

SIF IMOBILIARE PLC
REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
Year ended 31 December 2021

SIF IMOBILIARE PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

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SIF IMOBILIARE PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Administrare Imobiliare SA Chrystalla Mina Androulla Siakiate
Company Secretary:	Romanos Secretariat Limited 30 Karpenisiou Street CY-1077, Nicosia, Cyprus
Independent Auditors:	Evoserve Auditors Limited Certified Public Accountants and Registered Auditors Andrea Papakosta 7, 1037 P.O. Box 21550
Registered office:	30 Karpenisiou Street CY-1077, Nicosia, Cyprus
Registration number:	HE323682

SIF IMOBILIARE PLC

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 2021.

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 2021 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. SIFI BH IND VEST SA
9. BISTRITA CLUJ SA
10. SIFI CJ OFFICE SA
11. CORA SA
12. SIFI BAIA MARE SA
13. SIFI SIGHET SA
14. SIFI B ONE SA
15. SIFI BH RETAIL SA
16. SIFI PROPERTIES SA

Out of 16 subsidiary companies mentioned above, 5 are currently listed on Bucharest Stock Exchange on Bucharest Stock Exchange's AeRO market: Comalim SA, SIFI Cluj Retail SA, SIFI CJ Logistic SA, SIFI CJ Storage SA and Uniteh SA.

On 17.12.2021 a decision was made to proceed with the liquidation of BISTRITA CLUJ SA, appointing a liquidator as of that date.

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

On 7 April 2021 the Company declared the following dividends:

1. Part of the profit for year 2020, respectively, €3,959,977.12. The value of the dividends declared was in the amount of 0.88 €/share.
2. Part of the profit for year 2019, respectively, €6,614,961.78. The value of the dividends declared was in the amount of 1.47 €/share.

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 Group's Board of Directors as at 31 December 2021 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 2021.

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.

SIF IMOBILIARE PLC

MANAGEMENT REPORT

Independent Auditors

The Independent Auditors, Eversea 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 SA
Director

Nicosia, 5 April 2022

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 2021, 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 2021, 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.

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 properties (refer to Note 15 to the Financial Statements)</i>	
<p>The Group holds investment properties at the total value of Euro 66,451,477 as at 31 December 2021 which represents approximately 74,47% of the total assets of the Group. The Group's investment properties are held to earn rentals and are located in Romania.</p> <p>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 valuers.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - 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 <p>Based on the results of our audit procedures we have obtained reasonable assurance in regard to the valuation of the investment properties.</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 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.

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 outweigh 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.

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.

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, 5 April 2022

SIF IMOBILIARE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2021

	Note	2021 €	2020 €
Revenue	6	5,661,966	5,486,728
Fair value gain on investment property		2,913,812	5,675,074
General and administration expenses	7	<u>(2,530,459)</u>	<u>(2,758,878)</u>
Gross profit		6,045,319	8,402,924
Other operating income	8	350,633	-
Other expenses	9	<u>(1,484)</u>	<u>(54,032)</u>
Operating profit		6,394,468	8,348,892
Finance income	11	296,659	345,029
Finance costs	11	<u>(510,556)</u>	<u>(754,714)</u>
Profit before tax		6,180,571	7,939,207
Tax	12	<u>(312,500)</u>	<u>(987,903)</u>
Net profit for the year		<u>5,868,071</u>	<u>6,951,304</u>
Other comprehensive income			
Other comprehensive income for the year		<u>(2,343,480)</u>	<u>(2,054,162)</u>
Other comprehensive income for the year		<u>(2,343,480)</u>	<u>(2,054,162)</u>
Total comprehensive income for the year		<u>3,524,591</u>	<u>4,897,142</u>
Net profit for the year attributable to:			
Equity holders of the parent		5,312,008	6,292,588
Non-controlling interests		<u>556,063</u>	<u>658,716</u>
		<u>5,868,071</u>	<u>6,951,304</u>
Total comprehensive income for the year attributable to:			
Equity holders of the parent		3,190,597	4,433,081
Non-controlling interests		<u>333,994</u>	<u>464,061</u>
		<u>3,524,591</u>	<u>4,897,142</u>

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 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	14	839,818	430,032
Investment properties	15	66,451,477	64,278,378
Intangible assets		2,893	3,880
Non-current loans receivable	16	2,025,314	3,167,977
		<u>69,319,502</u>	<u>67,880,267</u>
Current assets			
Inventories	17	710	17,609
Trade and other receivables	18	839,689	716,260
Loans receivable	16	1,183,528	1,564,849
Financial assets at fair value through profit or loss	19	5,519,389	5,607,397
Cash and cash equivalents	20	12,375,285	8,972,604
		<u>19,918,601</u>	<u>16,878,719</u>
Assets classified as held for sale	21	-	404,000
Total assets		<u>89,238,103</u>	<u>85,162,986</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	22	4,499,974	4,499,974
Share premium		31,037,928	31,037,928
Other reserves		(1,216,453)	113,891
Retained earnings		29,511,989	35,554,325
		<u>63,833,438</u>	<u>71,206,118</u>
Non-controlling interests		<u>3,273,234</u>	<u>2,950,902</u>
Total equity		<u>67,106,672</u>	<u>74,157,020</u>
Non-current liabilities			
Borrowings	23	198,688	2,350,849
Deferred tax liabilities	24	6,645,282	5,432,999
		<u>6,843,970</u>	<u>7,783,848</u>
Current liabilities			
Trade and other payables	25	15,287,461	3,217,344
Borrowings	23	-	4,774
		<u>15,287,461</u>	<u>3,222,118</u>
Total liabilities		<u>22,131,431</u>	<u>11,005,966</u>
Total equity and liabilities		<u>89,238,103</u>	<u>85,162,986</u>


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

SIF IMOBILIARE PLC

On 5 April 2022 the Board of Directors of SIF IMOBILIARE PLC authorised these consolidated financial statements for issue.



Administrator Imobiliare SA
Director



Chrystalla Mina
Director

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

SIF IMOBILIARE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Note	Attributable to equity holders of the Company					Total	Non-controlling interests	Total
	Share capital €	Share premium €	Translation Reserve €	Other reserves €	Retained earnings €			
Balance at 1 January 2020	4,499,974	31,037,928	(808,339)	3,721,868	28,854,882	67,606,113	1,653,765	69,259,878
Net profit for the year	-	-	-	-	6,292,588	6,292,588	658,716	6,951,304
Other comprehensive income	-	-	(4,435)	(3,113,873)	406,855	(2,692,583)	638,421	(2,054,162)
Balance at 31 December 2020/ 1 January 2021	4,499,974	31,037,928	(483,904)	607,995	35,554,325	72,306,118	2,950,602	74,157,020
Net profit for the year	-	-	-	-	5,312,008	5,312,008	556,063	5,868,071
Dividends	13	-	-	-	(10,574,939)	(10,574,939)	-	(10,574,939)
Other comprehensive income for the year	-	-	7,915	(1,338,259)	(779,405)	(2,109,749)	(233,731)	(2,343,480)
Balance at 31 December 2021	4,499,974	31,037,928	(485,989)	(730,464)	29,811,989	63,823,438	3,273,234	67,106,672

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

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

SIF IMOBILIARE PLC

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2021

	Note	2021 €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,180,571	7,939,207
Adjustments for:			
Depreciation of property, plant and equipment	14	39,872	51,309
Unrealised exchange loss/(profit)		732,135	(352,508)
Fair value losses on financial assets at fair value through profit or loss	19	1,484	54,032
Fair value profit on investment property	15	(2,913,812)	(5,675,074)
Other provisions		73,477	-
Net gain from sale of assets classified as held for sale	8	(350,633)	-
Interest income	11	(296,659)	(345,029)
Interest expense	11	478,297	709,959
Other non monetary items		(28,578)	(170,476)
		<u>3,916,154</u>	<u>2,211,420</u>
Changes in working capital:			
Decrease in inventories		16,899	46,132
(Increase)/decrease in trade and other receivables		(123,429)	17,793,651
Decrease/(Increase) in financial liabilities at fair value through profit or loss		88,008	(881,470)
Increase in trade and other payables		<u>12,070,117</u>	<u>1,656,120</u>
Cash generated from operations		15,967,749	20,825,853
Interest received		65,637	104,357
Interest paid		(202,850)	(60,457)
Tax paid		<u>(314,619)</u>	<u>(145,446)</u>
Net cash generated from operating activities		<u>15,516,117</u>	<u>20,724,307</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	14	(713,994)	(72,103)
Payment for purchase of investment property	15	(60,096)	(18,783,248)
Proceeds from sale of assets classified as held for sale		740,390	-
Loans granted		-	(1,500,000)
Loans repayments received		1,500,000	-
Proceeds from disposal of property, plant and equipment	14	8,213	38,100
Proceeds from sale of investment properties	15	17,597	-
Interest received		<u>198,780</u>	<u>104,357</u>
Net cash generated from/(used in) investing activities		<u>1,690,890</u>	<u>(20,212,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(2,751,090)	(2,248,406)
Interest paid		(478,297)	(709,959)
Dividends paid		<u>(10,574,939)</u>	<u>(1,769,786)</u>
Net cash used in financing activities		<u>(13,804,326)</u>	<u>(4,728,151)</u>

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

SIF IMOBILIARE PLC

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2021

	Note	2021 €	2020 €
Net increase/(decrease) in cash and cash equivalents		3,402,681	(4,216,738)
Cash and cash equivalents at beginning of the year		<u>8,972,604</u>	<u>13,189,342</u>
Cash and cash equivalents at end of the year	20	<u>12,375,285</u>	<u>8,972,604</u>

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

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

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

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 of 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) 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.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. Basis of preparation (continued)

(d) Functional and presentation currency

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

3. Significant accounting policies

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.

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 SIFI BH IND VEST SA
- 9 BISTRITA CLUJ SA
- 10 SIFI CJ OFFICE SA
- 11 CORA SA
- 12 SIFI BAIA MARE SA
- 13 SIFI SIGHET SA
- 14 SIFI B ONE SA
- 15 SIFI BH RETAIL SA
- 16 SIFI PROPERTIES SA

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.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

3. Significant accounting policies (continued)

When the Group loses 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 IFRS 9, 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.

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.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

3. Significant accounting policies (continued)

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.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Land and buildings are carried at cost, less subsequent depreciation for buildings.

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.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

3. Significant accounting policies (continued)

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 - cost	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.

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.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

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.

Financial assets

Financial assets - Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

3. Significant accounting policies (continued)

Financial assets (continued)

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

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.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

3. Significant accounting policies (continued)

Financial assets (continued)

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 5, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

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).

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.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. New accounting pronouncements

At the date of approval of these consolidated 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 consolidated financial statements of the Group.

5. Financial risk management

Financial risk factors

The Group is exposed to market price risk, 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:

5.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio.

5.2 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.

5.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from [cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

5.4 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 2021

	Carrying amounts
	€
Bank loans	198,688
Trade and other payables	15,287,461
	<u>15,486,149</u>

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

5. Financial risk management (continued)

5.4 Liquidity risk (continued)

31 December 2020	Carrying amounts €
Bank loans	2,355,623
Trade and other payables	<u>3,217,344</u>
	<u>5,572,967</u>

5.5 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.

6. Revenue

	2021 €	2020 €
Rental Income	5,042,096	5,142,885
Other operating income	<u>619,870</u>	<u>343,843</u>
	<u>5,661,966</u>	<u>5,486,728</u>

7. General and administration expenses

	2021 €	2020 €
Raw materials and consumables used	35,612	99,697
Staff costs (Note 10)	631,810	722,193
Water supply and cleaning	32,788	36,703
Licenses and taxes	421,683	353,740
Other expenses	99,865	9,296
Professional and other related expenses	894,410	980,906
Adjustment for impairment of current assets	286,427	391,085
Travelling and entertainment expenses	7,483	4,900
Auditor's remuneration	17,850	17,850
Rent payable	41,047	47,534
Repairs and maintenance	5,510	14,059
Letting costs	16,102	29,606
Depreciation	<u>30,872</u>	<u>51,309</u>
	<u>2,530,459</u>	<u>2,758,878</u>

8. Other operating income

	2021 €	2020 €
Net gain from sale of assets classified as held for sale (Note 21)	<u>350,633</u>	<u>-</u>

9. Other expenses

	2021 €	2020 €
Fair value losses on financial assets at fair value through profit or loss	<u>1,484</u>	<u>54,032</u>

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

10. Staff costs

	2021	2020
	€	€
Salaries	582,939	665,605
Social security costs	48,871	56,588
	<u>631,810</u>	<u>722,193</u>
Average number of employees	<u>84</u>	<u>80</u>

11. Finance income/(costs)

	2021	2020
	€	€
Interest income	296,659	345,029
Finance income	<u>296,659</u>	<u>345,029</u>
Net foreign exchange losses	(32,259)	(44,755)
Interest expense	(478,297)	(709,959)
Finance costs	<u>(510,556)</u>	<u>(754,714)</u>
Net finance costs	<u>(213,897)</u>	<u>(409,685)</u>

12. Tax

	2021	2020
	€	€
Corporation tax	<u>312,500</u>	<u>987,903</u>

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

13. Dividends

	2021	2020
	€	€
Declared dividend	<u>10,574,939</u>	<u>-</u>

On 7 April 2021 SIF Imobiliare PLC declared the payment of a dividend of €10,574,939 (2020: € NIL).

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

14. Property, plant and equipment

	Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Tangible assets	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2020	2,645,325	1,201,513	206,455	585,355	4,638,648
Additions	-	1,892	653	69,558	72,103
Disposals	-	(38,100)	-	-	(38,100)
Inflation adjustments	-	(441)	-	-	(441)
Adjustment on revaluation	6,784	-	-	-	6,784
Exchange differences	1,177	(1,686)	(606)	(3,515)	(4,630)
Reclassification from/ (to) Investment properties (Note 15)	-	53,760	19,931	-	73,691
Prior year correction	-	5,069	-	-	5,069
Balance at 31 December 2020/ 1 January 2021	2,653,286	1,222,007	226,433	651,398	4,753,124
Additions	-	4,022	-	709,972	713,994
Disposals	-	(7,594)	-	(619)	(8,213)
Inflation adjustments	-	(441)	-	(180)	(621)
Exchange differences	(1,452)	(2,642)	(2,872)	(4,634)	(11,600)
Reclassification from/ (to) Investment properties (Note 15)	-	-	-	(257,306)	(257,306)
Reclassification between Property, Plant and Equipment	-	-	203	(203)	-
Balance at 31 December 2021	2,651,834	1,215,352	223,764	1,098,428	5,189,378
Depreciation					
Balance at 1 January 2020	(2,616,585)	(1,102,729)	(148,400)	(398,960)	(4,266,674)
Charge for the year	(1,728)	(36,674)	(12,907)	-	(51,309)
Prior year correction	-	(5,493)	-	-	(5,493)
Inflation adjustments	-	384	-	-	384
Balance at 31 December 2020/ 1 January 2021	(2,618,313)	(1,144,512)	(161,307)	(398,960)	(4,323,092)
Charge for the year	(322)	(29,548)	(9,372)	(630)	(39,872)
On disposals	-	2,645	-	-	2,645
Inflation adjustment	-	384	-	-	384
Exchange differences	326	8,152	1,897	-	10,375
Balance at 31 December 2021	(2,618,309)	(1,162,879)	(168,782)	(399,590)	(4,349,560)
Net book amount					
Balance at 31 December 2021	33,525	52,473	54,982	698,838	839,818
Balance at 31 December 2020	34,973	77,495	65,126	252,438	430,032

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

15. Investment properties

	2021	2020
	€	€
Balance at 1 January	64,278,378	41,095,097
Reclassification to Non current assets held for sale (Note 21)	-	(404,000)
Additions	60,096	18,783,248
Disposals	(17,597)	-
Transfer from/ (to) property, plant and equipment (Note 14)	257,306	(73,691)
Exchange differences	(1,040,518)	(798,396)
Fair value adjustment	2,913,812	5,675,074
Adjustment for impairment	-	1,046
Balance at 31 December	66,451,477	64,278,378

16. Non-current loans receivable

	2021	2020
	€	€
Loans receivable	-	1,564,849
Loans to associates (Note 26.1)	3,208,842	3,167,977
	3,208,842	4,732,826
Less current portion	(1,183,528)	(1,564,849)
Non-current portion	2,025,314	3,167,977

The loans are repayable as follows:

	2021	2020
	€	€
Within one year	1,183,528	1,564,849
Between one and five years	2,025,314	3,167,977
	3,208,842	4,732,826

The exposure of the Group to credit risk in relation to loans receivable is reported in note 5 of the consolidated financial statements.

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

17. Inventories

	2021	2020
	€	€
Raw materials	675	15,475
Finished products	-	2,086
Goods for resale	35	48
	710	17,609

Inventories are stated at cost.

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

18. Trade and other receivables

	2021	2020
	€	€
Trade receivables	396,674	606,113
Refundable taxes	143,777	92,219
Deferred expenses	11,633	15,712
Other receivables	287,605	2,216
	<u>839,689</u>	<u>716,260</u>

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 5 of the consolidated financial statements.

19. Financial assets at fair value through profit or loss

	2021	2020
	€	€
Balance at 1 January	5,607,397	4,725,927
Valuation adjustment	-	1,030,244
Change in fair value	(1,484)	(54,032)
Exchange differences	(86,524)	(94,742)
Balance at 31 December	<u>5,519,389</u>	<u>5,607,397</u>

20. Cash and cash equivalents

Cash balances are analysed as follows:

	2021	2020
	€	€
Cash at bank and in hand	8,795,161	6,263,189
Bank deposits	3,580,124	2,709,415
	<u>12,375,285</u>	<u>8,972,604</u>

21. Assets classified as held for sale

	Property, plant and equipment
	€
Transfers from property, plant and equipment (Note 15)	<u>404,000</u>
Balance at 31 December 2020/ 1 January 2021	404,000
Disposals (Note 8)	<u>(404,000)</u>

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

22. Share capital

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
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>
Issued and fully paid				
Balance at 1 January	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>
Balance at 31 December	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>	<u>4,499,974</u>

23. Borrowings

	2021 €	2020 €
Current borrowings		
Bank loans	-	4,774
Non-current borrowings		
Bank loans	<u>198,688</u>	<u>2,350,849</u>
Total	<u>198,688</u>	<u>2,355,623</u>

Maturity of non-current borrowings:

	2021 €	2020 €
Between two and five years	<u>198,688</u>	<u>2,350,849</u>

24. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 12). The applicable corporation tax rate in the case of tax losses is 12,5%.

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Temporary tax differences €
Balance at 1 January 2020	4,919,960
Charged/ (credited)	<u>513,039</u>
Balance at 31 December 2020/ 1 January 2021	5,432,999
Charged/ (credited)	<u>1,212,283</u>
Balance at 31 December 2021	<u>6,645,282</u>

SIF IMOBILIARE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

25. Trade and other payables

	2021	2020
	€	€
Trade payables	91,205	73,581
Social insurance and other taxes	87,548	99,267
Taxes payables	37,436	45,522
Accruals	90,062	63,137
Other creditors	14,538,374	2,527,326
Deferred income	442,836	408,511
	<u>15,287,461</u>	<u>3,217,344</u>

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

26. Related party transactions

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

The following transactions were carried out with related parties:

26.1 Loans to related parties (Note 16)

	2021	2020
	€	€
Administrare Imobiliare SA	<u>3,208,842</u>	<u>3,167,977</u>

26.2 Sale of goods and services

	2021	2020
	€	€
Industrial Energy SRL	<u>-</u>	<u>10,454</u>

26.3 Purchase of goods and services

	2021	2020
	€	€
Administrare Imobiliare SA	<u>46,822</u>	<u>47,632</u>

27. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021.

28. Commitments

The Group had no capital or other commitments as at 31 December 2021.

29. 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