions with owners</b>					
Issue of share capital	14	2,999,974	-	-	2,999,974
<b>Balance at 31 December 2016/ 1 January 2017</b>		<b>4,499,974</b>	<b>31,037,928</b>	<b>(1,831,553)</b>	<b>33,706,349</b>
<b>Comprehensive income</b>					
Net loss for the year		-	-	(351,025)	(351,025)
<b>Balance at 31 December 2017</b>		<b>4,499,974</b>	<b>31,037,928</b>	<b>(2,182,578)</b>	<b>33,355,324</b>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 13 to 25 form an integral part of these financial statements.

# SIF IMOBILIARE PLC

## STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 €	2016 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss)/profit before tax</b>		<b>(335,449)</b>	134,192
Adjustments for:			
Amortisation of computer software	9	596	-
Impairment charge - investments in subsidiaries	10	311,247	-
Dividend income		(1,056,038)	(134,259)
Interest income		(122,974)	(110,610)
Loss from merger of subsidiaries		1,096,088	-
		<b>(106,530)</b>	(110,677)
<b>Changes in working capital:</b>			
Increase in receivables		(45)	(285)
Decrease in other payables		(2,581)	(7,310)
<b>Cash used in operations</b>		<b>(109,156)</b>	(118,272)
Dividends received		1,056,038	134,259
Tax paid		(17,524)	(1,630)
<b>Net cash generated from operating activities</b>		<b>929,358</b>	14,357
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of intangible assets	9	(596)	-
Payment for purchase of investments in subsidiaries	10	-	(26,909)
Loans granted	11	-	(2,540,797)
Loans repayments received	11	428,725	20,000
Interest received		31	-
<b>Net cash generated from/(used in) investing activities</b>		<b>428,160</b>	(2,547,706)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	14	409,113	2,590,861
<b>Net cash generated from financing activities</b>		<b>409,113</b>	2,590,861
<b>Net increase in cash and cash equivalents</b>		<b>1,766,631</b>	57,512
Cash and cash equivalents at beginning of the year		58,225	713
<b>Cash and cash equivalents at end of the year</b>	13	<b>1,824,856</b>	58,225

The notes on pages 13 to 25 form an integral part of these financial statements.

# **SIF IMOBILIARE PLC**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company SIF IMOBILIARE PLC (the "Company") was incorporated in Cyprus on 18 July 2013 as a public company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 30 Karpenisiou Street, CY-1077, Nicosia, Cyprus.

#### **Principal activity**

The principal activity of the Company, which is unchanged from last year, is to serve as a holding vehicle of shares in other entities and is engaged in the provision of financing facilities to related entities.

### **2. Significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### **Basis of preparation**

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from 30 Karpenisiou Street, CY 1077, Nicosia, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2017 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of 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 reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### **Adoption of new and revised IFRSs**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 2. Significant accounting policies (continued)

#### Consolidated financial statements

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company SIF IMOBILIARE PLC and the financial statements of the following subsidiaries:

- Comalin SA
- SIFI BH EST SA (ex. name: S.C. Legume Fructe S.A.)
- SIFI CLUJ Retail AS (ex. name: Arta Culinara SA)
- SIFI CJ Logistic SA (ex. name: Comat Cluj SA)
- SIFI CJ Agro SA (ex. name: Comcereal Cluj SA)
- SIFI CJ Storage SA (ex. name: Napotex SA)
- Uniteh SA
- Administrare Imobiliare SA
- SIFI BH IND VEST SA (ex. name: Vest Metal SA)
- Bistrita Cluj SA
- SIFI CJ Office SA
- Cora SA
- SIFI Baia Mare SA (ex. name: M.C.B. SA)
- SIFI SIGHET SA (ex. name: Soiza SA)
- SIFI B ONE SA
- SIFI BH Retail S.A
- SIFI TM AGRO
- SIFI Properties SA

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

#### Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

#### Finance income

Interest income is recognised on a time-proportion basis using the effective method.



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 2. Significant accounting policies (continued)

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Foreign currency translation

##### (1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

##### (2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

##### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

#### Derecognition of financial assets and liabilities

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 2. Significant accounting policies (continued)

#### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

#### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 3. Financial risk management

#### Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

##### 3.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

##### 3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining liquid current assets and by having available an adequate amount of committed credit facilities.

##### 3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

##### 3.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

### 4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of 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 reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 4. Critical accounting estimates and judgments (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

# SIF IMOBILIARE PLC

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 5. Other expenses

	2017 €	2016 €
Loss from merger of subsidiaries	1,096,088	-
Impairment charge - investments in subsidiaries	311,247	-

### 6. Operating (loss)/profit

	2017 €	2016 €
Operating (loss)/profit is stated after charging the following items:		
Amortisation of computer software (Note 9)	596	-
Auditors' remuneration	17,850	17,850

### 7. Finance income/cost

	2017 €	2016 €
Interest income	31	-
Exchange profit	-	1,171
<b>Finance income</b>	<b>31</b>	<b>1,171</b>
Net foreign exchange losses	(28,460)	(4,571)
Sundry finance expenses	(1,944)	(1,255)
<b>Finance costs</b>	<b>(30,404)</b>	<b>(5,826)</b>
<b>Net finance costs</b>	<b>(30,373)</b>	<b>(4,655)</b>

### 8. Tax

	2017 €	2016 €
Corporation tax - current year	10,806	6,263
Overseas tax	4,770	-
<b>Charge for the year</b>	<b>15,576</b>	<b>6,263</b>

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2017 €	2016 €
(Loss)/profit before tax	(335,449)	134,192
Tax calculated at the applicable tax rates	(41,931)	16,774
Tax effect of expenses not deductible for tax purposes	184,820	7,204
Tax effect of allowances and income not subject to tax	(132,083)	(16,929)
Tax effect of tax losses brought forward	-	(1,207)
10% additional charge	-	421
Overseas tax	4,770	-
<b>Tax charge</b>	<b>15,576</b>	<b>6,263</b>

# SIF IMOBILIARE PLC

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 8. Tax (continued)

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

### 9. Intangible assets

	<b>Website</b> <b>€</b>
<b>Cost</b>	
Additions	596
<b>Balance at 31 December 2017</b>	<b>596</b>
<b>Amortisation</b>	
Amortisation for the year (Note 6)	596
<b>Balance at 31 December 2017</b>	<b>596</b>
<b>Net book amount</b>	
<b>Balance at 31 December 2017</b>	<b>-</b>

The Company maintains the website [www.sif-imobiliare.com](http://www.sif-imobiliare.com).

### 10. Investments in subsidiaries

	<b>2017</b> <b>€</b>	<b>2016</b> <b>€</b>
Balance at 1 January	<b>20,562,364</b>	20,535,455
Additions	<b>114,144</b>	26,909
Impairment charge	<b>(311,247)</b>	-
Merger of subsidiaries	<b>(1,210,232)</b>	-
<b>Balance at 31 December</b>	<b>19,155,029</b>	20,562,364

# SIF IMOBILIARE PLC

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 10. Investments in subsidiaries (continued)

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Principal activities</u>	2017 Holding %	2016 Holding %	2017 €	2016 €
Comalin SA	Investment property	91.1715	91.1715	<b>3,092,601</b>	3,092,601
SIFI BH EST SA	Investment property	94.7665	94.7665	<b>814,778</b>	814,778
SIFI CLUJ Retail SA (Note 1)	Investment property	96.3640	89.4468	<b>6,009,094</b>	6,009,094
SIFI CJ Logistic SA	Investment property	84.7435	84.7435	<b>871,303</b>	871,303
SIFI CJ Agro SA	Trade with cereals	97.5043	97.5043	<b>1,171,918</b>	1,448,202
SIFI CJ Storage SA	Investment property	92.0989	92.0989	<b>781,685</b>	781,685
SIFI CS Retail SA (Note 2)	Investment property	-	57.5704	-	42,782
Uniteh SA	Investment property	50.1978	50.1978	<b>1,176,319</b>	1,176,319
Agrorent SA Arad (Note 2)	Investment property	-	99.4247	-	439,922
Administrare Imobiliare SA	Management and consulting	98.9040	98.9040	<b>169,404</b>	169,404
SIFI BH IND VEST SA	Investment property	98.9458	98.9458	<b>1,747,017</b>	1,747,017
Bistrita Cluj SA	Investment property	91.9778	91.9778	<b>291,159</b>	291,159
SIFI CJ OFFICE SA	Investment property	98.8252	98.8252	<b>1,229,297</b>	1,264,260
Central Petrosani SA (Note 3)	Investment property	-	99.9813	-	385,723
CORA SA (Note 3)	Investment property	93.9631	90.4258	<b>404,053</b>	381,773
SIFI BAIA MARE SA	Investment property	92.5906	92.5906	<b>925,672</b>	925,672
SIFI SIGHET SA	Investment property	72.2816	72.2816	<b>300,074</b>	300,074
URBAN SA (Note 2)	Investment property	-	80.4537	-	341,805
SIFI B ONE SA (Note 2)	Investment property	90.7874	99.9000	<b>112,379</b>	20,515
SIFI BH Retail SA	Investment property	99.9000	99.9000	<b>20,513</b>	20,513
SIFI TM AGRO SA	Investment property	50.0000	50.0000	<b>10,854</b>	10,854
SIFI Properties SA	Investment property	99.9000	99.9000	<b>26,909</b>	26,909
				<b><u>19,155,029</u></b>	<b><u>20,562,364</u></b>

# SIF IMOBILIARE PLC

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 10. Investments in subsidiaries (continued)

(1) In 2017, SIFI CLUJ Retail reduced its share capital from 29,362,563 shares to 27,254,859 shares. The number of shares held by the Company remained the same (26,263,863 shares) but due to the decrease of the total number of shares, the percentage held by SIF Imobiliare PLC increased from 89.4468% to 96.3640%.

(2) In 2017, SIFI CS Retail SA, Agrorent SA Arad and Urban SA were merged with SIFI B One SA. As a result SIFI B One SA issued new shares which were allocated to the shareholders of the absorbed companies. The Company prior the merger held 35,964 shares and after the merger held 203,026 shares, which corresponds to 89.0543%. SIFI B One SA on October 2017 decreased its share capital due to the withdrawal of one of the shareholders. The number of shares held by the Company remained 203,026 and the new shareholding percentage became 90.7874%.

(3) In 2017, Central Petrosani SA was merged with Cora SA. Cora SA issued new shares which were allocated to the shareholders of the absorbed company. The Company prior the merger held 90.4258% and after the merger the shareholding percentage in Cora SA became 93.9631%.

### 11. Non-current loans receivable

	2017 €	2016 €
Balance at 1 January	12,712,321	10,080,914
New loans granted	-	2,540,797
Repayments	(428,725)	(20,000)
Interest charged	122,943	110,610
<b>Balance at 31 December</b>	<b>12,406,539</b>	<b>12,712,321</b>

	2017 €	2016 €
Loans to own subsidiaries (Note 18.1)	12,406,539	12,712,321
	12,406,539	12,712,321
Less current portion	(11,161,053)	(11,082,568)
<b>Non-current portion</b>	<b>1,245,486</b>	<b>1,629,753</b>

The loans are repayable as follows:

	2017 €	2016 €
Within one year	11,161,053	11,082,568
Between one and five years	1,245,486	1,629,753
	12,406,539	12,712,321

The exposure of the Company to credit risk in relation to loans receivable is reported in note 3 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

### 12. Receivables

	2017 €	2016 €
Prepayments	285	285
Deferred expenses	45	-
Unpaid share capital	-	409,113
	330	409,398



# SIF IMOBILIARE PLC

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 12. Receivables (continued)

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 3 of the financial statements.

### 13. Cash at bank

For the purposes of the statement of cash flows, the cash and cash equivalents include the following

	2017	2016
	€	€
Cash at bank	1,824,856	58,483
Bank overdrafts (Note 15)	-	(258)
	<u>1,824,856</u>	<u>58,225</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

### 14. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>
		€		€
<b>Issued and fully paid</b>				
Balance at 1 January	4,090,861	4,090,861	1,500,000	1,500,000
Issue of shares	<u>409,113</u>	<u>409,113</u>	<u>2,590,861</u>	<u>2,590,861</u>
<b>Balance at 31 December</b>	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,090,861</u>	<u>4,090,861</u>
<b>Unpaid issued capital</b>			<u>409,113</u>	<u>409,113</u>
<b>Balance at 31 December</b>	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>

### 15. Borrowings

	2017 €	2016 €
<b>Current borrowings</b>		
Bank overdrafts (Note 13)	<u>-</u>	<u>258</u>

### 16. Other payables

	2017 €	2016 €
Accruals	35,700	35,700
Other creditors	44	1,470
Payables to related companies (Note 18.3)	<u>-</u>	<u>1,156</u>
	<u>35,744</u>	<u>38,326</u>

The fair values of other payables due within one year approximate to their carrying amounts as presented above.

# SIF IMOBILIARE PLC

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 17. Refundable taxes

	2017	2016
	€	€
Corporation tax	<u>(4,315)</u>	<u>(2,367)</u>

### 18. Related party transactions

The following transactions were carried out with related parties:

#### 18.1 Loans to subsidiaries (Note 11)

	2017	2016
	€	€
Administrare Imobiliare SA-principal amount	169,000	169,000
Administrare Imobiliare SA- accrued interest	55,957	54,267
SIFI TM AGRO-principal amount	9,317,311	9,746,036
SIFI TM AGRO-accrued interest	289,813	193,385
SIFI B ONE SA-principal amount	410,000	410,000
SIFI B ONE SA- accrued interest	15,826	11,726
SIFI BH RETAIL-principal amount	2,072,507	2,072,507
SIFI BH RETAIL- accrued interest	76,125	55,400
	<u>12,406,539</u>	<u>12,712,321</u>

The loans receivable from the subsidiaries bear interest 1% per annum and are expected to be repaid during the year 2018 and 2019.

#### 18.2 Interest income

	2017	2016
	€	€
Administrare Imobiliare	1,690	1,695
SIFI TM AGRO	96,428	84,006
SIFI B ONE SA	4,100	4,127
SIFI BH RETAIL	20,725	20,782
	<u>122,943</u>	<u>110,610</u>

#### 18.3 Payables to subsidiaries (Note 16)

	2017	2016
Name	€	€
Administrare Imobiliare SA	-	1,156

#### 18.4 Dividend income

	2017	2016
	€	€
SIFI CJ Storage SA	89,982	73,235
Comalim SA	20,132	-
Cluj Retail SA	633,410	-
SIFI Sighet SA	6,398	-
SIFI Baia Mare SA	75,610	42,166
SIFI BH Est SA	96,078	-
SIFI BH Retail SA	134,428	-
SIFI CS Retail SA	-	18,858
	<u>1,056,038</u>	<u>134,259</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

### **19. Contingent liabilities**

The Company had no contingent liabilities as at 31 December 2017.

### **20. Commitments**

The Company had no capital or other commitments as at 31 December 2017.

### **21. Events after the reporting period**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 3 to 8**