

IMPACT DEVELOPER & CONTRACTOR SA



Individual and unaudited financial statements as of June 30th 2017

prepared according to International Financial Reporting Standards
adopted by the European Union

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IMPACT DEVELOPER & CONTRACTOR

Individual Financial Statements as of June, 30th 2017
(values are expressed in LEI, unless otherwise specified)

Statement of Financial Position on June 30th 2017

	31-Dec-16	30-Jun-17
ASSETS		
Tangible assets	6,044,055	6,426,973
Intangible assets	232,663	210,983
Investment Property	136,736,403	136,736,403
Financial assets	14,377,226	14,379,206
Non-current receivables	11,215,815	10,946,284
Total Non-current assets	168,606,162	168,699,849
Inventories	282,813,138	294,984,213
Trade and other receivables	15,652,318	25,867,172
Prepayments	131,717	141,976
Cash and cash equivalents	17,432,180	10,942,334
Total Current Assets	316,029,353	331,935,695
Total Assets	484,635,515	500,635,544
Share capital	285,330,158	285,330,158
Share premiums	84,175,480	68,760,070
Revaluation reserves	3,137,863	3,137,863
Other reserves	5,418,842	5,418,842
Reported result	(16,895,917)	15,637,988
Net profit for the period	29,610,138	12,236,773
Total equity	390,776,564	390,521,694
Loans	28,519,089	35,110,429
Trade and other payables	2,863,913	3,554,280
Deferred taxes	13,000,347	13,000,347
Total long term current liabilities	44,383,349	51,665,056
Loans	28,715,491	25,055,361
Trade and other payables	20,753,493	33,386,815
Provisions for risk and charges	6,618	6,618
Total Current liabilities	49,475,602	58,448,794
Total liabilities	93,858,951	110,113,850
TOTAL equity and liabilities	484,635,515	500,635,544

Chief Executive Officer
Bartosz Puzdrowski

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Bogdan Nicolae Geanta

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Statement of Comprehensive Result on June 30th 2017

	30-Jun-16	30-Jun-17
Revenue from sale of residential inventories	51,832,749	67,462,519
The accounting value of sold residential inventories	(36,720,960)	(43,238,929)
Profit / loss from sale of real estate properties	15,111,789	24,223,590
Rental incomes	745,130	365,491
Operating incomes recharged to tenants	1,102,441	1,679,895
Operating expenses related to rented/sold properties	(1,046,768)	(1,589,433)
Net rental income	55,673	90,462
Income from sale of investment properties	1,434,154	-
Book value of sold investment properties	(1,304,721)	-
Profit/loss from sale of investment properties	129,433	-
Revenues from services rendered	12,255	91,169
Raw materials and consumables used	(301,037)	(456,075)
Third party services	(3,290,231)	(4,796,711)
Employee benefits expense	(3,403,163)	(4,398,408)
Other operating income	505,063	1,113,684
Other operating expense	(2,496,228)	(2,446,409)
Other operating income - ANAF Litigation	6,520,563	-
Other operating income / (expenses), net	(2,452,778)	(10,892,750)
Earnings before interest, taxation, depreciation and amortization (EBITDA)	13,589,247	13,786,793
Depreciation and amortization	(300,266)	(375,438)
Impairment of assets, other than investment properties	931,591	345,593
Depreciation and related impairment charges / reversals, other than investment properties	631,325	(29,845)
Earnings / (losses) at fair value of real estate investments, net	-	-
Earnings before interest and taxation	14,220,572	13,756,948
Financing costs	(493,428)	(957,482)
Financing income	12,394	(117,225)
Foreign exchange result	51,329	11,505
Other financial result	(46,082)	(213,368)
Financial result	(475,787)	(1,276,570)
Gross profit (EBT)	13,744,785	12,480,378
Income tax	-	(243,605)
Net profit / (loss) for the period	13,744,785	12,236,773

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Statement of changes in equity on June 30th 2017

	Adjusted share capital	Capital Premiums	Revaluation reserves	Other reserves	Forwarded Result	Total
Balance on January 1st 2016	285,330,158	84,175,480	3,190,469	3,859,821	(15,415,410)	361,140,518
Total comprehensive income for the period						
Result of the period	-	-	-	-	29,610,138	29,610,138
Other comprehensive income						
Realization of the revaluation reserve related to sold assets	-	-	25,907	-	-	25,907
Reversal of revaluation reserve related to impaired assets, net			(78,513)	78,513	-	-
The deferred tax liability related to revaluation reserve	-	-	-	-	-	-
The legal reserve established				1,480,507	(1,480,507)	
Total other comprehensive income elements	-	-	(52,606)	1,559,020	(1,480,507)	25,907
Total comprehensive income for the period	-	-	(52,606)	1,559,020	28,129,631	29,636,045
Balance on December 31st 2016	285,330,158	84,175,480	3,137,863	5,418,842	12,714,221	390,776,564
Balance on January 1st 2017	285,330,158	84,175,480	3,137,863	5,418,842	12,714,221	390,776,564
Total comprehensive income for the period						
Result of the period	-	-	-	-	12,236,773	12,236,773
Other comprehensive income						
Realizarea rezervei din reevaluare aferente activelor vandute	-	-	-	-	-	-
Reversal of revaluation reserve related to impaired assets, net				-	-	-
Deferred tax assets related to the revaluation reserve	-	-	-	-	-	-
The legal reserve established				-	-	-
Loss coverage		(15,415,410)			15,415,410	-
Distribution of dividends and personal contribution in profit					(12,491,642)	(12,491,642)
Total other comprehensive income	-	(15,415,410)	-	-	2,923,768	(12,491,642)
Total comprehensive income for the period	-	(15,415,410)	-	-	15,160,541	(254,870)
Balance on June 30th 2017	285,330,158	68,760,070	3,137,863	5,418,842	27,874,761	390,521,694

Chief Executive Officer
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Statement of Cash flow on June 30th 2017

	30-Jun-17
Cash flows from operating activities	
Profit before income tax	12,236,773
Amortization	375,438
Financing costs net	1,276,570
Cash flows before changes in operating activities related assets and liabilities	13,888,781
Decrease / (increase) in trade receivables and other receivables	(9,955,582)
Decrease / (increase) in inventory	(12,171,075)
Decrease / (increase) in trade payables and other payables	(7,129,952)
Net cash used from operating activities	(15,367,828)
Cash flows from investment activities	
Net cash used in investing activities	(738,656)
Cash flow from financing activities	
Proceeds /(Payments) from loans	10,893,208
Net financial costs	(1,276,570)
Net cash used in financing activities	9,616,638
Net increase/(decrease) in cash and in cash equivalents	(6,489,846)
Cash and cash equivalents at the beginning of the period	17,432,180
Cash and cash equivalents at the end of the period	10,942,334

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Notes to the financial statements

1. The reporting entity

The stock company IMPACT Developer & Contractor S.A. (the "Company") is a company registered in Romania which offers complete residential solutions.

The Company's seat address is "Construdava" Business Centre, 4C Pipera-Tunari Street, Voluntari City, Ilfov County, Romania.

The Company controls several other entities and prepares consolidated financial statements. According to the provisions of Law no. 24/2017, such entities have to prepare individual financial statements also.

The Company is **the first company** active in real estate development sector in Romania, being constituted in 1991 through public subscription. Initially, its first activities were renting and maintenance of deluxe villas in Bucharest area. In 1995, the Company **introduced for the first time** in Romania the residential concept and, consequently, it changed into a pure real estate developer. Starting 1996, the Company's securities are publicly traded in Bucharest Stock Exchange (BVB). In 2006, Company's shares were promoted to 1st category of the Stock Exchange, becoming **the first** real estate company to achieve this. Since January 2015 the company shares are traded on **Premium** category according with the new local capital market segmentation.

Until 2013 IMPACT Developer & Contractor finalized **17 small and medium projects**, which comprised over **3,000 residences** and over 25,000 square meters of office and commercial spaces. On March 31st 2017, the company has in progress residential developments located in four cities in the country, each project having different sizes and being in various stages of completion. IMPACT activity is dominated by a major project: **GREENFIELD residential complex** in Bucharest.

On 6th of November 2014 the launch of the new development stage of GREENFIELD neighborhood took. Until present, it consists in **Salcamilor Assembly** - 35 blocks of flats with a height regime of GF+5, consisting of 924 apartments with 2, 3 and 4 rooms each, **Platanilor Assembly** respectively - 39 blocks with over 944 apartments, which will be completed in phases. In the first quarter of 2017, 12 blocks were completed, Phases 5 and 6 of the Platanilor Assembly, a number of 476 apartments. Work also started on another 12 blocks in phase 7, 276 apartments with scheduled completion in the last quarter of 2017.

The company's management follows the market trends and it appropriately responds to any changes in demand and very quickly adapts to market changes.

IMPACT makes constantly all the efforts in order to prove that it is customer-oriented, by being in line with the most specific needs of the consumer in this field. Implicitly, IMPACT proves a high level of adaptability to the specific market conditions, by succeeding in managing the existing realities and in identifying exploration resources of new business opportunities. To this end, the company's management continue to follow trends and market evolution and through the urban concepts innovation of the products it offers, will ensure the recognition of IMPACT Developer & Contractor as leader of the local real estate market, with focus on Romania's capital, Bucharest.

Company's organization

The Board of Directors is responsible with fulfilling all necessary and useful documents for developing the company's object of activity, except for those involving the General Shareholders Assembly, as stipulated by the law.

The company operates in compliance with an integrated management system (Quality – Environment – Occupational Security and Health) implemented in compliance with ISO 9001:2008, ISO 14001:2004 si OHSAS 18001:2007 standards, as certified during the first half of year 2015 by Lloyd's Register LRQA.

2. Share capital

Originally called SC IMPACT SA, the Company was established in 1991, according to the Law 31/1990. As of 4th October, 2006 the Company moved its headquarters from Bucharest District no 1, to Ilfov, Voluntary City in Construdava office building. At the same date, the company changed its name, as well. The identification data of the company are:

Name: IMPACT DEVELOPER & CONTRACTOR SA

Address: Voluntari, 4C Pipera-Tunari Street, Construdava Building Center, 6th floor, Ilfov County

Working point / Correspondence address: Willbrook Platinum Business & Convention Center, Sos. Bucuresti – Ploiesti, No. 172-176, Building A, 1st floor, Bucharest, District no 1,

Phone: +40-21-230.75.70/71/72, fax: +40-21-230.75.81/82/83

Registered with the Trade Registry Office attached to the Bucharest City Court under no. J 23/1927/2006

Sole Registration Code RO1553483.

The subscribed and paid share capital of the company, on June 30th 2017 is of RON 277.866.574.

All shares are ordinary and have equal ranking related to the Company's residual assets. The nominal value of one share is 1 Leu.

The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 10 shares during the meetings of the Company.

The consolidated structure of shareholders, which hold at least 10% of the share capital on the date of **June 12th 2017**, is as follows:

Shareholder	Ownership*)
Iaciu Gheorghe	49.48%
Andrici Adrian	15.24%
SWISS CAPITAL / SAI SWISS CAPITAL AM / FDI ACTIVE DINAMIC / APOSTOL SORIN	11.24%
Other individuals and legal entities	24.03%
Total	100.00%

*) according to "Depozitarul Central" Statement and reports to the Bucharest Stock Exchange

3. The company's management

Board of Administration

The Board represents the decision-making body on all significant aspects for the Company as a whole, due to its strategic, financial or reputational implications. The Board delegates the management powers of the Company, under the conditions and limits provided by the law and by the Articles of Incorporation.

The Board of Administration will perform all necessary and useful acts for the realization of the object of activity of the Company except for those provided by law in the competence of the general assembly of the shareholders and those delegated to the Chief Officer.

As of the date of 01st of September 2016, the position of Chief Executive Officer of the company shall be exercised by Mr. Bartosz Puzdrowski, with a 3 years mandate.

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The Board of Administration is structured such as to allow diligently fulfillment of duties. The Board regularly meets to ensure fulfillment of its duties in an efficient manner. There is a clear distribution of responsibilities between the Board and the executive management.

In the Ordinary General Meeting of the Shareholders held on April 28th, 2017, four administrators were elected by secret vote for a 4-year term, until 27th of April 2021.

The Board of Administration consists of 5 members :

- Gabriel Vasile, Administrator (until the date of 15.09.2017);
- Laviniu Dumitru Beze, Administrator;
- Daniel Pandele, Administrator;
- Ruxandra-Alina Scarlat, Administrator;
- Iuliana Mihaela Urda, Chairman of the Board of Administration.

Mr. Gabriel Vasile has been elected administrator during the General Ordinary Assembly dated 16th of September 2013, for a mandate of 4 years.

Executive Management of the Company

The Board of Administration decided that Mr. Bartosz Puzdrowski, Chief Executive Officer and Mr. Gabriel Vasile, Administrator, are empowered to represent the company, in accordance with the provisions of art. 143² paragraph 5 of the Law no. 31/1990, regarding the commercial companies, starting with 09.01.2017.

4. Financial assets

Impact Company holds investments in the following affiliates:

30-Jun-17				
	Ownership title	Gross value	Depreciation	Book value
Clearline Development and Management SRL	100.00%	22,400,000	(8,022,774)	14,377,226
Actual Invest House SRL	6.23%	109,950	(109,950)	0
Bergamot Developments SRL	99.00%	990	-	990
Impact Finance & Developments SRL	99.00%	990	-	990
		22,511,930	(8,132,724)	14,379,206

Company Clearline Development and Management SRL owns the remaining 93.77% of investments in Actual Invest House SRL.

a) **Actual Invest House S.R.L.**, a company within the Group, provides management services to new residential development projects.

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- b) Clearline Development and Management S.R.L.** (formerly Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation amounting to 17,053,000 lei, plus legal interest, a file that is currently being on trial with the Arges Tribunal and it is currently carrying out the expertise (Urban and Construction) as ordered in the case.
- c) Bergamot Developments S.R.L.**, a company within the Group shall further develop a residential assembly of approx. built 63,000 sq.m. and a number of 630 apartments.
- d) Impact Finance & Developments S.R.L.**, has an important role in the diversification of services related to the sale of dwellings. Impact Finance&Developments collaborates with major financial institutions from Romania in order to provide credit solutions for customers that purchase apartments.

5. Affiliates

Transactions with affiliates

	Transactions value as of	Balance as of
	30-Jun-17	30-Jun-17
Sale of goods and services		
Affiliates		
Sale of goods and services	76,122	127,502
Clearline Development and Management	4,366	41,317
	80,488	168,818
	Transactions value as of	Balance as of
	30-Jun-17	30-Jun-17
Purchase of goods and services		
Affiliates		
Actual Invest House	3,838,137	2,183,109
Clearline Development and Management	0	699
	3,838,137	2,183,808

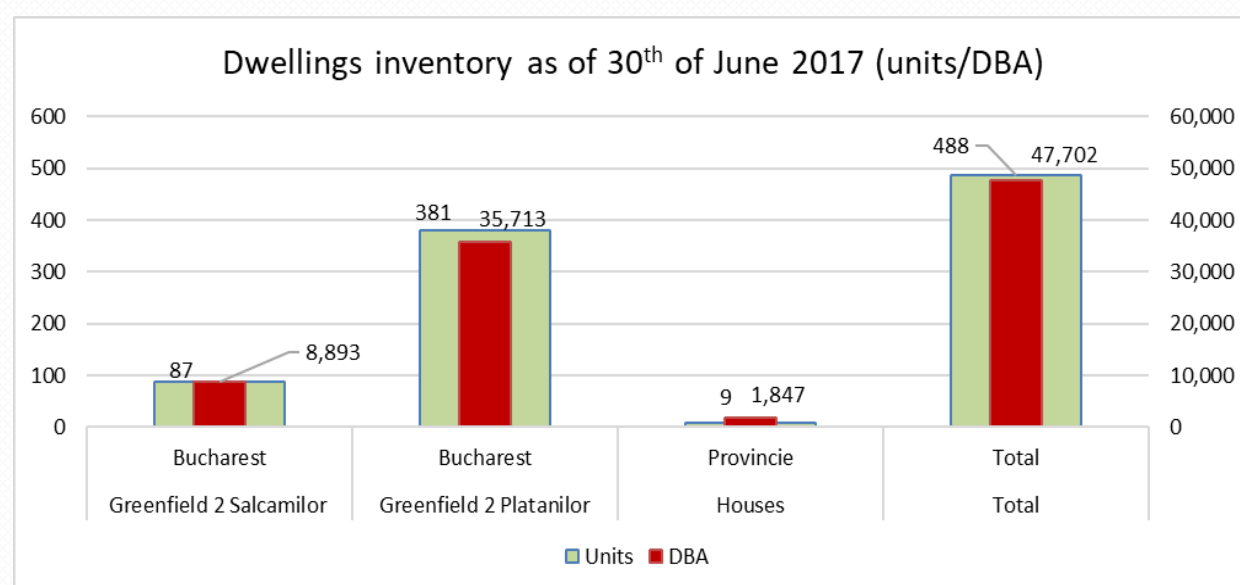
	30-Jun-17		
	Gross value	Depreciation	Book value
Granted loans			
Affiliates			
Clearline Development and Management	1,130,338	1,130,338	0
	1,130,338	1,130,338	0

6. Inventories and investment properties

a) Apartments and houses

On 30th of June 2017 there were in inventories a number of 488 houses and apartments fully completed, with a built developed surface of 47.702 sq.m. and a book value of RON 117.5 milions. Apartments and houses registered as Investment Properties, registered as Fixed Assets and inventories, have been re-valuated in accordance with market value by Colliers Valuation and Advisory SRL, external evaluator, independent, authorized by the National Union of Authorized Evaluators in Romania ("ANEVAR"), with vast experience in terms of location and category of the evaluated property.

Detailed statement on houses and apartments inventories as of 30th of June 2017 is the following:



In phase 7 from Platanilor Assembly there are 12 buildings under construction (276 apartments totaling 27,500 sq.m.), which shall be completed in stages, starting with Nov-2017.

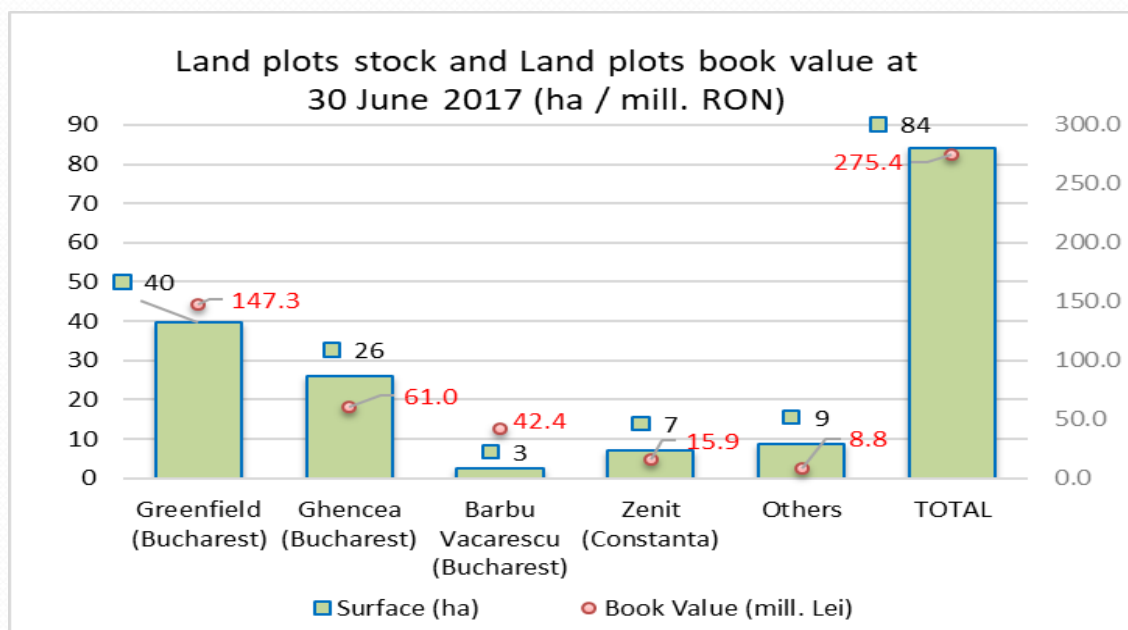
b) Land plots

At the end of the first semester of 2017, there were in inventory approximately 840.000 sq.m. of land plots for the sale and development of new projects. The land plots registered as Investment Properties, but also registered as Fixed Assets, have been re-valuated in accordance with market value by Colliers Valuation and Advisory SRL, external evaluator, independent, authorized by the National Union of Authorized Evaluators in Romania ("ANEVAR"), with experience in terms of location and category of the evaluated property.

The structure by cities of land plots inventory is shown in the graphic below:

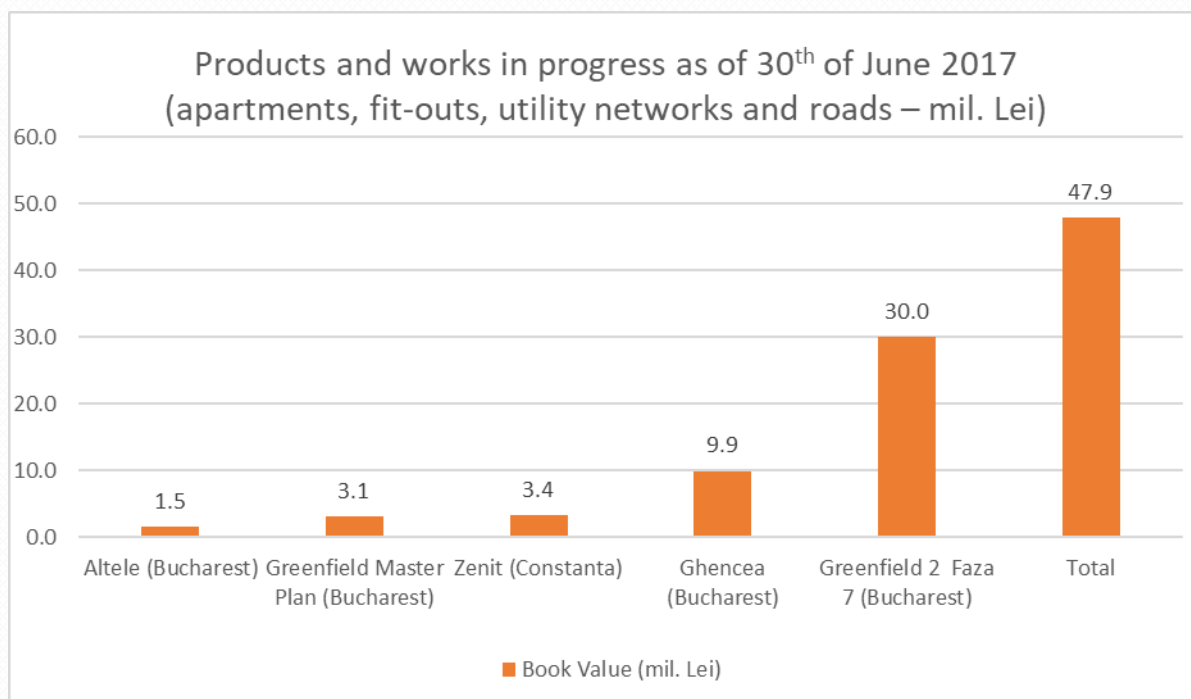
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c) Products and works in progress (apartments, fit-outs, utility networks and roads)

Structure of products and works in progress is shown in the following chart:



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7. Cash and cash equivalents

	31-Dec-16	30-Jun-17
Current accounts	17,403,964	10,912,486
Cash	28,216	9,746
Advance for settlement	-	20,102
	17,432,180	10,942,334

8. Long and short term borrowings

On the date of June 30th 2017, the analysis of the bank loans was the following:

No of contract	Name	Currency	Maturity	Contract value	Contract value	Balance on 30.06.2017	Balance on 30.06.2017	Total balance after re-valuation	Short term	Long term
				(euro)	(lei)	(euro)	(lei)	(lei)	(lei)	(lei)
301/30.08.2006	Piraeus Bank Grecia Londra branch	EUR	21-Oct-17	12,807,270		928,702	4244351.8	4,229,214	4,229,214	
422/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-17		4,047,000		3,979,011	3,423,854	3,423,854	
423/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-18		20,235,000		20,178,076	17,402,293	17,402,293	
175/04.05.2017	Banca Transilvania-Lipscani	RON	28-Feb-19		3,861,180		1,545,974	1,545,974		1,545,974
176/04.05.2017	Banca Transilvania-Lipscani	RON	28-Feb-19		20,322,000		8,215,199	8,215,199		8,215,199
BA1562/23.09.2016	Libra Internet bank	RON	23-Sep-20		35,000,000		35,000,000	25,349,256		25,349,256
Total				12,807,270	83,465,180	928,702	73,162,611	60,165,790	25,055,361	35,110,429

9. Provisions

On the date of June 30th 2017, the balance provisions are as follows:

a) Provisions for litigations - in balance on the date of 30th of June 2017 amounted to RON 0.007 mill.

b) Provisions for shares held in affiliated entities amount to 9.26 mill. lei out of which 8.13 mill. lei afferent to shares held in Actual Invest House and Clearline Development & Management and 1.13 mill. lei afferent to settlements within group.

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c) Provisions for receivables of clients and sundry debtors. The provisioned amount is 5.54 mill. lei and it is afferent to balances older than 360 days of which recovery is uncertain, balances afferent to clients in insolvency, amounts under litigation (for partner Floreasca Construction the amount set up in 2016 is of de 3.05 mill. lei).

d) Provisions for depreciation of inventory, houses and lands amounting to 3.84 mill. lei.

e) Provisions for utility networks and roads from residential compounds where IMPACT does no longer owns buildings and land plots for sale and which were sold or are about to be sold to the owners associations or local councils from the areas where the projects take place. For these assets were signed selling buying promises and they were handed over to the new owners. The value of provisions booked on 30th of June 2017 is of 11,42 mill. lei afferent to lands, networks tangible assets and to to the production in progress.

f) Provisions for execution of general infrastructure for Greenfield II project, according to the approved Master Plan for further fit-out of roads, access ways and future city networks, provisions had been set up for each sq.m. of sold construction, amounting to 7.92 mil. Lei.

10. Operational revenues recorded on 30th of June 2017

The main revenues are from sales of dwellings and land plots, revenues from rents and services provided.

The structure of operational revenues is the following:

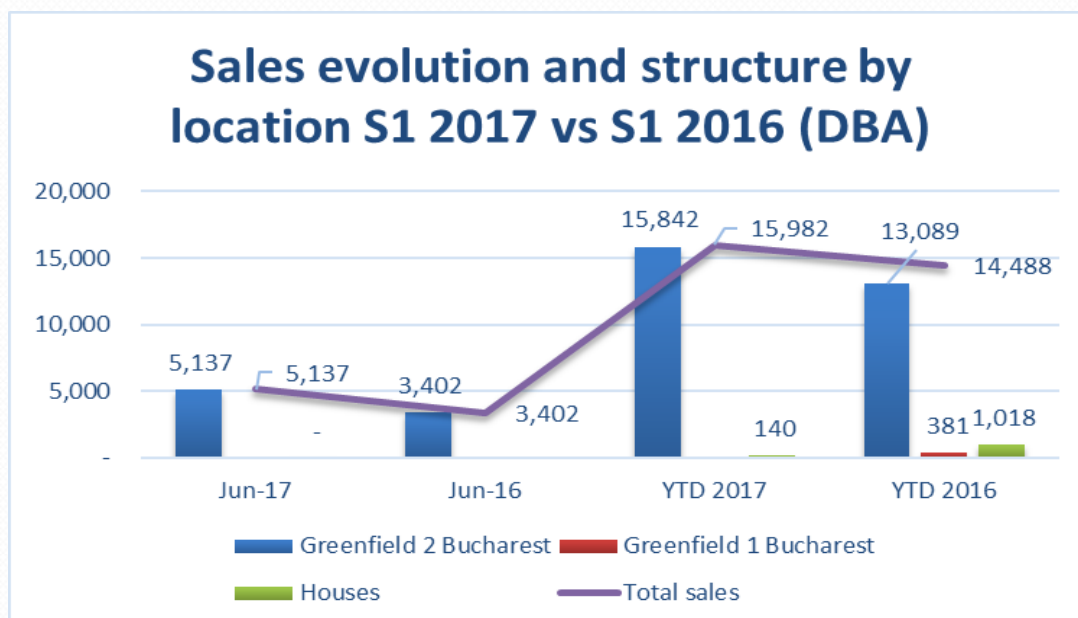
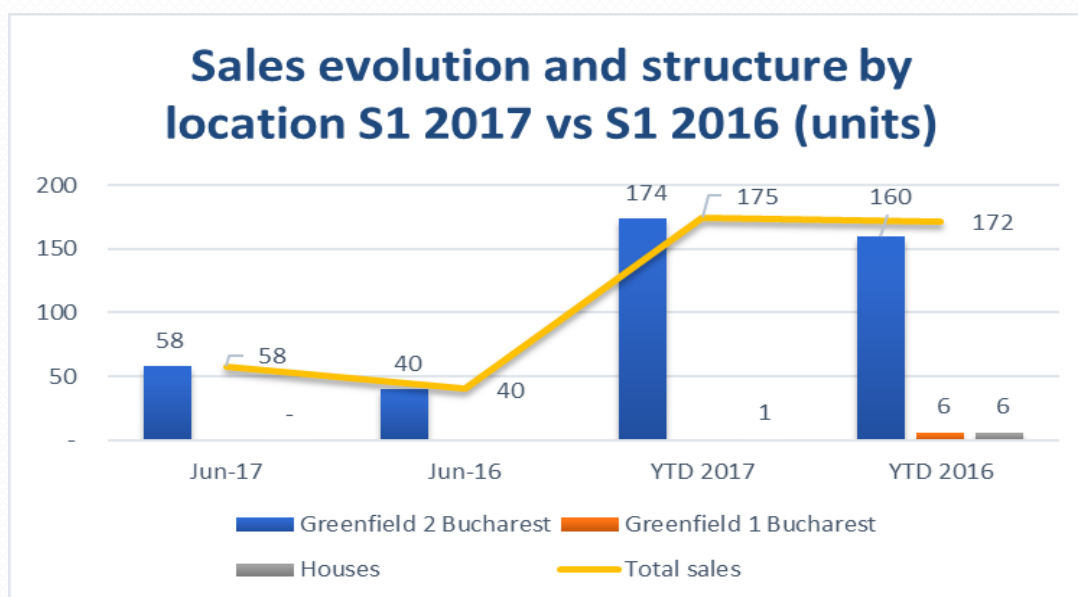
	30-Jun-16	30-Jun-17	Difference in value	↑↓	%
Revenues from sale of finished products	51,832,749	67,462,519	15,629,770	▲	30%
Revenues from rentals	745,130	365,491	-379,639	▼	-51%
Revenues from recharged utilities	1,102,441	1,679,895	577,454	▲	52%
Revenues from sale of investments properties	1,434,154	0	-1,434,154	▼	-100%
Other revenues of operational nature	517,318	1,204,853	687,535	▲	133%
Total	55,631,792	70,712,758	15,080,966		27%

Also, the works of Phases 5 and 6 were completed at the end of March 2017. On 30th of June 2017 for stages 5 and 6 a number of 65 promises and reservations were signed, representing 13.7% of the total of 476 aptments.

a) Sales of apartments and houses

In the first semester of 2017, sales reached a number of **175 properties** (apartments and houses) and **22 parking places, 4 land plots** totaling a total built area of 16.032 sq.m., by 10,6 % more compared to the previous year (14.488 sq.m.).

Sales increased by 1,7% from **172 units** during the 1st semester in 2016, to **175 units** during the 1st semester of 2017, while the average transaction volume rose by more than 19%, from approx EUR 69,200 in 2016 to EUR 82,300 during the 1st semester in 2017.



b) Sales of land plots

In the first semester of 2017 four plots of land were sold, 1 in Oradea with an area of 622 sqm and one plot of land at Voluntari with an area of 431 sqm, one plot of land at Amber with an area of 407 sqm and one plot of land at Zenit with an area of 287 sqm. Compared to the previous period, when there were sold 3 plots of land, with an area of 2,030 sqm. In the first semester of 2017 the total area of 1,747 sqm is by 14% less compared to the same period in 2016. The decrease in the volume of land sales is accentuated by the low appetite of buyers for this product, plus the lack of funding.

c) Rentals

The activity of apartment lease is no longer a priority for the Company in the past years. Most of the dwellings on which lease contracts were terminated starting with 2015, were sold and therefore, at the end of the first semester of 2017 there were only 6 leased dwellings, which will be sold when the lease agreements end.

11. Operational expenses recorded as of 30th of June 2017

Operational expenses increased by 16 % compared to the similar period in 2016.

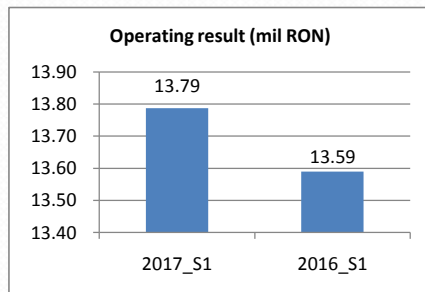
Compared to the operational result of 13.6 million lei on 30th of June 2016, in 2017 the operational result was 13.8 million lei (1.4%).

	30-Jun-16	30-Jun-17	Difference in Value	↑↓	%
Book value of sold residential inventories	(36,720,960)	(40,131,696)	(3,410,736)	▲	9%
Operational costs afferent to sold/leased properties	(1,046,768)	(1,589,433)	(542,665)	▲	52%
Book value of investment properties	(1,304,721)	-	1,304,721	▼	-
Consumption of raw materials	(301,037)	(903,768)	(602,731)	▲	200%
Services provided by third parties	(3,290,231)	(4,796,711)	(1,506,480)	▲	46%
Employee benefits expenses	(3,403,163)	(5,664,241)	(2,261,078)	▲	66%
Other operating expenses	(2,496,228)	(3,154,180)	(657,952)	▲	26%
Total	(48,563,108)	(56,240,029)	(7,676,921)		16%

Interest expenses increased by 94% due to the works contracted for stages 5, 6 and 7.

	30-Jun-16	30-Jun-17	Difference in value		%
Financing costs	(493,428)	(957,482)	(464,054)	▲	94%
Financial income	12,394	(117,225)	(129,619)	▲	-1046%
Exchange rate differences	51,329	11,505	(39,824)	▼	-78%
Other financial items, net	(46,082)	(213,368)	(167,286)	▲	363%
Total	(475,787)	(1,276,570)	(800,783)		168%

Operating profit versus total revenues increased by 1.4% in anul 2017 compared to 2016, due to a higher number of sales compared to the previous year.



12. Strategic Directions and Activities Guidelines of IMPACT in 2017

During the first semester of 2017 there were signed sales, reservations and promises of sale for the apartments of Salcamilor (stages 2, 3, 4) and Platanilor Assemblies (stages 5 and 6). Thus, on June 30th, 2017 there were 17 promisses and reservations signed for apartamente in cartierul Ansamblul Salcamilor si 67 de promisiuni si rezervari pentru apartamente din Ansamblul Platanilor, aflat in constructie. Gradul de precontractare a apartamentelor din etapele 5 si 6 scoase la vanzare a depasit 34%

The beginning of year 2017 was marked, on one hand, by the commencement of construction of 12 buildings in the Platanilor Assembly, and on the other hand, by the completion of works in stages 5 and 6 in the same assembly.

The new residential developments will benefit from all location advantages communicated under Greenfield brand (900 ha of forest, in the vicinity of Baneasa and Tunari Forests, 5 minutes from Baneasa Business Center - Metro Cash&Carry, Selgross, IKEA, Mobexpert, Carrefour Feeria, Bricostore, imediate access to DN1 Bucharest – Ploiesti, 10 minutes to the two airports: Baneasa and Henri Coanda).

The second stage of development of Greenfield neighborhood aims to expansion of dwelling area within an improved concept, adapted to current market conditions, as well as attracting investors/operators for improving the facilities/services serving the dwelling area.

Regarding Greenfield project, the management objective is that at the end of this year to complete the construction works for 39 blocks under development having 944 apartments, totalizing 90,000 sqm.

Also, the company's activity is focused on preparing the necessary documentation for approval of PUZ for the Greenfield Plaza urban center with a total area of 10,400 square meters which will include a spa, shops and services of approximately 8,000 sqm and an administrative headquarters of 2,400 sqm.

In 2017, Impact, through Bergamot subsidiary, started the acquisition of a plot of land in Bucharest, Expozitiei-Domenii area on which a residential project will be developed comprising 9 blocks with 630 units on a total area of 2.25 ha.

Another major objective of the Company in 2017, is finalizing the technical documentation for development of a new residential project in Bucharest in the Timisoara boulevard – Prelungirea Ghencea area, where the company owns a land of approximately 26 ha.

The company intends to speed up the production cycles and product standardization so that the offer of IMPACT should be aligned with the market requirements, this being one of the concerns of the management in the current period in order to reach the sales objectives and profitability.

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In order to finance the residential developments, besides own financing sources from reinvested profits, co-financing of development expenses will be provided through bankloan facilities.

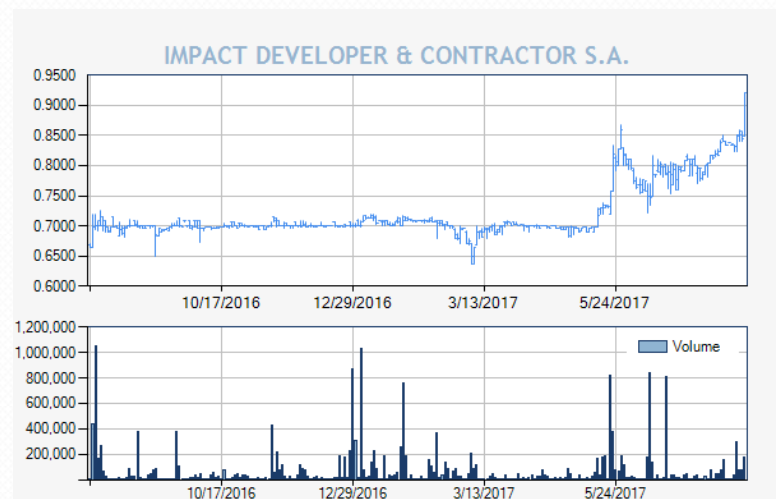
In order to sustain the development activity and to finance the mentioned projects, the company has proposed to obtain financing from the capital market through the issuance of corporate bonds up to a maximum of 135 million ROL with a maturity of 7 years. In this respect, the Extraordinary General Assembly approved the issuance of the bonds by GEAS decision no. 1 / 30.01.2017, and the management of the company started the steps for selecting the consultants.

At the same time, through the decision of AGEA no. 3 / 15.06.2017, the issuance of bonds by the Company was approved (whether nominative or bearer, guaranteed or unguaranteed, in materialized or dematerialized form, if listed on any scholarship or not / or denominated in ROL, EUR, any other currency or any combination of the above), with a maximum nominal value of EUR 25,000,000 or the equivalent in any other currency and with a maturity of up to 7 (seven) years, part of this amount was subscribed on July 10th, 2017 by 2 investment funds managed by Credit Value Investments at a total nominal value of EUR 12,000,000.



13. Capital Market

*IMPACT share price evolution
(September 2016 – June 2017)*



IMPACT DEVELOPER & CONTRACTOR SA has been listed at the Bucharest Stock Exchange since the year 1996. Starting with the year 2006 its shares are quoted in the first category of BVB. Since January 2015, IMPACT shares, in a number of 277,866,574, are traded on the Premium category according to the new segmentation of Bucharest Stoc Exchange.

The market capitalization of the company at the end of June 2017 is of

EUR 48.7 mill..

BET Index Evolution (September 2016 – June 2017)



There are no restrictions for the security transfer, there are no restrictions for the voting rights, there are no holders of securities with special control rights.

According to the situation reported by the Central Depository and reports to the Bucharest Stock Exchange, among

the shareholders that held over 10% of the company shares on 30.06.2017 are: Gheorghe Iaciu holds 49.48%, Andrici Adrian holds 15.24% of the share capital, and 35.27% was held by other shareholders.

On 12.06.2017, 3.06% of the shares were held by legal entities and 96.9% of the shares were held by individuals.

The BET index recorded on June 30th, 2017 an increase of 21% compared to the same period of the last year, and the IMP shares have recorded an increase of 6% (0,750 lei/ share on 30.06.2016 compared to 0,798 lei/ share on 30.06.2017).

14. Performance indicators

Economic and financial indicators – evolution:

Indicators	31-Dec-15	30-Jun-16	31-Dec-16	30-Jun-17
Return on Assets	-0,95%	2,93%	6,11%	2,44%
Return on Equity	-1,23%	3,67%	7,58%	3,13%
Debt ratio (Total debt vs. Total asset)	22,83%	20,00%	19,37%	22,00%
Leverage (Equity vs. Total asset)	77,17%	79,95%	80,63%	78,01%
Gearing ratio (Loans vs. Equity)	12,68%	15,48%	14,65%	15,41%
Current ratio	2,85	5,50	6,39	5,59
Quick ratio	0,56	0,64	0,67	0,55

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Indicators	Dec-14	Dec-15	Dec-16	Jun-17
Price per share	1.485	0.94	0.7	0.798
No of shares	277,866,574	277,866,574	277,866,574	277,866,574
Stock exchange capitalization (RON)	412,631,862	261,194,580	194,506,602	221,737,526
Exchange rate	4.4821	4.5245	4.5411	4.5539
Stock exchange capitalization (EUR)	92,062,172	57,728,938	42,832,486	48,691,786
Book net asset (RON)	365,579,741	361,140,518	390,776,564	390,521,694
Book net asset (EUR)	81,564,387	79,818,879	86,053,283	85,755,439
Annual / Quarterly profit (RON)	4,091,143	(4,459,409)	29,610,138	12,236,773
Annual / Quarterly profit (EUR)	920,475	(1,003,242)	6,593,511	2,697,582
Gain by share (RON)	0.015	-0.016	0.107	0.044
Gain by share (EUR)	0.003	(0.004)	0.024	0.010
NAV/Share (RON)	1.316	1.300	1.406	1.405
NAV/Share (EUR)	0.294	0.287	0.310	0.31
Premium/discount compared to net book asset	13%	-28%	-50%	-43%

EPRA¹ Net Asset Value:

Currency EUR	30-Dec-16	30-Jun-17
No. of shares	277,866,574	277,866,574
IFRS NAV	86,053,283	85,755,439
IFRS NAV/share	0.31	0.31
EPRA NAV	104,100,898	120,444,337
EPRA NAV/share	0.37	0.43

The objective of the **EPRA Net Asset Value** is to highlight the fair value of net assets on an ongoing analysis on a long term horizon.

Adjustments are considering the revaluation of assets and land available for sale to net realizable value.

¹"EPRA" European Public Real Estate is an association representing public real estate companies listed in Europe.

15. Events after the balance sheet date

1. On July 10th, 2017, the Company offered 120 A series bearer bonds for subscription, each with a face value of EUR 100,000 and a total face value of EUR 12,000,000, issued in a physical form, to two funds of investments managed by Credit Value Investments Sp. Z o. (CVI) which accepted the Offer on the same date. The bonds were initially offered at a price of € 98,400 per Bond (or € 11,808,000 per Bond total). The bonds were issued on 11th of July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will mandatory redeem 50% of the nominal value of the Bonds. Bonds bear interest at a fixed rate of 6.00% per annum, payable twice a year.

Income from the Bond Issue was used to fund land acquisition through Bergamot Developments to develop and build residential projects. The bonds will be mainly secured by a first-rate mortgage covering the obligations arising from the Bonds up to the guaranteed maximum amount of EUR 18,000,000 (eighteen million) on nine plots of land with a total area of 196,407 Sqm located in Bucharest, 1st District, Romania, which are the exclusive property of the Company, as well as their accessories. The Company has an early redemption option of the Bonds, which can be exercised from the second interest payment date, provided that the minimum redeemed amount is at least EUR 1,000,000.

2. On 14th of July 2017, the loan agreement between Bergamot Developments, affiliated party, borrower and Impact Developer & Contractor, lender, was signed. The purpose of this loan agreement is to acquire land plots and build on them a residential complex. The loan amount is 54,000,000 ron with an interest rate of 6.5% / year, with repayment term no later than August 15th, 2017, with the possibility to be converted into share capital.

3. On July 17th, 2017, BERGAMOT DEVELOPMENTS concluded with BLUEROSE RO CORPORATION the sale contract through which it acquired a plot of land in the area of 22,982 sqm located in Bucharest, 1st District, 68 Clabucet Street, in order to develop a residential complex of approximately 63,000 sqm built. The acquisition price was EUR 10,571,720. The price has been paid in full.

4. On July 28th, 2017, a mortgage loan was signed for real estate investments with the purpose of financing the construction, installation and interior/exterior design of the "Platanilor Assembly", Greenfield II, Phases 7.2 and 7.3, located in 290-296 Alea Teisani, 1st District, Bucharest, consisting of 12 blocks with height regime GF + 4S and GF + 5S. The contract is concluded with PIRAEUS BANK ROMANIA S.A. and has a value of 32,730,000 lei and a maturity of 36 months from the date of signing.

The following securities were set up:

- The first rank estate mortgage on the land and the future constructions representing: The collective dwellings ensemble Greenfield 2, stages 7/2 and 7/3, located in Bucharest, Alea 290-296 Teisani, 1st District.
- Real security guarantee on current receipts and accounts of Impact Developer & Contractor SA. with PIRAEUS BANK ROMANIA SA, at the value of the guarantee.
Assignment of receivables from the sale of real estates (apartments, parking lots, land share) related to phase 7.2 and 7.3, with registration at AEGRM, at the value of the guarantee.

16. Auditors

By Decision of General Shareholders Assembly in April 2017 the contract with the current external financial auditor of the Company, DELOITTE AUDIT SRL, was extended for a mandate of 1 (one) year.

The Financial Statements as of June 30th 2017 **are not audited**.

Chief Executive Officer

Bartosz Puzdrowski

Chairman of the Board of Directors

Iuliana Mihaela Urda

Chief Financial Officer

Bogdan Nicolae Geanta