Quarterly Report
3rd Quarter / 2017

Report date: 14.11.2017
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 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 Q3/2017, compared to the previous year similar period.

Analysis of the results

During the third quarter of 2017, IMPACT recorded operating revenues of **101.9 million lei, 17% lower** than in the same period of the previous year, and net profit was approximately **13.5 million lei**, registering a decrease of 52 % compared to the same period in 2016, when gross profit was **27.9 million lei**. The decrease in profit was influenced by a lower sales volume than last year (-19%), increase in management bonus expense (+ 20%), and the increase in the company's financial cost (+ 153%) compared to 2016. The recorded decrease is due in particular to the closure of one of the complex access roads and intense unfavorable media coverage. Anticipating the situation, the Company has identified, since 2016, three alternative access solutions, for which it has completed its land acquisitions and related projects, while the endorsement and licensing procedures are still underway.

The financial indicators on the date of 30th of September 2017 are the following:

Indicators according to IFRS (RON)	2016_9 months	2017_9 months	Variation	Q 3_2016	Q 3_2017	Variation
Operational revenues, out of which:	**123,359,685**	**101,870,763**	**-17%**	**61,207,330**	**31,158,005**	**-49%**
Revenues from the sale of residential inventories	111,343,543	93,776,931	-16%	59,510,794	26,314,412	-56%
Revenue from rental and utilities recharged	2,891,635	6,661,296	130%	1,044,064	4,615,910	342%
Revenue from sale of investments properties	1,619,062	0	-100%	184,908	0	-100%
Other revenues of operational nature	865,371	1,432,536	66%	348,053	227,683	-35%
Other operational revenues - ANAF Litigation	6,640,074	0	-100%	119,511	0	-100%
Operational expenses, out of which:	**(95,973,364)**	**(84,284,414)**	**-12%**	**(47,410,256)**	**(27,358,449)**	**-42%**
Accounting value of the sold residential inventories	(76,768,160)	(62,535,780)	-19%	(40,047,200)	(19,296,851)	-52%
Operating costs related to rented and sold properties	(1,755,550)	(5,483,851)	212%	(708,782)	(3,894,418)	449%
Accounting value of sold investments properties	(1,461,265)	0	-100%	(156,544)	0	-100%
Expenses with consumables	(617,606)	(658,495)	7%	(316,569)	(202,420)	-36%
Services supplied by thirds	(6,147,701)	(5,037,777)	-18%	(2,857,470)	(241,066)	-92%
Expenses with the benefits of employees	(5,652,709)	(6,785,574)	20%	(2,249,546)	(2,387,166)	6%
Other expenses of operational nature	(3,570,373)	(3,782,937)	6%	(1,074,145)	(1,336,528)	24%
Operational result (EBITDA)	**27,386,321**	**17,586,349**	**-36%**	**13,797,074**	**3,799,556**	**-72%**
Expenses with depreciation and amortization	(474,704)	(565,762)	19%	(174,438)	(190,324)	9%
Value losses of assets, other than investment property	1,990,461	(337,410)	-117%	1,058,870	(683,003)	-165%
Earnings / (losses) of real value of investment property	0	0	0%	0	0	0%
Operational result (EBIT)	**28,902,078**	**16,683,177**	**-42%**	**14,681,506**	**2,926,229**	**-80%**
Net financial cost	(950,801)	(2,404,748)	153%	(475,014)	(1,128,178)	138%
Gross profit / (loss) (EBT)	**27,951,277**	**14,278,429**	**-49%**	**14,206,492**	**1,798,051**	**-87%**
Tax on profit	0	(800,000)	100%	0	(556,395)	100%
Net profit / (loss) of the period	**27,951,277**	**13,478,429**	**-52%**	**14,206,492**	**1,241,656**	**-91%**

On the date of September 30th, 2017, sales reached **246 properties** (apartments and houses), **29 parking spaces, 5 lots of land and 1 terrace** totaling a total built area of 22,007 square meters, 25.9% lower compared to previous year (29,677 sqm).

Sales have decreased by 30.3% from 353 units at the end of the third quarter of 2016 to 246 units in the third quarter of 2017, while the average transaction value increased by more than 19% from around 70,895 in 2016, to 82,952 in the third quarter of 2017.

Operational expenditures had decreased by 12 % compared to the same period in 2016. The operating costs of the properties sold on September 30, 2017 increased due to the expenses incurred for the development of the Luxuria Domenii Residence, which were reinvoiced to Bergamot Developments SRL.

Compared to an operating result of 27.39 million lei on the date of 30th of September 2016, in 2017 the operating result was 17.59 million lei (-36%)

	2016_9 months	2017_9 months	Variation	Q3_2016	Q3_2017	Variation
Financing costs	(1,183,053)	(2,232,727)	89%	(689,625)	(1,275,245)	85%
Financial revenues	32,330	736,753	2179%	19,936	853,978	4184%
Exchange rate differences	171,231	(542,287)	-417%	119,902	(553,792)	-562%
Other financial items, net	28,691	(366,487)	-1377%	74,773	(153,119)	-305%
Total	**(950,801)**	**(2,404,748)**	**153%**	**(475,014)**	**(1,128,178)**	**138%**

Interest expenses increased by 153 % on account of the loans contracted for stages 5, 6 and 7 and interests afferent to bonds issuance loan.

Analysis of the balance sheet items

Asset items	31-Dec-16	30-Sep-17	%
	6.044.055	7.882560	30%
Tangible assets	232.663	179.580	-23%
Intangible assets	136.736.403	136.759.859	0%
Investment immobilization	14.377.226	14.400.196	0%
Financial assets	11.215.815	6.808.885	-39%
Non-current receivables	**168.606.162**	**168.699.849**	**0%**

Inventories	282.813.138	293.959.866	4%
Trade receivables and other receivables	15.652.318	71.836.993	359%
Prepayments	131.717	87.142	-34%
Cash and cash equivalents	17.432.180	17.583.161	1%
Total current assets	***316.029.353***	**383.467.162**	**21%**
Total assets	***484.635.515***	**549.318.242**	**13%**

Cash and cash equivalents of the Company had maintained approximately the same level as in December 2016.

Trade receivables increased by 359%, the main reason being the loan agreement with Bergamot Developments, as borrower and Impact Developer & Contractor, as lender. The purpose of this agreement is to acquire land plots and build on them a residential complex. The loan amount is RON 54,000,000 at an interest rate of 6,5% / year, with a repayment term no later than August 15th, 2017, with the possibility of being converted into equity. The loan was converted into equity in October 2017.

Compared to the beginning of the year, stocks grew by 4% due to the capitalization of production costs for the new development phase of Greenfield neighborhood, Phase 7 and the final acceptnce of the Phases 5 and 6 apartments in March 2017.

Tangible assets increased as a result of the transfer of park related land into assets (from inventory) and purchases of various equipment (including IT) for the use of the new sales office (30%).

Total assets were estimated to be about 13% higher than the level recorded at the end of 2016.

Liabilities items	31-Dec-16	30-Sep-17	%
Equity	***390.776.564***	***391.763.350***	***0%***
Loans	28.519.089	93.873.965	229%
Trade payables and other liabilities	2.863.913	2.554.437	-11%
Deferred tax	13.000.347	13.000.347	0%
Total long term liabilities	***44.383.349***	***109.428.749***	***147%***
Loans	28.715.491	19.266.384	-33%
Trade payables and other liabilities	20.753.493	28.853.141	39%
Provisions for risks and charges	6.618	6.618	0%
Total current liabilities	***49.475.602***	***48.126.143***	***-3%***
Total liabilities	***93.858.951***	***157.554.892***	***68%***
Total equity and liabilities	***484.635.515***	***549.318.242***	***13%***

The company's loans increased during the third quarter of 2017 due to the bond issuance loan with interest after revaluation of 55,056,834 lei and the new credit lines obtained for the financing of the 7th Phase in Platanilor.

On the date of July 10th, 2017, the Company offered 120 A-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 physical form, to two funds of investments managed by Credit Value Investments Sp. z o. (CVI), who 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 the date of 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 mandatorily redeem 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per year, payable twice a year.

The company's commercial debts increased by 33% due to the growing production costs and the withdrawals from bank loans. Also on the line of other debts in September 2017 are also included **dividends payable** to investors worth **RON 11.2 million**. Compared to the amount of dividends payable on 30th of September 2017, during October 2017, 98% were paid.

Equituies increased by 13% compared to the level at end-year 2016 on account of growth in loans in Q3 2017.

Cash flow items analysis

The decrease in cash at the end of the third quarter of 2017 is based on the investments made in Stages 5, 6 and 7 of the Platanilor Assembly.

Indicator (RON)	30-Sep-16	30-Sep-17
Cash and cash equivalent as of 1st of January	***17.080.848***	***17.432.180***
Net cash derived from operating activities	(4.925.706)	(46.602.785)
Net cash derived from investment activities	673.117	(2.217.610)
Net cash derived from (usd in) financing activities	3.226.057	48.971.376
Cash and cash equivalent as of 31st of *December*	***16.054.316***	***17.583.161***

2. Analysis of the company's activity

During the third quarter of 2017, the sale of apartments from the Salcamilor Complex continued, both from those completed in 2015 (Stages 1 and 2), as well as Stages 3 and 4 (420 units) - completed in 2016. From August 2016, reservations and sales began for Stages 5 and 6 and since May 2017 for Stage 7.

On the date of September 30th, 2017, sales reached 246 properties (apartments and houses), 29 parking spaces, 5 plots of land and 1 terrace totaling a total built area of 22,007 sqm, 25.9% lower compared to the previous year (29,677 sqm). Additionally, at the end of Q3, 35 promises and reservations for apartments.

The average value of a transaction in the first nine months of 2017 increased by more than 19%, from around 70,895 in 2016 to 82,952 in 2017, while sales decreased by 30.3% from 353 units at the end of the third quarter of 2016, to 246 units on the date of 30th of September 2017.

Until the date of September 30th, 2017, in the Salcamilor Assembly (924 apartments), **861 contracts** were signed, while from Platanilor Assembly (752 apartments), **175 contracts** were traded.

Consolidated on both projects in the new development of the Greenfield neighborhood, initiated in 2013, we have a total of **1037** signed contracts of which **1002** sold apartments and **35** promises 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 previous year.*

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

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

The company has in progress the completion of the Platanilor Assembly construction, which shall consist of 39 blocks having 944 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, real estate investment loans have been contracted with Banca Transilvania, Libra Bank and Piraeus Bank.

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.*

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 to give it market leadership.

The acceleration of production cycles and the standardization of the offered product ensure the satisfaction of the market demands, 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 capital and administration.

In April 2017, three new members were elected to the Board of Administration. Mrs. Ruxandra Alina Scarlat, Mr. Laviniu Dumitru Beze and Mr. Daniel Pandele, for a four-year term until the date of April 27th, 2021, and the Chairman of the Board of Administration was reconfirmed, Mrs. Iuliana Mihaela Urda until the date of April 27th, 2021.

On the date of October 30th, 2017, the election of Mr. Gabriel Vasile, as member of the Board of Administration, was approved for a 4 year mandate until 27th of April 2021.

3.1 Description of those cases where the comapny 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.

Chairman of Board of Administration
Iuliana Mihaela Urda

Chief Financial Officer
Bogdan Nicolae Geanta

Full version of the quarterly report may be consulted following the link below

http://www.impactsa.ro/quarterly-reports.html