SIF IMOBILIARE PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2017

SIF IMOBILIARE PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

SIF IMOBILIARE PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Administrare Imobiliare S.A Chrystalla Mina Androulla Siaxiate
Company Secretary:	Romanos Secretarial Limited 30 Karpenisiou Street CY-1077, Nicosia, Cyprus Cyprus
Independent Auditors:	Evoserve Auditors Limited Certified Public Accountants and Registered Auditors 7 Andrea Papakosta, 1037 1510, Nicosia, Cyprus
Registered office:	30 Karpenisiou Street CY-1077, Nicosia Cyprus
Registration number:	HE323682

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2017.

Principal activities and nature of operations of the Group
The principal activities of the Group, which are unchanged from last year, is the ownership, exploitation, management and trading of real estate property located in Romania.

The consolidated results of the Group for the year ended 31 December 2017 include the subsidiary companies of the Company that are property owners, all incorporated in Romania, that is:

1. COMALIM SA
2. SIFI BH EST SA
3. SIFI CLUJ RETAIL SA
4. SIFI CJ LOGISTIC SA
5. SIFI CJ AGRO SA
6. SIFI CJ STORAGE SA
7. UNITEH SA
8. ADMINISTRARE IMOBILIARE SA
9. SIFI BH IND VEST SA
10. BISTRITA CLUJ SA
11. SIFI CJ OFFICE SA
12. CORA SA
13. SIFI BAIA MARE SA
14. SIFI SIGHET SA
15. SIFI TM AGRO SA
16. SIFI B ONE SA
17. SIFI BH RETAIL SA
18. SIFI PROPERTIES SA

Out of 18 subsidiary companies mentioned above, 5 are currently listed on Bucharest Stock Exchange on Rasdaq Market: Comalim SA, SIFI Cluj Retail SA, SIFI CJ Logistic SA, SIFI CJ Storage SA and Uniteh SA.

During the year 2017, SIFI CS Retail SA, Agrorent SA and Urban SA were merged with SIFI B One and Central Petrosani SA was merged with Cora SA.

Review of current position, future developments and performance of the Group's business
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Results
The Group's results for the year are set out on page 9.

Dividends
The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained

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 27 to the consolidated 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,

Administrare Imobiliare S.A
Director

Nicosia, 5 July 2018

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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 Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group'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 Group's internal control.
- 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 Group'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 Group to cease to continue as a going concern.

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Independent Auditor's Report

To the Members of SIF Imobiliare PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SIF Imobiliare PLC (the "Company") and its subsidiaries (together with the Company, the "Group"), which are presented in pages 9 to 30 which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of profit or loss and other 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 consolidated financial statements give a true and fair view of the financial position of the Group 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 Group 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.

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Independent Auditor's Report (continued)

To the Members of SIF Imobiliare PLC

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investment properties (refer to Note 14 to the Financial Statements)</td></tr>
<tr><td>The Group holds investment properties at the total value of Euro 48,068,191 as at 31 December 2017 which represents approximately 59,40% of the total assets of the Group. The Group's investment properties are held to earn rentals and are located in Romania.

The fair value of investment property is determined by using valuation techniques. The Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Indicators of the assessment of the fair value of the investment properties 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 the investment properties held from external independent valuators.

The investment properties are stated at its fair value at the reporting date and we consider the valuation of the investment properties as a key audit matter due to their significance on the consolidated statement of financial position and because the determination of the fair values involves significant judgment and estimation.</td><td>Our audit procedures included the following:

- Obtained and inspected the valuation reports prepared by the external property valuer engaged by the Group

- Evaluated the independent external valuer competence, capabilities and objectivity

- Evaluated the valuation methodology used by the external property valuer based on our knowledge of other property valuers for similar types of properties

Based on the results of our audit procedures we have obtained reasonable assurance in regard to the valuation of the investment properties.</td></tr>
</table>

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.

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Independent Auditor's Report (continued)

To the Members of SIF Imobiliare PLC

- 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 outweight the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors 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 consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

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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 Laws 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.

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, 5 July 2018

SIF IMOBILIARE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 €	2016 €
Revenue	5	**7,851,464**	10,375,177
Fair value (gains)/ loss on investment properties		**2,240,161**	(247,216)
General and administration expenses	6	**(4,635,970)**	(5,245,136)
Other operating income	7	**-**	103,872
Other expenses	8	**(121,119)**	(297,620)
Operating profit		**5,334,536**	4,689,077
Finance income	10	**590,886**	834,272
Finance costs	10	**(1,334,158)**	(1,046,679)
Profit before tax		**4,591,264**	4,476,670
Tax	11	**(305,411)**	(123,256)
Net profit for the year		**4,285,853**	4,353,414
Profit from continued operations	12	**-**	4,567,971
Discontinued operations	12	**-**	(214,557)
Net profit for the year		**4,285,853**	4,353,414
Other comprehensive income for the year		**(859,452)**	(1,858,509)
Other comprehensive income for the year		**(859,452)**	(1,858,509)
Total comprehensive income for the year		**3,426,401**	2,494,905

Net profit for the year attributable to:			
Equity holders of the parent		**3,797,540**	3,820,992
Non-controlling interests		**488,295**	532,422
		4,285,835	4,353,414

Total comprehensive income attributable to:			
Equity holders of the parent		**3,036,024**	2,189,778
Non-controlling interests		**390,377**	305,127
		3,426,401	2,494,905

The notes on pages 15 to 30 form an integral part of these consolidated financial statements.

SIF IMOBILIARE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2017

	Note	2017 €	2016 €
ASSETS			
Property, plant and equipment	13	**19,147,174**	531,797
Investment properties	14	**48,068,191**	62,243,924
Intangible assets		**59,904**	56,922
Financial assets at fair value through profit or loss	17	**2,630,876**	10,274
Non current assets held for sale	18	**-**	2,023,439
Deferred tax assets	22	**144,776**	36,742
		70,050,921	64,903,098
Inventories	15	**98,826**	187,346
Trade and other receivables	16	**4,078,924**	6,099,495
Cash and cash equivalents	19	**6,690,572**	5,909,965
		10,868,322	12,196,806
Total assets		**80,919,243**	77,099,904
Share capital	20	**4,499,974**	4,499,974
Share premium		**31,037,928**	31,037,928
Other reserves		**(4,665,893)**	(5,852,092)
Retained earnings		**28,127,054**	25,214,325
		58,999,063	54,900,135
Non-controlling interests		**4,021,670**	4,191,484
Total equity		**63,020,733**	59,091,619
Borrowings	21	**10,002,351**	10,353,161
Deferred tax liabilities	22	**5,427,064**	5,661,635
		15,429,415	16,014,796
Trade and other payables	23	**1,736,476**	1,697,023
Borrowings	21	**732,619**	296,466
		2,469,095	1,993,489
Total liabilities		**17,898,510**	18,008,285
Total equity and liabilities		**80,919,243**	77,099,904

The notes on pages 15 to 30 form an integral part of these consolidated financial statements.

On 5 July 2018 the Board of Directors of SIF Imobiliare PLC authorised these consolidated financial statements for issue.

....	....
Administrare Imobiliare S.A	Chrystalla Mina
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company							
		Share capital	**Share premium**	**Translation reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
		€	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Balance at 1 January 2016		**1,500,000**	**31,037,928**	**(623,200)**	**(6,881,928)**	**24,280,084**	**49,312,884**	**4,283,856**	**53,596,740**
Comprehensive income									
Net profit for the year		-	-	-	-	3,820,992	3,820,992	532,422	4,353,414
Other comprehensive income for the year		-	-	(8,041)	1,661,077	(2,886,751)	(1,225,514)	(624,794)	(1,850,308)
Transactions with owners									
Issue of share capital	20	2,999,974	-	-	-	-	2,999,974	-	2,999,974
Balance at 31 December 2016/ 1 January 2017		**4,499,974**	**31,037,928**	**(631,241)**	**(5,220,851)**	**25,214,325**	**54,900,135**	**4,191,484**	**59,091,619**
Comprehensive income									
Net profit for the year		-	-	-	-	3,797,540	3,797,540	488,295	4,285,835
Other comprehensive income for the year		-	-	126,039	1,060,160	(884,811)	301,388	(658,109)	(356,721)
Balance at 31 December 2017		**4,499,974**	**31,037,928**	**(505,202)**	**(4,160,691)**	**28,127,054**	**58,999,063**	**4,021,670**	**63,020,733**

SIF IMOBILIARE PLC

CONSOLIDATED CASH FLOW STATEMENT

	2017	2016
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,591,264**	4,476,670
Adjustments for:		
Depreciation of property, plant and equipment	**335,168**	117,403
Exchange difference	**743,434**	85,162
Profit from the sale of property, plant and equipment	**(964)**	(57,550)
Loss/(profit) from the sale of investment properties	**38,907**	(103,872)
Fair value losses on financial assets at fair value through profit or loss	**82,212**	297,620
Fair value profit on investment property	**(2,240,161)**	247,216
Fair value adjustment on current assets through profit or loss	**(415)**	682,078
Impairment charge	**(166,540)**	(102,023)
Dividend income	**-**	(134,259)
Interest income	**(590,886)**	(834,272)
Interest expense	**1,248,241**	1,135,734
Other non monetary items	**(8,632)**	(784,150)
Write off of receivables	**(562,469)**	1,567,199
Provisions	**9,283**	398
	3,478,442	6,593,354
Changes in working capital:		
Decrease in inventories	**88,520**	6,303
Decrease in trade and other receivables	**2,020,571**	1,278,008
(Increase)/decrease in financial assets at fair value through profit or loss	**(2,620,602)**	317,137
Increase/(Decrease) in trade and other payables	**39,453**	(9,682,280)
(Decrease)/increase in deferred income	**(36,580)**	94,815
Cash generated from/(used in) operations	**2,969,804**	(1,392,663)
Interest received	**29,769**	36,828
Interest paid	**(66,366)**	(136,271)
Non monetary transactions	**-**	75,380
Tax paid	**(316,642)**	(1,182,891)
Net cash generated from/(used in) operating activities	**2,616,565**	(2,599,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of intangible assets	**(57,462)**	-
Payment for purchase of property, plant and equipment	**(448,334)**	(168,311)
Proceeds from disposal of intangible assets	**2,938**	349,473
Payment for purchase of investment property	**(455,872)**	(245,220)
Payment for purchase of financial assets at fair value through profit or loss financial assets	**(1,713,762)**	(317,935)
Loans granted	**(604,116)**	-
Proceeds from disposal of property, plant and equipment	**15,754**	258,596
Proceeds from sale of investment properties	**282,514**	247,744
Proceeds from sale of financial assets at fair value through profit or loss	**-**	20,689
Interest received	**14,980**	834,272
Net cash (used in)/generated from investing activities	**(2,963,360)**	979,308

The notes on pages 15 to 30 form an integral part of these consolidated financial statements.

SIF IMOBILIARE PLC

CONSOLIDATED CASH FLOW STATEMENT

	2017 €	2016 €
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	**409,113**	2,590,861
Repayments of borrowings	**(1,606,789)**	(2,401,910)
Repayments of obligations under finance leases	**(25,095)**	(25,745)
Proceeds from borrowings	**2,093,647**	2,506,029
Interest paid	**(10,891)**	(20,866)
Dividends paid	**(20,899)**	(20,220)
Transfer of balances	**288,702**	-
Bank guarantees	**(386)**	903,543
Net cash generated from financing activities	**1,127,402**	3,531,692
Net increase in cash and cash equivalents	**780,607**	1,911,383
Cash and cash equivalents at beginning of the year	**5,909,965**	3,998,582
Cash and cash equivalents at end of the year	**6,690,572**	5,909,965

The notes on pages 15 to 30 form an integral part of these consolidated financial statements.

1. Incorporation and principal activities

Country of incorporation

SIF Imobiliare PLC (the 'Company') and its subsidiaries (together, the 'Group') are engaged in the ownership, exploitation, management and trading of real estate property located in Romania.

The Company was incorporated in Cyprus on 18 July 2013 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 30 Karpenisiou Street, CY-1077 Nicosia, Cyprus.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, is the ownership, exploitation, management and trading of real estate property located in Romania.

2. Basis for preparation

(a) Statement of compliance
These consolidated 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.

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

The consolidated financial statements have been prepared under the historical cost convention, except in the case of land, buildings and equipment, investment property, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

(c) Adoption of new and revised IFRS and Interpretations
During the current year the Group adopted all the changes to IFRS that are relevant to its operations. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these consolidated financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the consolidated financial statements of the Group.

(d) Use of estimates and judgments
The preparation of financial statements in accordance with IFRS requires from management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below:

- **Fair value of investment property**
The fair value of investment property is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of the particular investment properties held.

- **Fair value of financial assets**
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets available for sale has been estimated based on the fair value of these individual assets.

- **Impairment of available-for-sale financial assets**
The Group follows the guidance of IAS 39 in determining when an investment is other than temporarily impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(e) Functional and presentation currency
The consolidated financial statements are presented in Euro (€) which is the presentation currency of the Group.

3. Significant accounting policies

The following accounting policies have been applied consistently in these consolidated financial statements and in stating the financial position of the Group. The accounting policies have been consistently applied by all companies of the Group.

Basis of consolidation
The Group consolidated financial statements comprise the financial statements of the parent company SIF Imobiliare Plc and the financial statements of the following subsidiaries:

1 COMALIM SA
2 SIFI BH EST SA
3 SIFI CLUJ RETAIL SA
4 SIFI CJ LOGISTIC SA
5 SIFI CJ AGRO SA
6 SIFI CJ STORAGE SA
7 UNITEH SA
8 ADMINISTRARE IMOBILIARE SA
9 SIFI BH IND VEST SA
10 BISTRITA CLUJ SA
11 SIFI CJ OFFICE SA
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14 SIFI SIGHET SA
15 SIFI TM AGRO SA
16 SIFI B ONE SA
17 SIFI BH RETAIL SA
18 SIFI PROPERTIES SA

During the year 2017, SIFI CS Retail SA, Agrorent SA and Urban SA were merged with SIFI B One and Central Petrosani SA was merged with Cora SA.

3. Significant accounting policies (continued)

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Acquisition of entities under common control
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as an acquisition at the date when the business combination has occurred. The assets and liabilities are recognised at the carrying amounts recognised previously in the Group controlling shareholder's financial statements. The difference between the carrying values of the Group's share of the identifiable net assets and the consideration paid is recorded, in equity as a reserve on acquisition from entities under common control.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group looses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Revenue recognition
Revenues earned by the Group are recognised on the following bases:

- **Rental income**
  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Rendering of services**
  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Sale of products**
  Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

3. Significant accounting policies (continued)

Finance income
Finance income includes interest income which is recognised based on an accrual basis.

Finance expenses
Interest expense and other borrowing costs are recognised to profit or loss using the effective interest method.

Foreign currency translation

- **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.

  Items included in the subsidiaries 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 Romanian Lei (LEI), which is the subsidiaries' functional and presentation currency. The financial statements of the subsidiary companies have been translated in Euro (€), for consolidation purposes.

  The financial statements of the Group are presented in Euro (€), which is the Group's presentation currency.

- **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.

  The assets and liabilities of the Company's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

Tax
Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax liabilities and assets for the current and prior periods 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. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

3. Significant accounting policies (continued)

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.
Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised in profit or loss on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Plant and machinery	5 - 33.33
Buildings	2 - 5
Furniture, fixtures and office equipment	10
Tangible assets	6.67 - 33.33

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties
Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. Significant accounting policies (continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

Intangible assets
Costs that are directly associated with identifiable and unique computer software products controlled by the Group 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 and is included within administrative expenses.

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 when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade receivables
Trade and other receivables are stated at their nominal values after deducting the specific provision for doubtful debts, which is calculated based on an examination of all outstanding balances as at the year end. Bad debts are written off when identified.

(ii) Investments
The Group classifies its investments in equity in the following categories: financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition.

- **Financial assets at fair value through profit or loss**

This category has two subcategories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

3. Significant accounting policies (continued)

(ii) Investments (continued)

- **Available-for-sale financial assets**

  Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in noncurrent assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular purchases and sales of investments are recognised on trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and then in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. Significant accounting policies (continued)

(iii) Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

(iv) Borrowings
Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(v) Trade payables
Trade payables are stated at their nominal values.

Impairment of assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Inventories
Stocks are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. The net realisable value is based on the estimated selling price less any additional expenses expected to occur by the stock's date of sale.

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 used is taken to the share premium account.

4. Financial risk management

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

4.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

4.2 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 Group has no significant concentration of credit risk. The Group 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.

4. Financial risk management (continued)

4.3 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 Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2017	Carrying amounts
	€
Bank loans	10,734,970
Trade and other payables	1,736,476
	12,471,446

31 December 2016	Carrying amounts
	€
Bank loans	10,622,256
Other loans	27,371
Trade and other payables	1,697,023
	12,346,650

4.4 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 Group's measurement currency. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

5. Revenue

	2017	2016
	€	€
Rental income	**5,520,702**	5,857,307
Other operational revenue	**2,330,762**	4,517,870
	7,851,464	10,375,177

6. General and administration expenses

	2017	2016
	€	€
Raw materials and consumables used	**804,372**	673,106
Staff costs (Note 9)	**1,769,231**	1,608,607
Fuel, power and water	**195,885**	315,856
Taxes and penalties	**393,540**	325,947
Other expenses	**29,222**	61,391
Professional and other related expenses	**641,011**	1,042,890
Provisions	-	161
Impairement of assets	**220,425**	776,536
Travelling and entertainment expenses	**52,185**	48,199
Auditor's remuneration	**17,850**	17,850
Rent payable	**79,073**	71,260
Repairs and maintenance	**71,549**	57,263
Letting costs	**26,459**	128,667
Depreciation	**335,168**	117,403
	4,635,970	5,245,136

7. Other operating income

	2017	2016
	€	€
Profit from sales of investment properties	-	103,872

8. Other expenses

	2017	2016
	€	€
Loss from sales of investment properties	**38,907**	-
Fair value losses on financial assets at fair value through profit or loss	**82,212**	297,620
	121,119	297,620

9. Staff costs

	2017	2016
	€	€
Salaries	**1,401,423**	1,316,888
Social security costs	**367,808**	291,719
	1,769,231	1,608,607
Average number of employees	**121**	131

10. Finance income/cost

	2017	2016
	€	€
Interest income	590,886	834,272
Finance income	590,886	834,272
Net foreign exchange losses	(85,917)	89,055
Interest expense	(1,248,241)	(1,135,734)
Finance costs	(1,334,158)	(1,046,679)
	(743,272)	(212,407)

11. Tax

	2017	2016
	€	€
Corporation tax - current year	305,411	123,256

The applicable tax rate in Cyprus is 12.5% and in Romania is 16%.

12. Discontinued operations

	2017	2016
	€	€
Discontinued operations		
Revenue	-	76,958
Expenses	-	(273,595)
Results from operating activities	-	(196,637)
Tax on discontinued operations	-	(17,920)
Loss on discontinued operations for the year	-	(214,557)

13. Property, plant and equipment

	Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Tangible assets	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2016	3,594,449	1,961,037	208,494	512,153	6,276,133
Additions	23,267	70,349	9,450	186,471	289,537
Disposals	(225,114)	(101,746)	(4,041)	-	(330,901)
Exchange differences	31,322	40,104	2,154	(18,406)	55,174
Reclassification (to)/from investment property	(463,225)	(214,972)	(28,947)	(194,002)	(901,146)
Transfers between property, plant and equipment	-	4,211	1,114	(5,325)	-
Balance at 31 December 2016/ 1 January 2017	**2,960,699**	**1,758,983**	**188,224**	**480,891**	**5,388,797**
Additions	-	487,067	8,296	634,787	1,130,150
Disposals	-	(356,338)	(520)	-	(356,858)
Exchange differences	(10,312)	50,408	(4,002)	-	36,094
Adjustment on revaluation	(55,523)	(4,704)	-	(183,229)	(243,456)
Reclassification (to)/from investment property	18,218,744	-	-	(371,204)	17,847,540
Transfers between property, plant and equipment	-	37,401	776	(38,177)	-
Inflation adjustment	5,172	-	-	-	5,172
Transfer to provisions	-	-	-	(19,285)	(19,285)
Balance at 31 December 2017	**21,118,780**	**1,972,817**	**192,774**	**503,783**	**23,845,017**
Depreciation					
Balance at 1 January 2016	(2,966,999)	(1,679,778)	(113,215)	(398,960)	(5,158,952)
Charge for the year	(35,199)	(69,746)	(12,458)	-	(117,403)
On disposals	145,576	259,663	14,116	-	419,355
Balance at 31 December 2016/ 1 January 2017	**(2,856,622)**	**(1,489,861)**	**(111,557)**	**(398,960)**	**(4,857,000)**
Charge for the year	(246,227)	(77,419)	(11,522)	-	(335,168)
On disposals	284,679	264,253	2,256	-	551,188
Balance at 31 December 2017	**(2,818,170)**	**(1,303,027)**	**(120,823)**	**(398,960)**	**(4,640,980)**
Net book amount					
Balance at 31 December 2017	**18,300,610**	**669,790**	**71,951**	**104,823**	**19,147,174**
Balance at 31 December 2016	**104,077**	**269,122**	**76,667**	**81,931**	**531,797**

14. Investment properties

	2017	2016
	€	€
Balance at 1 January	**62,243,924**	54,035,780
Additions	**1,241,955**	5,485,086
Disposals	**(134,515)**	(247,744)
Transfer (to)/from property, plant and equipment	**(17,847,540)**	901,146
Exchange differences	**(1,699,233)**	(760,850)
Fair value adjustment	**2,240,161**	(247,216)
Reversal/ Corrections of fair value adjustment 2015	**-**	(368,193)
Reclassification to non current assets held for sale	**-**	(182,254)
Reclassification from non-current assets held for sale	**2,023,439**	3,628,169
Balance at 31 December	**48,068,191**	62,243,924

15. Inventories

	2017	2016
	€	€
Raw materials	**64,467**	37,175
Finished products	**34,304**	150,096
Goods for resale	**55**	75
	98,826	187,346

Inventories are stated at cost.

16. Trade and other receivables

	2017	2016
	€	€
Trade receivables	**1,354,507**	1,620,466
Refundable taxes	**33,684**	21,051
Deferred expenses	**43,965**	18,635
Other receivables	**2,646,768**	4,030,230
Unpaid share capital	**-**	409,113
	4,078,924	6,099,495

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 4 of the consolidated financial statements.

17. Financial assets at fair value through profit or loss

	2017	2016
	€	€
Balance at 1 January	**10,274**	327,035
Additions	**2,328,522**	1,172
Disposals	**-**	(20,689)
Change in fair value	**(82,212)**	(297,620)
Exchange differences	**374,292**	376
Balance at 31 December	**2,630,876**	10,274

18. Non current assets held for sale

	2017	2016
	€	€
Balance at 1 January	**2,023,439**	5,990,591
Reclassification from Investment properties	-	182,254
Reclassification to Investment properties	**(2,023,439)**	(3,628,169)
Disposals	-	(1,075,516)
Exchange differences	-	13,877
Fair value adjustments	-	540,402
Balance at 31 December	-	2,023,439

The amount is analysed as follows:

	2017	2016
	€	€
Comalin SA	-	505,190
Agrorent SA	-	281,852
Central Petrosani SA	-	315,192
Cora SA	-	91,013
SIFI Baia Mare SA	-	115,932
SIFI Sighet SA	-	132,611
SIFI BH Retail SA	-	581,649
Balance at 31 December	-	2,023,439

19. Cash and cash equivalents

Cash balances are analysed as follows

	2017	2016
	€	€
Cash at bank and in hand	**4,515,830**	3,082,401
Bank deposits	**2,174,742**	2,827,564
	6,690,572	5,909,965

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 4 of the consolidated financial statements.

20. Share capital

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

21. Borrowings

	2017 €	2016 €
Bank loans	**732,619**	296,466
Bank loans	**10,002,351**	10,325,790
Other loans	-	27,371
	10,002,351	10,353,161
Total	**10,734,970**	10,649,627

22. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 11).

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	Temporary tax differences €
Balance at 1 January 2016	5,939,754
Transfer due to reclassification	(278,119)
Balance at 31 December 2016/ 1 January 2017	**5,661,635**
Transfer due to reclassification	(234,571)
Balance at 31 December 2017	**5,427,064**

	Temporary tax differences €
Balance at 1 January 2016	13,863
Charged/(credited) to:	
Income for the year	22,879
Balance at 31 December 2016/ 1 January 2017	**36,742**
Charged/(credited) to:	
Income for the year	108,034
Balance at 31 December 2017	**144,776**

23. Trade and other payables

	2017	2016
	€	€
Trade payables	**409,351**	517,033
Social insurance and other taxes	**249,759**	237,655
Taxes payable	**145,569**	69,198
Accruals	**57,340**	9,943
Other creditors	**439,467**	634,147
Deferred income	**434,990**	229,047
	1,736,476	1,697,023

24. Related party transactions

The Company is controlled by SIF Banat- Crisana S.A., incorporated in Romania, which owns 99.99% of the issued share capital of SIF Imobiliare PLC.

The following transactions were carried out with related parties:

	2017	2016
	€	€
Biofarm SA Bucuresti	**28,440**	7,144
Vrancart SA	**14,952**	4,345
Industrial Energy SRL	**12,088**	11,477
Pont Automall	**130,735**	-
Pont Agrinvest	**200,485**	-
	386,700	22,966

Sales to the associated undertakings and to Parent Holding Limited were made at cost.

	2017	2016
	€	€
SIF Banat- Crisana SA	**8,073**	-

25. Contingent liabilities

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

26. Commitments

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

27. Events after the reporting period

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

Independent auditor's report on pages 4 to 8