IMPACT DEVELOPER & CONTRACTOR SA

Consolidated and unaudited financial statements as of September 30th 2018

Content……………………………………………………………………………………………….2
Statement of the comprehensive result on September 30th 2018 5
Statement of the cash flow *on September 30th 2018* 7
Notes to the financial statements 9
1. Reporting entity.. 9
2. Affiliates... 10
3. Events after 13
4. Auditors.. 13

	31-Dec-17	30-Sep-18
ASSETS		
Tangible assets	8,916,883	9,314,369
Intangible assets	193,238	112,978
Investment property	193,342,626	193,058,571
Financial assets	-	0
Non-current receivables	6,183,956	6,120,702
Total non-current assets	***208,636,703***	***208,606,621***
Inventories	363,622,778	364,354,593
Trade and other receivables	6,413,223	18,094,753
Prepayments	145,223	493,612
Cash and cash equivalents	47,476,223	40,507,641
Total current assets	***417,657,493***	***423,450,601***
Total assets	***626,294,195***	***632,057,221***
Share capital	285,330,158	285,330,158
Share capital premiums	69,487,043	69,487,043
Revaluation reserves	3,031,970	3,024,548
Other reserves	10,408,663	8,709,043
Result for the previous year	8,820,995	63,987,022
Net profit for the period	51,911,380	561,342
Shareholders’ equity	(682,526)	(1,959,954)
Losses related to the issuing, redemption, sale, free transfer of shareholders’ equity instruments	(726,973)	(1,041,973)
Total shareholders’ equity	***427,580,709***	***428,097,228***
Loans	133,401,233	127,732,951
Trade and other payables	1,032,684	1,960,746
Deferred taxes	21,210,405	21,211,004
Total long-term liabilities	***155,644,322***	***150,904,701***

Trade and other payables	12,592,951	22,595,153
Loans	30,152,062	30,454,183
Provisions for risk and charges	324,152	5,956
Total current liabilities	***43,069,165***	***53,055,292***
Total liabilities	***198,713,486***	***203,959,993***
Total shareholders' equity and liabilities	***626,294,195***	***632,057,221***

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bogdan Oslobeanu	Iuliana Mihaela Urda	Giani Iulian Kacic

Statement of the comprehensive result for the period 9 months on September 30th, 2018

	30-Sep-18
Income from sale of real estate inventories	61,865,272
Book value of sold residential real estate inventories	(32,946,723)
Profit or loss from the sale of real estate	***28,918,549***
Rental income	1,121,998
Income from costs re-charged to tenants	2,629,644
Operating expenses related to the properties sold/rented	(2,564,394)
Profit or loss from re-charged of utilities and rentals	***65,251***
Income from sale of investment properties	347,050
Expenses related to the transfer of investment properties	(284,055)
Profit or loss from sale of investment properties	***62,995***
Income from sold production	(47,304)
Expenses for raw materials and consumables, other material expenses	(784,578)
Expenses for third party services	(5,303,042)
Employee benefit expenses	(9,233,454)
Other operating income	1,531,399
Other operating expenses	(6,505,301)
	-
Other net administration on projects expenses	***(20,342,281)***
Profit or loss before interest, taxation, depreciation and amortization (EBITDA)	***9,826,511***
Depreciation and amortization expenses	(677,476)

Impairment charges related to current assets	(505,191)
Depreciation and impairment charges, other than related to investment properties	***(1,182,667)***
Profit or loss before interest and taxation (EBIT)	***8,643,844***
Financing costs	(5,421,402)
Financial income	93,173
Foreign exchange differences	(162,831)
Other financial items, net	(158,340)
Financial result	***(5,649,400)***
Gross profit (EBT)	***2,994,444***
Current income tax expenses	(2,433,103)
Profit tax	***(2,433,103)***
Net profit or loss for the period	***561,341***

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bogdan Oslobeanu	Iuliana Mihaela Urda	Giani Iulian Kacic

Statement of the cash flow *on September 30th 2018*

	30-Sep-18
Cash flows from operating activities	
Net profit / (loss) for the period	**561,341**
Adjustments for:	
Amortization of tangible non-current expenses	677,476
Profit tax expense	2,433,103
Profit/loss from transfer of investment properties	2,689,964
Net adjustments for inventory depreciation, establishment (reversal)	1,535,170
Net adjustments for depreciation of receivables, establishment / (reversal)	(479,102)
Net changes in provisions for risk and charges	(318,196)
Interest income	(93,173)
Interest expenses	5,580,210
Net (Profit) / Loss from foreign exchange differences, not earned	139,923
Changes on working capital	**12,726,716**
Changes in operating activities:	
Increases in trade and other receivables	(11,487,518)
Inventories increase	(2,266,986)
Payables increase, including profit tax	5,741,175
Cash from operating activities	**(8,013,329)**
Net cash from operating activities	**4,713,387**
Cash flows from investing activities	
Acquisition of tangible non-current assets	(221,084)
Proceeds from sale of investment properties	347,050
Proceeds from sale of tangible non-current assets	7,692
Interest collected	93,173
Net cash used in financing activities	**226,831**
Cash flows from financing activities	

Loans received, including collected interest	(10,946,370)
Share capital and capital premiums increase/(decrease)	(962,428)
Net cash used in financing activities	**(11,908,798)**
Net cash (increase / decrease)	**(6,968,582)**
Cash and cash equivalents at the start of the period	**47,476,223**
Cash and cash equivalents at the end of the period	**40,507,641**

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bogdan Oslobeanu	Iuliana Mihaela Urda	Giani Iulian Kacic

Notes to the financial statements

1. Reporting entity

The joint stock company Impact Developer & Contractor S.A. (the "Company") is a company registered in Romania, whose basic activity is the development (promotion) of real estate projects.

The address of the Company's registered office is: Willbrook Platinum Business & Convention Center, 172-176 Sos. Bucuresti – Ploiesti, Building A, 1st Floor, Bucharest, District 1, postal code 015016.

The Company's consolidated financial statements for the third quarter of 2018 include the Company and its subsidiaries (hereinafter referred to jointly with the Company the "Group") and the Group's interest in associated entities and partnerships.

The Company's Subsidiaries (the "Subsidiaries") and the nature of their activity are as follows:

	Country of registration	**Nature of activity**	**2018**	**2017**
Clearline Development and Management SRL	Romania	Real estate development	√	√
Actual Invest House SRL	Romania	Real estate development	√	√
Bergamot Developments SRL	Romania	Real estate development	√	√
Bergamot Developments Phase II SRL	Romania	Real estate development	√	√
Impact Finance & Developments SRL	Romania	Activities auxiliary to financial intermediation	√	√

Impact is a real estate trade group carrying out its business in the real estate development (promotion) sector, being the first 100% Romanian company acting in this sector on the Romanian market.

The main activities of IMPACT include the management and development of residential assemblies. The **deluxe villas** assemblies located in the Northern area of Bucharest, the **GreenField** residential complex in Bucharest and **Luxuria Domenii Residence** represent the main landmarks of these activities and support quality and services.

The company Impact Developer & Contractor was established in 1991 by public subscription.

As of 1996, the Company is listed on Bucharest Stock Exchange (BVB). In 2006, the Company's shares were promoted to 1st category of the Stock Exchange, becoming **the first** company in the real estate development and construction sector to achieve this. Since January 2015 the company shares are traded on **Premium** category according with the new local capital market segmentation.

On September 30th 2018, the company has in progress residential developments in two cities in the country (Bucharest and Constanta), each project having different sizes and being in various stages of completion. IMPACT's activity is dominated by two major projects in Bucharest: **GREENFIELD residential complex** and **Luxuria Domenii Residence.**

During the first nine months of 2018, the construction of 12 buildings in Phase 7 was completed, comprising approximately 278 apartments, and the works for other 192 apartments in 6 buildings in the same phase are continued. The completion of these 6 buildings shall occur in the first semester of 2019.

IMPACT has completed the basic concept and launched the project **Luxuria Domenii Residence** designed for the premium segment, for which Impact Developer, via its branch Bergamot Developments S.R.L., has acquired in 2017 a plot of land with an area of 2.25 ha in Bucharest, in the Expozitiei-Domenii neighborhood.

The residential complex **Luxuria Domenii Residence** shall include 9 buildings with 630 apartments. The project was started in 2018 with a first phase of 3 buildings, the equivalent of 232 apartments. This phase of the project is financed 65% by Unicredit Bank (EUR 16,341,000), while the rest of 35% are an own investment of the IMPACT group.

The optimistic views to the market, but also to the relationship between Impact and its customers is based on the diversification of both the real estate products and the financial ones, whereas the Company succeeds in managing the difficult access to financing sources and the higher and higher expectations of its customers in regard of the habitat's quality.

2. Affiliates

a) ***Actual Invest House S.R.L***, a company within the Group, providing management services to new residential developments and services for furnishing and interior decoration by partnering with leading suppliers at competitive prices, using high quality materials.

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 development 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 on trial with the Arges Court and it is currently carrying out the expertise (Urban Planning and Construction) as ordered in the case.

c) **Bergamot Developments S.R.L.,** a company within the Group, whose main business object is in real estate development, and starting 2018 shall develop a residential complex of approximately 52,262 sq. m. gross, namely 500 apartments on a land of approximately 16,776 sq. m., which is the first phase of the residential project Luxuria Domenii Residence. The total gross area including basements is approximately 74,852 sq. m., located in the Expozitiei-Domenii area.

d) Bergamot Developments Phase II S.R.L., a company within the Group, whose main business object is in real estate development, about to develop phase B (130 apartments) of the residential project Luxuria Domenii Residence, with a gross area of 14,136 sq. m., built on a land of 5,769 sq. m. The total gross area including basements is approximately 20,100 sq. m., in the Expozitiei-Domenii area.

e) 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 solutions for attractive credit facilities in the shortest time possible for customers who intend to purchase a dwelling.

Transactions with affiliates

	Transactions value as of 30-Sep-18	**Balance as of 30-Sep-18**
Sales of goods and services (Class 7)		
Subsidiaries		
Actual Invest House	22,444	66,866
Clearline Development and Management	5,654	52,709
Bergamot Developements	708,083	6,093,637
Bergamot Developments Phase II	4,188	893
Impact Finance	32,805	23,749
	773,174	**6,237,855**

	Transactions value as of 30-Sep-18	Balance as of 30-Sep-18
Purchase of goods and services (class 6)		
Subsidiaries		
Actual Invest House	1,117,623.41	1,695,167.18
Clearline Development and Management	-	1,131,037.29
Bergamot Developements	-	-
Bergamot Developments Phase II	-	-
Impact Finance	-	-
	1,117,623	**2,826,204**

	Transactions value as of (RON) 30-Sep-18	Balance as of (RON) 30-Sep-18
Interest income (766)		
Subsidiaries		
Actual Invest House	-	-
Clearline Development and Management		-
Bergamot Developements	592,944.83	1,551,365.83
Bergamot Developments Phase II	347,113.00	347,188.00
Impact Finance	-	-

	940,058	**1,898,554**

	Gross value	Book value
Granted loans		
Subsidiaries		
Bergamot Developements	16,710,000	16,710,000
Bergamot Developments Phase II	15,963,000	15,963,000
Impact Finance	35,000	35,000
	32,708,000	**32,708,000**

3. Events after

No subsequent events to be reported.

4. Auditors

By the decision of the General Meeting of Shareholders dated April 26th 2018, the contract with the current external financial auditor of the Company, DELOITTE AUDIT SRL, was extended for a one-year mandate.

The consolidated financial statements as of September 30th 2018 **are not audited**.

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bogdan Oslobeanu	Iuliana Mihaela Urda	Giani Iulian Kacic

Consolidated Quarterly Report
Quarter 3 / 2018

Report date: 12.11.2018
Name of the issuing company: **IMPACT DEVELOPER & CONTRACTOR SA**
Registered office: Willbrook Platinum Business & Convention Center,
172-176 Sos. Bucuresti – Ploiesti, Building A, 1st Floor, Bucharest, District 1, postal code 015016
Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobile: 0729.100.001
Registered with the Trade Registry's Office seconded to the Bucharest Court under the No. J40/7228/2018, Tax Registration No. RO 1553483
Fully subscribed and paid up capital: RON 277,866,574
Regulated market where the issued securities are traded: Bucharest Stock Exchange

1. Consolidated economic and financial situation

1.1. *Presentation of an analysis on the economic and financial status for Q3/2018, compared to the similar period of the previous year.*

Analysis of the result elements

During the first nine months of 2018, IMPACT has recorded operating income of **67.4 million lei.**

Profit is influenced by the donation of the lands with an area of 6.000 sq. m. to the Bucharest Municipality.
The lands were donated to the Bucharest Municipality to provide a compensation to Romsilva S.A. according to the procedures stipulated in Law No. 46/2008 art. 37, with the option to grant public access between Aleea Privighetorilor and Drumul Padurea Pusnicu, according to the Decisions of the General Council of Bucharest No. 281/2017 and No. 608/2017 and to the Decisions of the Local Council of District 1 No. 278/2017 and No. 345/2017. The offer has been accepted by the Decision of the General Council of Bucharest No. 513/2017.

Financial indicators on September 30th, 2018 are the following:

Indicators according to IFRS (Lei)	Sep-18
Operational revenues, out of which:	**67,448,059**
Revenue from the sale of residential inventories	61,865,272
Revenue from rental and tenants utilities recharged	3,751,642
Revenue from sale of investments properties	347,050
Activity performed and capitalized by the entity	-
Other operational revenues	1,484,095
Operational expenses, out of which:	**(57,621,548)**
Book value of the sold residential inventories	(32,946,723)
Operating costs related to rented and sold properties	(2,564,394)
Book value of investments properties	(284,055)

Expenses on raw materials and supplies	(784,578)
Services provided by third parties	(5,303,042)
Employee benefits expenses	(9,233,454)
Other expenses of operational nature	(6,505,301)
Operational result (EBITDA)	**9,826,511**
Depreciation and amortization expenses	(677,476)
Assets loss of value other than investments properties	(505,191)
Gains / (losses) in investments properties fair value	-
Operational result (EBIT)	**8,643,844**
Net financial cost	(5,649,400)
Gross Profit / Loss (EBT)	**2,994,444**
Profit (income) tax	(2,433,103)
Net Profit / (loss) for the period	**561,341**

During the first three quarters of 2018, a number of 137 properties (apartments and houses), 2 plots of land and 10 parking places were sold, totaling a gross (built) area of 13,537 sq. m., 40% less compared to the similar period of the previous year, when the sales have reached a number of 247 properties (apartments and houses) and 29 parking places, totaling a gross area of 22,038 sq. m.

From the total sold dwellings, 39 apartments were sold from Salcamilor Assembly (Greenfield Baneasa) and 95 apartments from Platanilor Assembly (Greenfield Baneasa).

The sales volume of completed apartments has decreased because of a change in the sales mix in favor of the apartments to be delivered in Q4 2018, 2019 and 2020. On September 30th, 2018, in addition to the similar period registered purchase contracts, reservations/presales agreements (whose value is not reflected in the income) for the following properties were concluded:

- 91 apartments from Phase A2 Luxuria Domenii Residence
- 107 apartments from Greenfield
- Total values reflecting closed reservations/presales agreements is 90.7 mLEI (19.5 mEUR, including the value of the adjacent parking places)

Financial result	Sep-18
Financing costs	(5,421,402)
Financial income	93,173
Exchange rate differences	(162,831)
Other financial items, net	(158,340)
Financial result	**(5,649,400)**

Interest expenses have increased due to the attraction of funds from bonds issues for the future development of residential projects and using bank loans to finance the completion of phases 7.2 and 7.3 of the Platanilor Assembly and starting the construction works for phase 7.1.

Analysis of the balance sheet items

Asset items	31-Dec-17	30-Sep-18	Difference	
			Value	%
Tangible non-current assets	8,916,883	9,314,369	397,486	4%
Intangible non-current assets	193,238	112,978	(80,259)	-42%
Non-current investments	193,342,626	193,058,571	(284,055)	0%
Financial assets	-	-	-	
Non-current receivables	6,183,956	6,120,702	(63,254)	-1%
Total non-current assets	**208,636,703**	**208,606,621**	**(30,082)**	0%

Inventories	363,622,778	364,354,593	731,815	0%
Trade and other receivables	7,095,796	18,094,753	10,998,957	155%
Prepayments	145,223	493,612	348,390	240%
Cash and cash equivalents	47,476,223	40,507,641	(6,968,581)	-15%
Total current assets	**418,340,019**	**423,450,600**	**5,110,581**	**1%**
Total assets	***626,976,721***	***632,057,220***	***5,080,499***	***1%***

The trade receivables have registered an increase compared to the previous year due to the initiation of the Luxuria Domenii Residence project.

Compared the end of the last year the company's cash holdings have dropped 15% during of the first 9 months of 2018, due to the investments made in the new phases of the Platanilor Assembly, the Luxuria Domenii Residence and the decrease in sales.

The total assets remained at approximately the same level as at the end of the year 2017 (1%).

Liabilities items	31-Dec-17	30-Sep-18	Difference	
			value	%
Shareholders' Equity	***428,263,235***	***428,097,229***	***(166,006)***	***0%***
Loans	133,401,233	127,732,951	(5,668,282)	-4%
Trade payables and other liabilities	1,032,684	1,960,746	928,062	90%
Deferred tax	21,210,405	21,211,004	599	0%
Total long-term liabilities	***155,644,322***	***150,904,701***	***(4,739,621)***	***-3%***
Loans	12,592,951	22,595,153	10,002,202	79%
Trade payables and other liabilities	30,152,062	30,454,183	302,121	1%
Provisions for risks and charges	324,152	5,956	(318,196)	-98%
Total current liabilities	***43,069,165***	***53,055,292***	***9,986,127***	***23%***
Total liabilities	***198,713,486***	***203,959,993***	***5,246,507***	***3%***
Total equity and liabilities	***626,976,721***	***632,057,222***	***5,080,500***	***1%***

The equities remained at approximately the same level as at the end of 2017.

Analysis of the cash flow items

Decrease in cash at the end of Quarter 3 of 2018 is based on the investments made for the completion of stages 7.2 and 7.3 from phase 7, as well as on the initiation of the last construction stage 7.1 from the same phase of Platanilor Assembly and Luxuria Domenii Residence.

Indicator (Lei)	30-Sep-18
Cash and cash equivalents on January 1st	**47,476,223**
Net cash derived from operating activities	5,343,385
Net cash used in investment activities	226,831
Net cash derived from (used in) financing activities	(12,538,798)
Cash and cash equivalents on September 30th 2018	***40,507,641***

2. Analysis of the Company's activity

In Quarter 3 of 2018, the sale of apartments in Salcamilor Assembly was continued (stages 2, 3 and 4) as well as in Platanilor Assembly (stages 5 and 6). Furthermore, stages 2 and 3 of phase 7 in Platanilor Assembly were completed, whereas the sale of the apartments started in September 2018.

As an overall, from **Salcamilor** Assembly of 924 apartments, **916 contracts (99%)** were concluded since 2014 and until the end of September 2018: **909** sale contracts and **7** pre-contracts and reservations.

From Platanilor Assembly, under construction, stages 5 and 6, where 476 units were completed, 271 **contracts (57%)** were concluded since 2017 and until the end of September 2018, **255** sale contracts and a number of **16** pre-contracts and reservations.

In August 2018 276 units from **Platanilor** Assembly were completed (phase 7, stages 2 and 3) and 50 **contracts (18%)** were concluded until the end of September 2018: **8** sale contracts and **42** pre-contracts and reservations.

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

Details are available in the Notes to the financial statements.

2.2. Presentation and analysis of the effects upon the Company's financial status of all capital, current or anticipated expenses.

The company has started the construction of the Platanilor Assembly phase 7, which shall include 18 buildings of 468 apartments. In 2017, the works for 12 buildings from phase 7 were commenced (out of the 18 buildings representing the project), specifically 276 apartments (28,000 sq. m.) completed in the 3rd quarter of 2018. For the period left from the project (where the works were commenced during the first semester of 2018), the delivery of the apartments during the first half of 2019 – 14,000 sq. m./192 apartments is intended.

Platanilor Assembly aims to extend the residential area within an improved concept, adjusted to the current market conditions, and to attract investors/operators to enhance the facilities/services serving the residential area.

The construction of the Luxuria Domenii Residence project has commenced in 2018 with a first phase out of three, the equivalent of 232 apartments. As an overall, the Luxuria Domenii Residence project shall comprise 9 buildings of 630 apartments, developed in 3 phases.

In this respect, in addition to the company's own financing sources – reinvested profit, the co-financing of the development expenses by bank loans and bonds issues is intended.

The detailed structure of the expenses is provided in the Notes to the financial statements.

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

The resumption of production with the new stages of residential development in the Greenfield neighborhood has favored a competitive and market-conscious product and so the company has achieved a significant increase in sales, namely reaching a market share that will give it market leadership.

The acceleration of production cycles and the standardization of the offered product ensure the satisfaction of the market requirements, which is one of the key concerns of the management during the current period, which is also an asset in reaching the sales and profitability objectives.

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

In the Ordinary General Meeting of Shareholders that took place on 28.04.2017, 4 directors were elected by secret vote, for a 4-year mandate, until April 27th, 2021.

The Board of Directors consists of 5 members:

- Gavriel Vasile, Director;
- Laviniu Dumitru Beze, Director;
- Daniel Pandele, Director;
- Ruxandra-Alina Scarlat, Director;
- Iuliana Mihaela Urda, Chairman of the Board of Directors.

The Board of Directors has decided in the meeting dated September 15, 2017, according to the art. 137 index 2 of the Company Law No. 31/1990, to appoint Mr. Gabriel Vasile as temporary director, until the next Ordinary General Meeting of Shareholders is convened.

At the Ordinary General Meeting dated October 30th, 2017, Mr. Gabriel Vasile was elected as a director for a valid mandate until April 27th, 2021.

The Company’s Executive Management

On January 19th, 2018, Impact’s Board of Directors has decided to appoint Mr. Bogdan Oslobeanu as the Company’s Chief Executive Officer, for a 4-year mandate, starting March 1st, 2018, until February 22nd, 2022. He replaced Mr. Bartosz Puzdrowski, who requested the Company to terminate his mandate for personal reasons, starting March 1st, 2018.

The Board of Directors has decided that Mr. Bogdan Oslobeanu, Chief Executive Officer and Mr. Gabriel Vasile, Director, are authorized to represent the company according to the provisions of the art. 1432 (5) of the Company Law 31/1990, starting 01.03.2018.

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

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

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.

Chief Executive Officer	**Chairman of the Board of Directors**	**Chief Financial Officer**
Bogdan Oslobeanu	**Iuliana Mihaela Urda**	**Giani Iulian Kacic**