IMPACT DEVELOPER & CONTRACTOR SA

Individual and unaudited financial statements as of June 30th 2016

Semiannual Report 2016

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

Content:

Statement of Financial Position *on June 30th 2016*

	31-Dec-2015	30-Jun-2016
ASSETS		
Tangible assets	5,722,775	5,977,284
Intangible assets	117,491	177,529
Investment Property	214,898,889	188,085,509
Financial assets	14,377,226	14,377,226
Non-current receivables	11,367,047	11,544,710
Total Non-current assets	***246,483,428***	***220,162,258***
Inventories	177,887,026	219,718,107
Trade and other receivables	26,405,139	17,067,234
Prepayments	118,140	87,106
Cash and cash equivalents	17,080,848	11,837,329
Total Current Assets	***221,491,153***	***248,709,776***
Total Assets	***467,974,581***	***468,872,034***
Share capital	285,330,158	285,330,158
Share premiums	84,175,480	84,175,480
Revaluation reserves	3,190,469	3,111,956
Other reserves	3,859,821	3,938,335
Reported result	(10,956,001)	(15,415,410)
Net profit for the period	(4,459,409)	13,744,785
Total equity	***361,140,518***	***374,885,304***
Loans	13,228,061	32,628,270
Trade and other payables	2,832,954	3,111,266
Deferred taxes	13,000,347	13,000,347
Total long term current liabilities	***29,061,362***	***48,739,883***
Loans	32,560,942	25,402,234
Trade and other payables	25,384,120	18,457,995
Provisions for risk and charges	19,827,639	1,386,618
Total Current liabilities	***77,772,701***	***45,246,847***
Total liabilities	***106,834,063***	***93,986,730***
TOTAL equity and liabilities	***467,974,581***	***468,872,034***

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Bogdan Geanta

Statement of Comprehensive Result *on June 30th 2016*

	30-Jun-2015	30-Jun-2016
Revenue from sale of residential inventories	49,924,526	51,832,749
The accounting value of sold residential inventories	(35,558,094)	(36,720,960)
Profit / loss from sale of real estate properties	***14,366,432***	***15,111,789***
Rental incomes	654,747	745,130
Operating incomes recharged to tenants	1,484,920	1,102,441
Operating expenses related to rented/sold properties	(1,266,400)	(1,046,768)
Net rental income	***873,267***	***800,803***
Income from sale of investment properties	3,490,922	1,434,154
Book value of sold investment properties	(3,408,366)	(1,304,721)
Profit/loss from sale of investment properties	***82,556***	***129,433***
Revenues from services rendered	51,288	12,255
Raw materials and consumables used	(339,847)	(301,037)
Third party services	(2,580,702)	(3,290,231)
Employee benefits expense	(3,195,407)	(3,403,163)
Other operating income	1,341,065	505,063
Other operating expense	(3,130,864)	(2,496,228)
Other operating income - ANAF Litigation	-	6,520,563
Other operating income / (expenses), net	***(7,854,467)***	***(2,452,778)***
Earnings before interest, taxation, depreciation and amortization (EBITDA)	***7,467,788***	***13,589,247***
Depreciation and amortization	(313,865)	(300,266)
Impairment of assets, other than investment properties	693,043	931,591
Depreciation and related impairment charges / reversals, other than investment properties	***379,178***	***631,325***
Earnings before interest and taxation (EBIT)	***7,846,966***	***14,220,572***
Financing costs	(834,242)	(493,428)
Financing income	23,186	*12,394*
Foreign exchange result	75,863	*51,329*
Other financial result	(43,012)	(46,082)
Financial result	***(778,205)***	***(475,787)***
***Gross profit* (EBT)**	***7,068,761***	***13,744,785***
Income tax	-	-
Net profit / (loss) for the period	***7,068,761***	***13,744,785***

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Bogdan Geanta

Statement of changes in equity *on June 30th 2016*

	Capital social ajustat	Prime de capital	Rezerva din reevaluare	Alte rezerve	Rezultatul reportat	Total
Balance on January 1st 2015	**285,330,158**	**84,175,480**	**1,095,170**	**5,934,934**	**(10,956,001)**	**365,579,741**
Total comprehensive income for the period						
Result of the period					(4,459,409)	(4,459,409)
Other comprehensive income						0
Realization of the revaluation reserve related to sold assets	-	-	20,187	-	-	20,187
Reversal of revaluation reserve related to impaired assets, net	-	-	-	-	-	-
The deferred tax liability related to revaluation reserve	-	-	(2,057,455)	2,057,455	-	-
Other transfers			4,132,567	(4,132,567)		
The legal reserve established	-	-	-	-	-	-
Total other comprehensive income elements	**-**	**-**	**2,095,299**	**(2,075,112)**	**-**	**20,187**
Transactions with shareholders recognized directly in equity	**-**	**-**	**2,095,299**	**(2,075,112)**	**(4,459,409)**	**(4,439,222)**
Share capital increase						
Total transactions with shareholders recognized directly in equity						
Total comprehensive income for the period	**-**	**-**	**2,095,299**	**(2,075,112)**	**(4,459,409)**	**(4,439,222)**
Balance on December 31st 2015	**285,330,158**	**84,175,480**	**3,190,469**	**3,859,821**	**-15,415,410**	**361,140,518**
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	-	-	-	-	13,744,785	13,744,785
Other comprehensive income						
Realization of the revaluation reserve related to sold assets	-	-	(78,513)	78,513	-	
Deferred tax assets related to the revaluation reserve	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**(78,513)**	**78,513**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**(78,513)**	**78,513**	**13,744,785**	**13,744,785**
Balance on June 30th 2016	**285,330,158**	**84,175,480**	**3,111,956**	**3,938,335**	**(1,670,625)**	**374,885,304**

Statement of Cash flow *on June 30th 2016*

	30-Jun-2016
Cash flows from operating activities	
Profit before income tax	**13,744,785**
Amortization	300,266
Increase / (decrease) in provisions for risks and charges	8,132,154
Financing costs	(527,116)
Exchange difference	51,329
Cash flows before changes in working capital	**21,701,418**
Decrease / (increase) in trade receivables and other receivables	9,191,276
Decrease / (increase) in inventory	(17,254,012)
Decrease / (increase) in trade payables and other payables	(32,289,398)
Net cash used from operating activities	**(18,650,716)**
Cash flows from investment activities	
Net cash used in investing activities	**689,907**
Cash flow from financing activities	
Proceeds /(Payments) from loans	12,241,502
Interest paid	527,116
Exchange difference	(51,329)
Net cash used in financing activities	**12,717,289**
Net increase/(decrease) in cash and in cash equivalents	**(5,243,520)**
Cash and cash equivalents at the beginning of the period	**17,080,848**
Cash and cash equivalents at the end of the period	**11,837,329**

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Bogdan Geanta

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. 297/2004, such entities have to prepare individual financial statements also.

The Company is one of the first companies 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 the residential concept on the Romanian market 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 achive this. Since January 2015 the company shares are traded on **Premium** category according with the new local capital market segmentation.

During the past 25 years, 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 June 30th 2016, the company was involved in residential developments located in four cities in the country, each project having different sizes and beeing in various stages of completion. IMPACT activity is dominated by a major project: **GREENFIELD residential complex** in Bucharest.

On 6th November 2014, the launch of **Salcamilor compound took place**, which is the new development phase of GREENFIELD complex.

Salcamilor compound is first developed in the new stage in GREENFIELD II, joining the five existing compounds – Blue, Rubin, Topaz, Onix and Quartz.

Also was started construction of **Platanilor Assembly**, respectively 39 blocks with 888 apartments, which will be completed in phases, starting with Q1 / 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 trends and identifying resources for 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 constant 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 performing the company's object of activity, except for those involving the General Shareholders Assembly, as stipulated by the law.

The executive management is performed by the general Director and the Financial Manager of the Company.

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 certificed 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 2016 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 30th 2016**, is as follows:

Shareholder	Ownership*)
Iaciu Gheorghe	49.48%
Andrici Adrian	15.24%
SWISS CAPITAL / SAI SWISS CAPITAL AM / FDI ACTIVE DINAMIC / APOSTOL SORIN	10.46%
Other individuals and legal entities	24.82%
Total	**100.00%**

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

3. The company's management

Board of Administration

Pursuant to the legislation in force and the company's Articles of Incorporation, the General Assembly of Shareholders is the managing and decisional body of the company, deciding upon its business.

The company is lead by the Board of Administration, consisting of five administrators, individuals:

- Iuliana Mihaela Urda, Chairman of the Board of Administration;
- Liviu Stan, Administrator and General and Procurement Director;
- Gabriel Vasile, Administrator;
- Konstantinos Tasoulas, Administrator;
- Victor Rachita, Administrator.

Mrs. Iuliana Mihaela Urda was elected in the Board of Administration in the General Ordinary Assembly in 26th of April 2013, by cumulative vote method, for a four years mandate, until April 2017.

Mr. Gabriel Vasile was appionted as administrator in the General Ordinary Assembly on 16th of September 2013, Mr. Liviu Stan was appointed as in the General Ordinary Assembly on 25th of April 2014, and Mr. Konstantinos Tasoulas was appointed as administrator in the General Ordinary Assembly held on the date of 25.04.2015, and Mr. Victor Rachita was elected as administrator by the General Ordinary Assembly which took place on the date of 22.04.2016.

Members of the Board of Administration of IMPACT, acknowledging the resignation of Mr. Lucian Claudiu Mateescu from the position of Administrator and General Director, as from the date of 14th of December 2015, appointed for a temporary period in the position of General Director, Mr. Liviu Stan, who also holds the position of Procurement Director.

The Board of Administration is structured, so as to enable fulfillment of duties in a diligent manner. The Board meets regularly to ensure fulfillment of its duties in an efficient manner. There is a clear distinction and allocation of responsibilities between the Board and the.

Executive Management of the Company

The board of Administration decided that Mr. Liviu Stan, General and Procurement Director and Mr. Bogdan Nicolae Geanta, Financial Director, to be empowered to represent the company, pursuant to provisions under art.143 2 par. 5 in Law 31/1990, on trading companies, as from the date of 14.12.2015.

4. Shares held in affiliated entities

Name of the company	Headquarter	Share Capital Value	Value of IMPACT's investment 30-Jun-2016	IMPACT's Participation percent 30-Jun-2016
Actual Invest House SRL	Voluntari, Pipera-Tunari no.4C, Construdava Business Center, room 4, office no.2, ground floor, Ilfov County	1.765.000	109.950	6,23%
Clearline Development & Management SRL	Voluntari, sos Pipera Tunari no. 4C, Construdava Business Center, ground floor, Ilfov County	22.400.000	22.400.000	100,00%
TOTAL			**22.509.950**	

a) ***Actual Invest House S.R.L***, a company in the IMPACT Group that has an important role in the diversification of services related to the sale of dweelings. Actual Invest House collaborates with major financial institutions from Romania in order to find solutions for credit facilities in the shortest time possible for customers who intend to purchase a dweeling. It also provides management services for new residential development and furniture and interior decoration services by partnering with leading suppliers at reasonable prices using high quality materials.

b) ***Clearline Development and Management S.R.L.*** (formerly Lomb SA) is the company project of IMPACT established in order to develop a residential project in the city of Cluj-Napoca in partnership with the local authority. For the investments made by Clearline Development&Management SRL in order to develop the Lomb project in Cluj City, the project company has claims and respective litigation in the amount of 17,053,000 lei, plus legal charges. The case is currently investigated by the Court Law in Arges County, and the expertise of file is ongoing (Urbanism and Constructions).

On the date of **June 30th 2016** provisions were maintained at the amount of 8.1 mil. Lei, for the devaluation of financial investments held in affiliated entities.

5. Operational revenues recorded during the first semester of 2016

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

The structure of operational revenues is the following:

	30-Jun-2015	30-Jun-2016	Difference value	%
Revenues from sale of finished products	49,924,526	51,832,749	1,908,223	4%
Revenues from rentals	654,747	745,130	90,383	14%
Revenues from recharged utilities	1,484,920	1,102,441	-382,479	-26%
Revenues from sale of investments	3,490,922	1,434,154	-2,056,768	-59%
Other revenues of operational nature	1,392,353	517,318	-875,035	-63%
Other revenues of operational nature - ANAF Litigation	0	6,520,563	6,520,563	
Total	**56,947,468**	**62,152,355**	**5,204,887**	**9%**

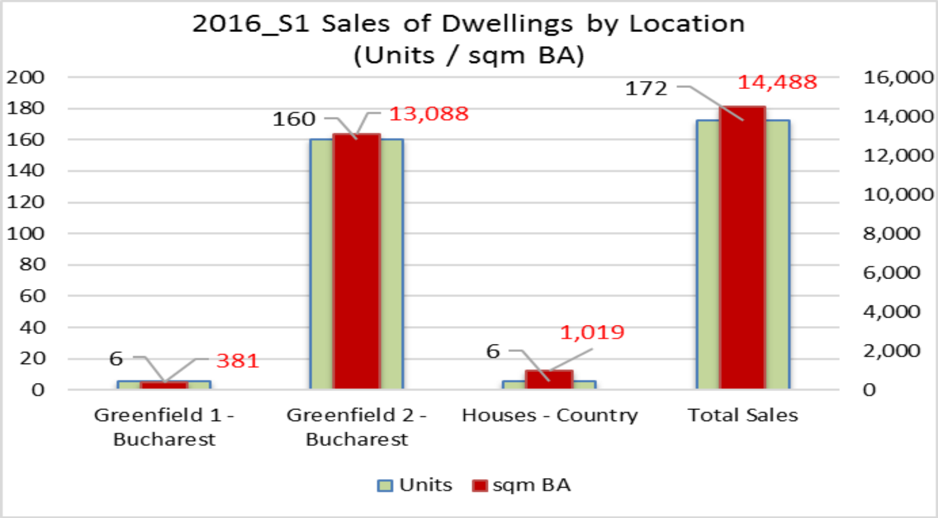
A significant influence on operating income was attributed to the final settlement and the respective adjustmentof the required provision for litigation with ANAF in case 60772/3 / 2011 pronounced on March 24th, 2016 by criminal decision 527 / A pronounced by the Court of Appeal.

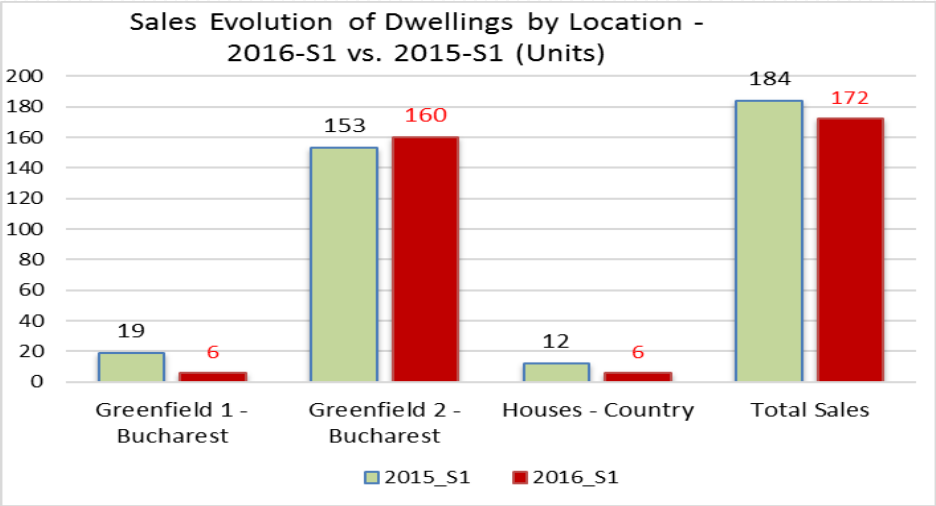
a) Sales of apartments and houses

In the first semester of 2016 sales amounted to 172 buildings (apartments and houses) and 189 parking lots, totaling a number of 14,488 sq.m., over 6% less compared to the first semester of the previous year.

Sales evolution by location is of 160 apartments in Salcamilor Assembly (3 apartments in phase 1, 122 apartments in phase 2 and 35 apartments in phase 4), 6 apartments in Greenfield 1, 4 houses in Oradea, 1 house in Ploiesti si 1 house in Constanta.

The new residential development started by IMPACT DEVELOPER & CONTRACTOR SA in the summer of the year 2014 - the SALCAMILOR Compound located in GREENFIELD complex, generated the biggest contribution to the company sales – 160 apartments, 13,088 sqm SCD respectively.





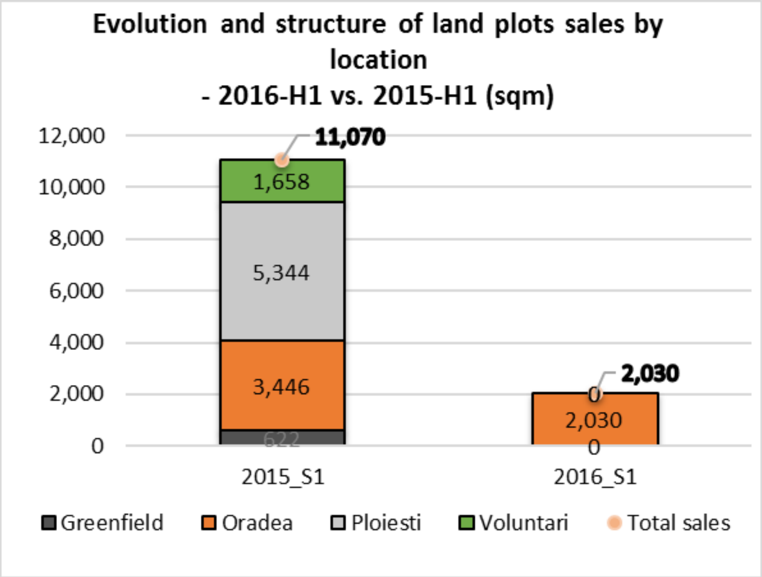
GREENFIELD sales evolution was favored by the new qualities of residential product and also by compound facilities which together have created a competitive advantage for the project.
Also, the increase of the value of properties benefiting from 5% reduced VAT as of 1st of January 2016 led to customers' preferences upgrade, considering that the 4 rooms apartments have become much more attractive.
Sales of 2 rooms apartments have increased much more over the expectations, as effect of notification on termination/change in the First House program.

b) 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 in 2015, were sold and therefore the number of leased dwellings at the end of first semester of 2016 was of only 7.

c) Sales of land plots

During the first semester of 2016 there were 3 land plots sold in Oradea, in area of 2,030 sq.m. Compared to the first semester of 2015, the surface of sold land plots is over 5 times smaller.



6. Operating expenses

Operating expenses decreased with 2% compared to the same period in 2015. Compared to an operating profit of 7.5 million RON, EBITDA on June 30th 2015, the operational profit (EBITDA) of RON 13.59 million, was influenced by the adjustment of ANAF required provision in litigation in case 60772.

	30-Jun-2015	30-Jun-2016	Value difference	%
Book value of inventory of sold residential properties	-35,558,094	-36,720,960	-1,162,866	3%
Operational costs afferent to sold/leased properties	-1,266,400	-1,046,768	219,632	-17%
Book value of investment assets	-3,408,366	-1,304,721	2,103,645	-62%
Consumption of raw materials	-339,847	-301,037	38,810	-11%
Services provided by third parties	-2,580,702	-3,290,231	-709,529	27%
Employee benefits expenses	-3,195,407	-3,403,163	-207,756	7%
Other operating expenses	-3,130,864	-2,496,228	634,636	-20%
Total	**-49,479,680**	**-48,563,108**	**916,572**	**-2%**

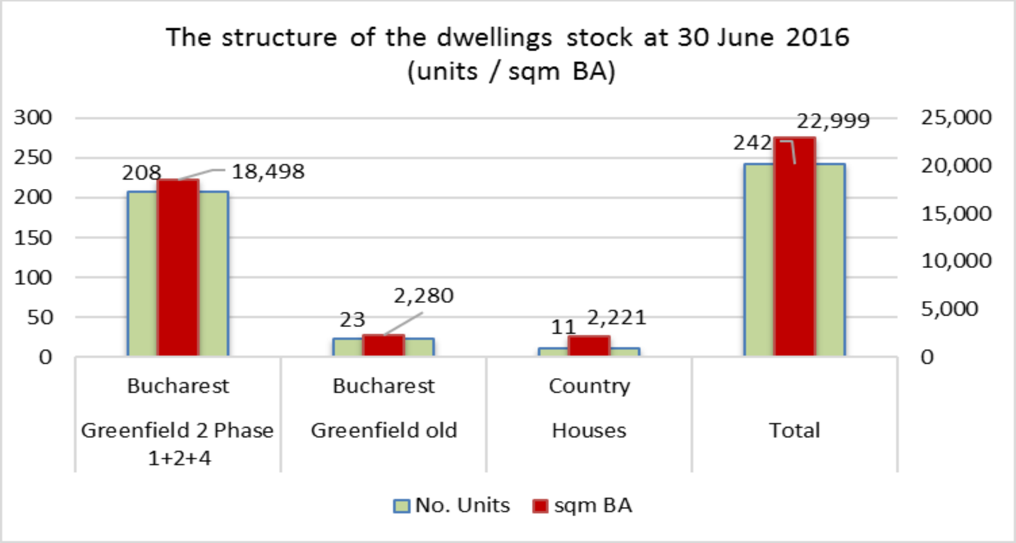
The interest expenses decreased by more than 40 % on account of repayment of contracted loans, but also on EURIBOR/ROBOR reference interest decrease:

	30-Jun-2015	30-Jun-2016	Value difference	%
Financing costs	-834,242	-493,428	340,814	-41%
Financial income	23,186	12,394	-10,792	-47%
Exchange rate differences	75,863	51,329	-24,534	-32%
Other financial items, net	-43,012	-46,082	-3,070	7%
Total	**-778,205**	**-475,787**	**302,418**	**-39%**

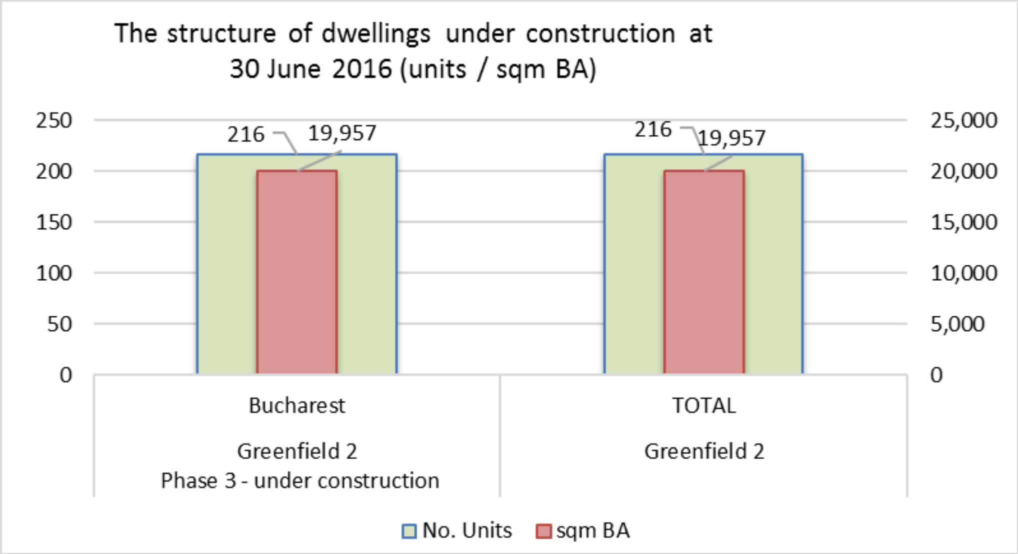
7. Inventories

a) Apartments and houses

At the end of the first semester of 2016 inventories consist of 242 houses and apartments fully constructed with a built developed surface of 22.999 sq.m. For depreciation of finished products inventory and production in progress inventory, there were recorded provisions in December 2015 and maintained during this semester. Detailed inventories statement on houses and apartments on the date of June 30th 2016 is the following:



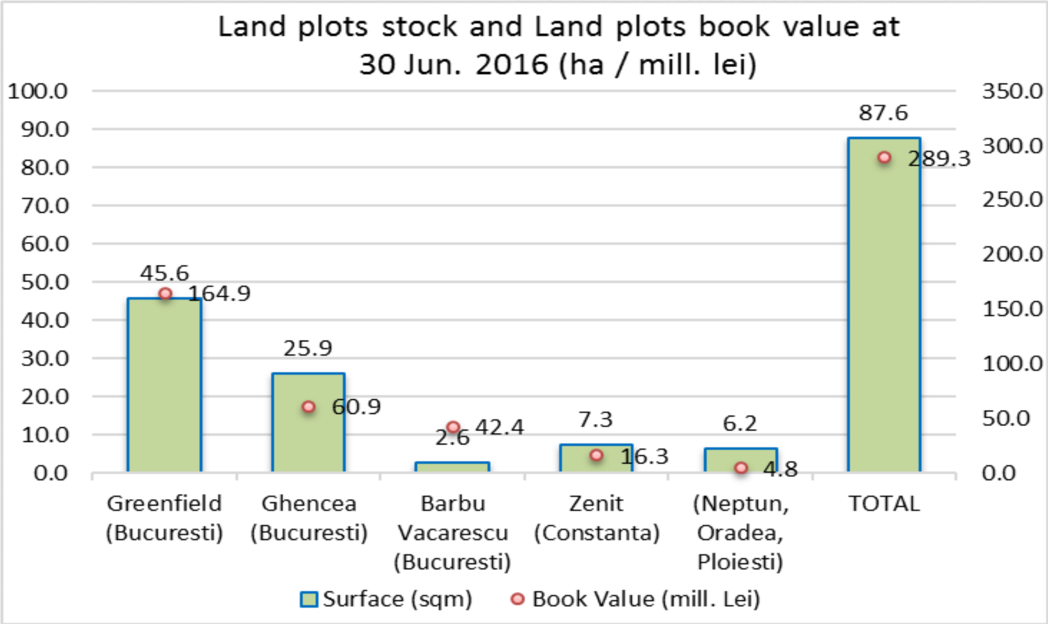
The third phase in Salcamilor Assembly (216 apartments), initiated in the summer of 2015, shall be completed during the year of 2016.



b) Land plots

At the end of the first semester of 2016, there were in inventory approximately 876.000 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 in December 2015.

The lands inventory structure by cities is illustrated in the following graph:



c) Work in Progress (real estate, amenities, roads and utility networks)

The total value of products in progress fit-out/networks on June 30th 2016 is of approximately RON 13.8 mill.

8. Cash and cash equivalents

	31-Dec-15	30-Jun-2016
Current accounts	17,064,018	11,812,835
Cash	3,666	12,320
Advance for settlement	13,164	12,175
	17,080,848	**11,837,329**

9. Long and short term borrowings

On the date of June 30th 2016, the analysis of the bank loans was as follows:

No of contract	Name	Currency	Maturity	Contract value	Contract value	Balance on 30.06.2016	Balance on 30.06.2016	Total balance after re-valuation	Short term	Long term
				(euro)	(lei)	(euro)	(lei)	(lei)	(lei)	(lei)
301/30.08.2006	Piraeus Bank Grecia suc Londra	EURO	21-Oct-17	12,807,270		2,928,702		13,240,660	9,042,000	4,198,660
717/13.11.2015	Banca Transilvania-Lipscani	RON	12-May-17		18,253,000		13,374,354	13,374,354	13,374,354	
718/13.11.2015	Banca Transilvania-Lipscani	RON	12-Nov-16		4,041,000		2,912,541	2,912,541	2,912,541	
BA1589/11.11.2015	Libra Internet bank	RON	11-Nov-19		29,266,059		28,429,610	28,429,610		28,429,610
TOTAL				**12,807,270**	**51,560,059**	**2,928,702**	**44,716,505**	**57,957,164**	**25,328,895**	**32,628,270**

10. Provisions

On the date of June 30th 2016, the balance provisions are as follows:

a) Provisions for litigations - regarding the Minutes drafted by ANFA in 2010, following the partial recovery of the control document by the General Direction of Large Contributors, the tax decision no 35 from December 15, 2010 was issued, communicated on January 6th 2011. Following decision no. 3740/June 24, 2011, the appeal declared by IMPACT is admitted and the suspension it is disposed of the tax decision no nr.35/15.12.2010 issued by D.G.A.M.C, until the law court decision in the first instance. In the first instance was partly admitted IMPACT's request for tax profit amounting to 760,957 lei, and the file regarding penalties resulting from the control document was suspended until the final and irrevocable decision in file11833/2/2010, which was settled on the date of 21.06.2016. Case 7296/2/2011 shall be subject to trial.

In case 11833/2/2010, decision no 2057 was pronounced on the date of 21.06.2016 with the following order: "Admits the appeal addressed by defendant ANAF against decision no 2349 dated 24 September 2015 of Bucharest Court of Appeal– 8th administrative and fiscal contencios division. It changes the recurrent decision, in the sense that it rejects the action addressed by plaintiff Impact Developer & Contractor S.A., as ungrounded. Irrevocable." The amounts payable following this case shall compensate with the VAT claimed upon reimbursement. The provisional amount of this case is of RON 1,380,000.

The provision set up by the company for criminal case no. 60772/3/2011 in which is was a civilly responsible party, amounting to RON 19.1 mill. out of which RON 1.9 mill. constituted in 2013 and RON 17.2 mill in 2015, had been adjusted in April 2016, pursuant to decision issued by ANAF.

In this case Bucharest Court of Appeal, First Criminal Division, pronounced by crimiunal judgment 527/24.03.2016. the decision is final. In terms of the civilly responsible party, the court ordered the subject of defendant STEGARU RUXANDRA MARIA, jointly with the civilly responsible parties Sqrw Development SRL and Impact Developer&Contractor SA, to payment to the civil party amounting to RON 3.284.466, principal debit, as material damages, la to which debt accessory fiscal obligations are added, calculated as from due date of the payment obligation until the date of full payment of the debt amounting to RON 9.237.888. ANAF had issued the execution decision no. 771363.1/15.07.2016 and 771.363/15.07.2016, by which it is established the total payable amount of principal debt plus plus increases/penalties, amounting to RON 12.522.354, amount fully paid up on the date of 20.04.2016. the company shall make all necessary efforts to recover the prejudice and there was initiated, on trial with Bucharest Court, 3rd Civil Division, case 18236/3/2016, with the first term on the date of 20.10.2016, having as object the action in regress against Stegaru Ruxandra Maria.

b) Provisions for shares held in affiliated entities represent 8.13 mil. lei and are related to financial investments held in Actual Invest House and Clearline Development & Management.

c) Provisions for receivables and sundry debtors. The provisions amount is of 2.7 mil. lei and it is relates to balance accounts older than 360 days, with unclear recovery status, balance accounts relates to insolvent customers and litigation amounts.

d) Provisions for depreciation of inventory, houses and lands amounting to 2.7 mill. lei.

e) Provisions for utility networks and roads from residential compounds where IMPACT does no longer own 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 were handed over accompanied by memos to the new owners. The value of provisions booked on June 30th 2016 is of 13,27 mill. lei.

Strategic Directions and Activities Guidelines of IMPACT in 2016

Year 2016 was marked, on one hand, by the preparation of the documentation for authorization of construction of a new compound in Greenfield II, Platanilor Assembly, and on the other hand, by the completion of works in phases 3 and 4.

The new residential developments will benefit from all location advantages communicated under Greenfield brand (900 ha of forest, in the vicinity of Baneasa Forest, 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 complex 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.

During the first semester of 2016 there were signed sales contracts, reservations and promises of sales agreements in stages 2, 3 and 4 of Salcamilor Assembly, in an increasingly intense pace.

Thus, on June 30th, 2016 there were 166 reservations and promises of sales agreements, with the contracting ratio for phases 2,3 and 4 put up for sale, being at a level of 62%.

Regarding Greenfield complex, the management's objective is to complete the construction works for the new compound – Platanilor Assembly, at the begining of next year , that will include 39 blocks and 888 apartments, with a total built surface of 90,000 sqm.

During 2016 the company intends to sell 10,000 sq.m. land plots in Constanta.

Also, the company's activity is focused on preparing the necessary building documentation for 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.

Also in 2016 the preparation and execution of the design and authorization documentation for Barbu Vacarescu Ave. Project is continued, the project being started in September 2014 with aquisition of ownership title over a land plot of 2.6 ha.

Another major goal of the company in 2016, is launching the technical documentation for development of a new residential project in Bucharest in the Ghencea Extension - Bd. Timisoara, where the company owns a land area of approximately 26 ha.

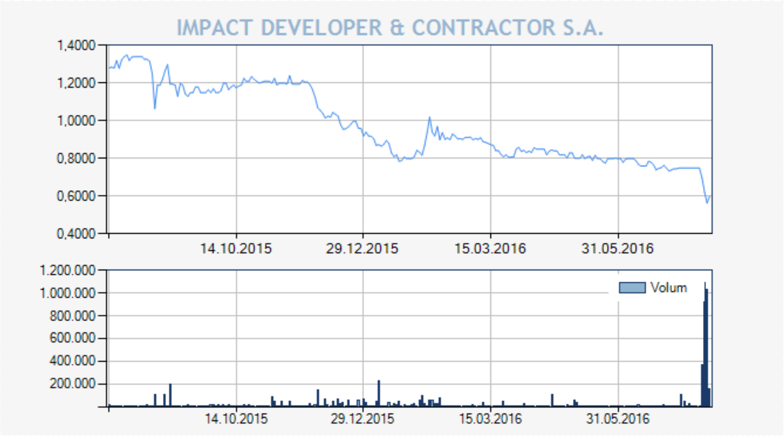
The company intends to speed up the production cycles and product standardization so that the offer of IMPACT should be aligned with the market requirements, this beeing one of the concerns of the management in the current period in order to reach the sales objectives and profitability.

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

Also, in order to sustain the business development and financing of the above mentioned projects, the company has proposed obtaining financing from the capital markets up to RON 135 million by issuing corporate bonds, and in this regard the Extraordinary General Meeting of Shareholders approved the modification of corporate bonds issue conditions on November 7th2015, and the company's management is also assessing this financing option.

11. Capital Market

IMPACT share price evolution (July 2015 –June 2016)



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 2016 is of 46 mil. EUR.

BET Index Evolution (July 2015 –June 2016)

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 Depositary and reports to the Bucharest Stock Exchange, among the shareholders that held over 10% of the company shares on 30.06.2016 are: Gheorghe Iaciu holds 49.48%, Andrici Adrian holds 15,24% of the share capital, and 35,27% was held by other shareholders.

On 30.06.2016, 25.25% of the shares were held by legal entities and 74,75% of the shares were held by individuals.

The BET index recorded on June 30, 2016 a decrease of 7.6% compared to the begining of the year, and the IMP shares have recorded a decrease of 20% (0.75 lei/ share on 30.06.2016 compared to 0.94 lei/share on 31.12.2015).

12. Performance Indicators

Stock exchange indicators - evolution:

Indicators	31-Dec-13	31-Dec-14	30-Jun-15	31-Dec-15	30-Jun-16
Price per share	0.544	1.485	1.434	0.94	0.75
No of shares	197,866,574	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (RON)	107,639,416	412,631,862	398,460,667	261,194,580	208,399,931
Exchange rate	4.4847	4.4821	4.4735	4.5245	4.5210
Market capitalization (EUR)	24,001,475	92,062,172	89,071,346	57,728,938	46,095,981
Net Asset Value (RON)	281,430,511	365,579,741	372,648,501	361,140,518	374,885,304
Net Asset Value (EUR)	62,753,475	81,564,387	83,301,330	79,818,879	82,920,881
Annual Profit (RON)	(42,457,620)	4,091,143	7,068,761	(4,459,409)	13,744,785
Annual Profit (EUR)	(9,607,970)	920,475	1,589,521	(1,003,242)	3,058,107
Earning per share (RON)	-0.215	0.015	0.025	-0.016	0.049
Earning per share (EUR)	(0.049)	0.003	0.006	(0.004)	0.011
NAV/Share (RON)	1.422	1.316	1.341	1.300	1.349
NAV/Share (EUR)	0.317	0.294	0.300	0.287	0.298
Premium/discount compared to the net asset value	-62%	13%	7%	-28%	-44%

During the first semester of year 2016, the company's share value has dropped, influenced by both the evolution of the local market and foreign ones. The stock exchanges were significantly affected by slowing of Chinese economy, the minimu oil prices in February and the most recent event – the result of the referendum in the United Kingdom.

Economic and financial indicators – evolution:

Indicators	31-Dec-13	31-Dec-14	31-Dec-15	30-Jun-16
Return on Assets	-11.42%	0.93%	-0.95%	2.93%
Return on Equity	-15.09%	1.12%	-1.23%	3.67%
Debt ratio (Total liabilities vs. Total asset)	24.28%	17.32%	22.83%	20.05%
Leverage (Equity vs. Total asset)	75.72%	82.68%	77.17%	79.95%
Gearing ratio (Loans vs. Equity)	21.19%	10.05%	12.68%	15.48%
Current ratio	3.26	4.54	2.85	5.50
Quick ratio	0.43	0.34	0.56	0.64

EPRA[1] Net Asset Value:

Description	31-Dec-15	30-Jun-2016
IFRS Net Asset Value	**361,140,518**	**374,885,304**
Number of shares	*277,866,574*	*277,866,574*
IFRS Net Asset Value /Share	***1.30***	***1.35***
Revaluation of inventories / available land for sale	65,476,258	71,442,378
Include/Exclude:		
Deffered tax	13,000,347	13,000,347
EPRA Net Asset Value	**439,617,123**	**459,328,029**
EPRA* Net Asset Value */Share	***1.58***	***1.65***

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.

13. Auditors

By Decision of General Shareholders Assembly in April 2016 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 2016 **are not audited**.

Chairman of the Board of Directors — Chief Financial Officer

Iuliana Mihaela Urda — Bogdan Geanta

Semiannual report
Semester I / 2016

Date of the report: 11.08.2016
Name of Issuer Company: **SC IMPACT DEVELOPER & CONTRACTOR SA**
Registered office: Voluntari City, 4C Pipera-Tunari Road, Construdava Business Center, floors 6,7, Ilfov County
Working point: Willbrook Platinum Business & Convention Center, 172-176 Bucuresti – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District,
Phone/Fax number: 230.75.81/82/83/ 230.75.70/71/72
Sole Registration Code with the Trade Registry Office J23/1927/2006
Subscribed and paid up share capital: 277,866,574 RON
Regulated market where the issued securities are traded: Bucharest Stock Exchange

1. Economic and financial situation

1.1. *Presentation of an analysis on the economical and financial statement for S1/2016, compared to the previous year similar period.*

Analysis of the results

In the first semester of year 2016, IMPACT recorded operating income of **62,2 million lei,** by 9% higher compared to the same period of the last year and a gross profit of about **13,7 million lei**, recording an increase of approximately two times the result compared to the same period in 2015, when it recorded a gross profit of 7,1 million lei. The increase was mainly influenced by reversal of incomes on ANAF litigation provision during April 2016.

The financial indicators on 30 June 2016 are the following:

Indicators according to IFRS (RON)	2015_S1	2016_S1	%
Operational revenues, out of which:	**56,947,468**	**62,152,355**	**9%**
Revenue from the sale of residential inventories	49,924,526	51,832,749	4%
Revenue from rental and utilities recharged	2,139,667	1,847,571	-14%
Revenue from sale of investments properties	3,490,922	1,434,154	-59%
Other revenue of operational nature	1,392,353	517,318	-63%
Other revenue of operational nature - ANAF Litigation	0	6,520,563	N/A
Operational expenses, out of which:	**(49,479,680)**	**(48,563,108)**	**-2%**
Accounting value of the sold residential inventories	(35,558,094)	(36,720,960)	3%
Operating costs related to rented and sold properties	(1,266,400)	(1,046,768)	-17%

Indicators according to IFRS (RON)	2015_S1	2016_S1	%
Accounting value of sold investments properties	(3,408,366)	(1,304,721)	-62%
Expenditure on raw materials and supplies	(339,847)	(301,037)	-11%
Services provided by third parties	(2,580,702)	(3,290,231)	27%
Employee benefits expenses	(3,195,407)	(3,403,163)	7%
Other expenses of operational nature	(3,130,864)	(2,496,228)	-20%
Operational results (EBITDA)	**7,467,788**	**13,589,247**	**82%**
Depreciation and amortization expenses	(313,865)	(300,266)	-4%
Assets loss of value other than real estate investments	693,043	931,591	34%
Operational results (EBIT)	**7,846,966**	**14,220,572**	**81%**
Net financial cost	(778,205)	(475,787)	-39%
Gross profit / loss (EBT)	**7,068,761**	**13,744,785**	**94%**
Income tax	0	0	N/A
Gross profit / loss of the period	**7,068,761**	**13,744,785**	**94%**

The significant increase in operating income was positively influenced by the reversal of ANAF litigation provision, provision presented in separate line in the financial statements.

Until 30 June 2016 IMPACT has sold a total of **172 houses and apartments**, only 6% less than the same period last year (when there were recorded sales of over 184 dwellings).

Of the total dwellings sold, 160 apartments were sold in the Salcamilor Assembly - the new residential development of the Greenfield neighborhood (3 apartments in Stage 1, 122 apartments in Stage 2 and 35 apartments in Stage 4) and 6 houses were sold in the country side (Oradea, Ploiesti and Constanta).

The average transaction price of RON 309,052 (equivalent of EUR 68,181) had increased during the first semester of 2016 by 9% compared to the same period last year when the sales amounted to RON 278,325 (equivalent of EUR 62,558) /transaction.

Operating expenses decreased by 2%, due to the optimization of production costs for the new residential development from Greenfield. An operational profit of approximately **13.5 million lei EBITDA** on June 30, 2016 was achieved, compared to the operating profit of 7.5 million lei EBITDA on June 30, 2015.

Financial result	30-Jun-15	30-Jun-16	%
Financing costs	(834,242)	(493,428)	-41%
Financial income	23,186	12,394	-47%
Exchange rate differences	75,863	51,329	-32%
Other financial items, net	(43,012)	(46,082)	7%
Financial result	**(778,205)**	**(475,787)**	**-39%**

The repayment of contracted loans had the greatest contribution to the financial result, therefore the interest expenses decreased by approximately 41%, as well as the low level of ROBOR / EURIBOR.

Analysis of the balance sheet items

Asset items	31-Dec-15	30-Jun-16	%
Tangible assets	5,722,775	5,977,284	4%
Intangible assets	117,491	177,529	51%
Investment immobilization	214,898,889	188,085,509	-12%
Financial assets	14,377,226	14,377,226	0%
Non-current receivables	11,367,047	11,544,710	2%
Total non-current assets	***246,483,428***	***220,162,258***	***-11%***

Inventory	177,887,026	219,718,107	24%
Trade receivables and other receivables	26,405,139	17,067,234	-35%
Prepayments	118,140	87,106	-26%
Cash and cash equivalents	17,080,848	11,837,329	-31%
Total current assets	***221,491,153***	***248,709,776***	***12%***
Total assets	***467,974,581***	***468,872,034***	***0%***

Cash and cash equivalents of the Company had decreased by 31% in the first half of 2016, due to payments to ANAF for the litigation in case 60772.

Trade receivables have decreased by 35%, the main reason being the fact that the receipts flow had increased for houses and apartments sale-purchase agreements, almost all the sale-purchase agreements being under payment by bank loan or own sources.

Compared to the situation at the beginning of the year, the inventories registered an increase by 24%, due to production costs capitalization for the new development stage of Greenfield neighborhood.

The company's tangible and intangible assets have increased based on purchase of vehicles and modernization of IT equipments.

Total assets have maintained at approximately the same level as at the end of year 2015.

Liabilities items	31-Dec-15	30-Jun-16	%
Equity	***361,140,518***	***374,885,304***	***4%***
Loans	13,228,061	32,628,270	147%
Trade payables and other liabilities	2,832,954	3,111,266	10%
Deferred tax	13,000,347	13,000,347	0%
Total long term liabilities	***29,061,362***	***48,739,883***	***68%***
Loans	32,560,942	25,402,234	-22%
Trade payables and other liabilities	25,384,120	18,457,995	-27%
Provisions for risks and charges	19,827,639	1,386,618	-93%
Total current liabilities	***77,772,701***	***45,246,847***	***-42%***
Total liabilities	***106,834,063***	***93,986,730***	***-12%***
Total equity and liabilities	***467,974,581***	***468,872,034***	***0%***

In the first semester of 2016, the company loans recorded an increase due to loan withdrawals for further completion of Stages 3 and 4 (420 apartments) form Salcamilor compound,

Commercial debts of the company decreased due to the suppliers' loans reaching their maturity as well as due to the co-financing of the production expenses through bank loans.

Provisions have recorded a decrease by 93% due to revenue reversals of the provision set up for ANAF litigation in case 60772/3/2011.

The equities maintained at approximately the same level as at the end of year 2015, due to the profit for the first semester of 2016.

Analysis of the cash flow items

Decrease in cash at the end of the first semester of 2016 compared to the beginning of the year is determined by the payment to ANAF of debts resulted from the litigation settled during March 2016.

Indicator (RON)	**30-Jun-16**
Cash at the beginning of the period	***17,080,848***
Net cash derived from operating activities	(18,650,716)
Net cash derived from investment activities	689,907
Net cash derived from financing activities	12,717,289
Cash at the end of the period	***11,837,328***

2. Analysis of the company's business

In the first semester of 2016 the sale of apartments finished in 2015, as well as the sale of apartments in stage 4 within Salcamilor assembly, a total of 216 units, stage completed in 2016, was continued.

In Salcamilor neighborhood (924 apartments), there were totally 667 contracts concluded (out of the total of 924 apartments) until the end of month June 2016: 500 sale-purchase agreements and 167 pre-agreements and reservations.

2.1. *Presentation and analysis of events that are affecting or could affect the company's liquidity compared to the same period of the last year.*

Detailed structure is found in the notes to the financial statements.

2.2. *Presentation and analysis of the effects on the financial situation of the company of all capital expenditures, current or anticipated.*

The company started the construction of Platanilor Assembly with 39 blocks and with 888 apartments In this regard, besides own financing sources - reinvested profit, it is aimed to co-finance the development costs through bank loans.

Until this date has been signed a credit facilities with Banca Transilvania in order to finance a new stage (10 blocks) of Platanilor Assembly from Greenfield II ensemble.

Detailed structure of expenses is found in the notes to the financial statements.

2.3. *Presentation and analysis of events that significantly affect revenues from the main activity.*

Resuming the production cycle with the new stages of residential development in Greenfield neighborhood, favoured the obtaining of a competitive and market appreciated product and thus the company achieved a significant increase in sales, achieving a market share giving it the status of market leader respectively.

The speeding of the production cycles and product standardization ensure the market requirements and this is one of the concerns of the essential management in the current period, and represent a strength in order to reach the sales objectives and profitability.

3. Changes affecting the capital and the Company's administration.

In April 2016, Mr. Victor Rachita was elected Administrator, member of the Board of Directors. His mandate is valid starting from April 25, 2016 until April 26, 2017.

3.1 *Description of those cases where the company was unable to meet its financial obligations*.

The company is up to date with the payment of loans, taxes and fees.

3.2 *Description of any change in the rights of holders of securities issued by the company*.

The rights of holders of issued securities have not been changed.

Chairman of the Board
Iuliana Mihaela Urda

Financial Manager
Bogdan Geanta