IMPACT DEVELOPER & CONTRACTOR S.A.

INDIVIDUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2018

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ENDORSED BY THE EUROPEAN UNION

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
IMPACT DEVELOPER & CONTRACTOR S.A.

Report on the Audit of the Individual Financial Statements

Opinion

1. We have audited the individual financial statements of IMPACT DEVELOPER & CONTRACTOR S.A. (the "Company"), with registered office in Bucharest, identified by unique tax registration code 1553483, which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.

2. The financial statements as at December 31, 2018 are identified as follows:

• Net assets/Equity	kRON	444,866
• Net profit for the financial year	kRON	19,987

3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named The " Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the matter
Valuation of Investment Property As disclosed in Note 10 to the consolidated financial statements, investment property held by the Group is recorded at RON 217,113 thousand as of December 31, 2018. Investment properties primarily represent land plots. The Group applies the fair value model after initial measurement. Fair value of investment property is determined on the basis of a valuation performed by an independent appraiser, with experience in this industry. Any changes in fair value are recognized in profit or loss account. The valuation method used by the independent appraiser includes inputs and data from various sources, based on the type of the asset and involves judgements and a high degree of estimates. Because of the significance of estimates and judgements involved in assessing this area and considering the significant value of Investment Property, we consider that the Valuation of Investment Property is a key audit matter.	Our procedures in relation to management's valuation of investment properties include: - Evaluation of the independent external valuers' competence, capabilities and objectivity; - Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry and using our in-house valuation experts; - Performing sensitivity analysis of market prices of similar assets in the same area; and - Checking the appropriate recognition in the financial statements of the fair value adjustments and the proper disclosures in the financial statements in according with the relevant IFRS framework. The land values are determined based on the comparables approach. Our discussions with management have focussed upon the choice of comparable assets and adjustments applied. The valuation is highly sensitive to the choice of comparables as well as the application of adjustments. The key assumptions and changes in the year are disclosed in note 10 and we are satisfied that the valuation of investment properties is supported.
Litigations Please refer to Note 31 'Contingencies' to the consolidated financial statements. As disclosed in this note, the Group is involved in various litigation both as plaintiff and defendant. The management of the Group performs regular analysis of the status of pending litigations and, based on the consultations with its legal representatives, decides upon the necessity of recognizing provisions or their disclosure in the Financial Statements. The most significant matter arises from a dispute involving a subsidiary company and Cluj City Council.	Our audit procedures related to management assessment of litigations included the following: - Sending confirmation letters to all the external lawyers which represent the Company in the Court trials, in order to confirm the status of each litigation and the chance of success; - For each significant litigation, we had discussions with the in-house lawyer and external lawyers in charge with the litigations and assessed the impact on the financial statements and corroborated it with the client's assessment in this respect; - Discussions with the management regarding their involvement in the periodical assessment of the pending litigations and whether they have performed regular consultation meetings with the legal counsels; We consider that the uncertainties with regard to this case are sufficiently disclosed.

Other information – Administrators' Report

6. Management is responsible for the preparation and presentation of the other information. The other information is included in a separate report.

   Our opinion on the financial statements does not cover the other information and, unless explicitly provided in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements for the year ended December 31, 2018, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

a) the information included in the administrators' report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;

b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2018, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on April 26, 2018 to audit the financial statements of IMPACT DEVELOPER & CONTRACTOR S.A. for the financial year ended December 31, 2018. The uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2018.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- We have not provided for the Group the non-audit services referred to in Article 5 (1) of EU Regulation No. 537/2014.

The engagement partner on the audit resulting in this independent auditor's report is Steve Openshaw.

Steve Openshaw, Audit Partner

For signature, please refer to the original Romanian version.

Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 5469

On behalf of:

DELOITTE AUDIT S.R.L.

Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 25

Sos. Nicolae Titulescu nr. 4-8, America House, Intrarea de Est,
Etajul 2 - zona Deloitte și Etajul 3, sector 1,
Bucharest, Romania
March 21, 2019

(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	**8**	5,629	8,684
Intangible assets	**9**	67	144
Investment property	**10**	217,113	193,343
Financial assets	**12**	56,190	56,190
Long term trade and other receivables	**13**	19,043	4,949
Total non-current assets		**298,042**	**263,310**
Current assets			
Inventories	**11**	264,627	297,294
Trade and other receivables	**13**	41,244	26,262
Cash and cash equivalents	**14**	26,676	44,516
Total current assets		**332,547**	**368,072**
Total assets		**630,590**	**631,382**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	**15**	285,330	285,330
Share premium		68,760	68,760
Revaluation reserve	**8**	3,064	3,025
Other reserves		730	8,430
Own shares	**16**	(3,038)	-
Retained earnings		94,020	66,309
Total equity		**444,866**	**431,854**
Non-current liabilities			
Loans and borrowings	**17**	114,100	132,901
Trade and other payables	**18**	1,151	1,029
Deferred tax liability	**26**	25,009	21,210
Total non-current liabilities		**140,261**	**155,140**
Current liabilities			
Loans and borrowings	**17**	28,786	28,253
Trade and other payables	**18**	12,075	15,811
Provisions for risks and charges	**19**	601	324
Total current liabilities		**41,462**	**44,388**
Total liabilities		**181,723**	**199,528**
Total shareholders' equity and liabilities		**630,590**	**631,382**

The financial statements have been authorized for issue by the management on 21 March 2019 and signed on its behalf by:

Bogdan Oslobeanu,	**Iuliana Mihaela Urda,**	**Giani Kacic**
Chief Executive Officer	President BOD	Chief Financial Officer

	Note	31-Dec-18	31-Dec-17
Revenue from real estate inventories	**20**	101,469	109,712
Costs of real estate inventories		(60,207)	(66,109)
Gross profit		**41,261**	**43,603**
Net rental income	**20**	1,978	3,517
General and administrative expenses	**21**	(20,300)	(22,386)
Marketing expenses		(1,819)	(2,210)
Depreciation and amortization	**8,9**	(796)	(971)
Other operating income/expenses	**22**	(3,302)	(6,659)
Total other income / expenses		**(24,240)**	**(28,709)**
Unrealised gains / (loss) on investment property	**10**	23,394	56,763
Adjusted operating profit before exceptional items and impairment of long term assets		**40,415**	**71,657**
Impairment of assets	**24**	(2,208)	(5,077)
Other income expense (exceptional)	**25**	(3,676)	-
Operating profit		**34,532**	**66,578**
Finance costs, net	**23**	(7,258)	(4,464)
Profit before income tax		**(27,274)**	**62,114**
Income tax credit/(charge)	**26**	(7,287)	(9,807)
Profit for the period		**19,987**	**52,307**
Total comprehensive income attributable to:			
Owners of the parent		19,987	52,307
Total comprehensive income for the period		**19,987**	**52,307**

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Bogdan Oslobeanu, Chief Executive Officer	**Iuliana Mihaela Urda,** President BOD	**Giani Kacic** Chief Financial Officer

(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2018		**285,330**	**68,760**	**3,025**	**8,430**	**-**	**66,309**	**431,854**
Comprehensive income								
Profit for the year		-	-	-	-	-	19,987	19,987
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**19,987**	**19,987**
Transactions with owners of the Company								
Own shares aquired in the year	16	-	-	-	-	(3,353)	-	(3,353)
Credit to equity for equity-settled share-based payments	29	-	-	-	-	315	-	315
Other changes in equity								
Set up of legal reserves	13	-	-	-	1,015	-	(1,015)	-
Transfer of reserves	13	-	-	(24)	(8,715)	-	8,739	-
Revalution reserves		-	-	63	-	-	-	63
Balance at 31 December 2018		**285,330**	**68,760**	**3,064**	**730**	**(3,038)**	**94,020**	**448,866**

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Chief Executive Officer

Iuliana Mihaela Urda,
President BOD

Giani Kacic
Chief Financial Officer

(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2017		**285,330**	**84,175**	**3,138**	**5,419**	**-**	**12,714**	**390,777**
Comprehensive income								
Profit for the year		-	-	-	-	-	52,307	52,307
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**52,307**	**52,307**
Transactions with owners of the Company								
Own shares aquired in the year		-	-	-	-	-	-	-
Credit to equity for equity-settled share-based payments		-	-	-	-	-	-	-
Contributions and distributions								
Dividends to the owners of the Company	13	-	-	-	-	-	(11,226)	(11,226)
Other changes in equity								
Transfer to share premium			(15,415)	-	-	-	15,415	-
Set up of legal reserves	13				2,901		(2,901)	
Revalution reserves		-	-	(113)	113	-	-	-
Balance at 31 December 2017		**285,330**	**68,760**	**3,025**	**8,430**	**-**	**66,309**	**431,854**

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Chief Executive Officer

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President BOD

Giani Kacic
Chief Financial Officer

(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	2018	2017
Cash flows from operating activities:			
Profit for the period		**19,987**	**52,307**
Adjustments for:			
Depreciation of tangible non-current assets	**8**	702	645
Amortization of intangible non-current assets	**9**	94	129
Impairment of tangible non-current assets, net	**8**	1,226	-
Result from disposal of assets, net	**22**	1,017	-
Impairment of financial asstes		-	1,901
Impairment of inventories, net	**24**	1,028	329
Impairment of trade and other receivables, net	**24**	(47)	1,901
Legal settlements	**25**	3,676	-
Changes in fair value of investment property	**10**	(23,394)	(56,606)
Income tax	**26**	7,287	9,807
Net changes in provisions for risks and charges	**19**	7	318
Interest expenses	**23**	8,654	5,793
Interest income	**23**	(1,822)	(848)
Foreign exchange differences, net	**8**	185	1,236
Other		157	-
		18,757	**23,160**
Changes in:			
Inventories		31,384	(20,936)
Trade and other receivables		5,330	(46,356)
Trade and other payables		(5,455)	1,494
Net cash generated from operations		**50,016**	**(42,638)**
Income tax paid		(2,795)	(4,861)
Interest paid		(8,893)	(11,649)
Net cash from / (used in) operating activities		**38,328**	**(59,148)**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(1,016)	(5,856)
Purchases of intangible assets		(17)	(40)
Proceeds from sale of property, plant and equipment		400	670
Net cash from investing activities		**(632)**	**(5,226)**

(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	2018	2017
Cash flows from financing activities:			
Dividends paid	12	(20)	(11,226)
Repayments of borrowings		(25,939)	(59,638)
Proceeds from borrowings		8,314	162,322
Loans granted to affiliates		(34,537)	-
Acquisitions of own shares		(3,353)	-
Net cash used in financing activities		**(55,535)**	**91,458**
Net Increase / (Decrease) of cash and equivalents		**(17,840)**	**27,084**
Cash and equivalents at 1 January	**15**	**44,516**	**17,432**
Cash and equivalents as at 31 December	**15**	**26,676**	**44,516**

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1. REPORTING ENTITY

Impact Developer & Contractor S.A ("the Company") is a Company resgistered in Romania whose activity is the development of real estate objects.

The registered office of the Company is Willbrook Platinum Business &Convention center 172 -176 Bucuresti Ploiesti Building A 1st floor Bucharest, 1st district.

The shareholding structure as at 31 December 2018 and 31 December 2017 is disclosed in Note 15.

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 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 2017 and 2018 the business of Impact revolves around a major project: GREENFIELD residential complex in Bucharest.

2. The Board of Administration

The Board of Administration 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 consists of 5 members:

- Gabriel Vasile, Administrator (resigned 4 January 2019)
- Laviniu Dumitru Beze, Administrator;
- Daniel Pandele, Administrator;
- Ruxandra-Alina Scarlat, Administrator;
- Iuliana Mihaela Urda, Chairman of the Board of Administration.

The Board of Administration decided in its meeting on 15.09.2017, according to art. 1372 of the Law 31/1990, regarding the commercial companies, appointment of Gabriel Vasile as temporary administrator until the meeting of the Ordinary General Meeting of Shareholders.

Executive Management of the Company

The board of Administration decided that Mr. Bartosz Puzdrowski, General Director and Mr. Gabriel Vasile, Administrator, 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 09.01.2017.

On 19.01.2018, the Impact Board of Administration decided to designate Mr. Bogdan Oslobeanu as General Manager of the Company, on a four-year term, starting with 01.03.2018 until 28.02.2022. He replaced Mr. Bartosz Puzdrowski. who request the Company to terminate the mandate for personal reasons with the date of March 1, 2018.

Mister. Bogdan Oslobeanu has 19 years of experience in the financial field, management of the industrial projects and development projects, working for Ernst & Young and KazMunayGas. He is a graduate of the Polytechnic University of Bucharest.

Mister. Bogdan Oslobeanu will continue the Company's development strategy at the level of existing projects. as well the initiation of new projects to strengthen the top position Impact currently holds in the residential market.

3. BASIS OF PREPARATION

These Individual Financial Statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union ("EU IFRS").

The financial statements have been prepared on a gaoing concern basis and under the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

The Company has prepared forecasts, including certain sensitivities taking into account the principal business risks. Having considered these forecasts, the Directors remain of the view that the Company's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Company to conduct its business for at least the next 12 months.

Accordingly, the financial statements have been prepared on a going concern basis.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in RON, this being also the functional currency of the Company. All financial information is presented in thousand RON.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been constantly applied by the Company, for all periods presented in these Financial Statements.

Below is presented the summary of the significant accounting policies.

(a) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency using the exchange rates prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currency at the date of reporting are translated to the functional currency at the exchange rate prevailing at that date. The gains and losses from exchange rate differences related to monetary items are computed as the difference between the amortized cost in functional currency at the beginning of the year, adjusted by the effective interest, payments and collections during the year, on one side and the amortized cost in foreign currency translated using the exchange rate prevailing at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rate prevailing at the date of the determination of fair value. The non-monetary elements denominated in a foreign currency that are carried at historical cost are converted using the exchange rate prevailing at the date of transaction.

The exchange rate differences resulted from translation are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment

Land and buildings held for use in production, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

The estimated useful lives of property, plant and equipment are as follows:

• buildings	40 years
• plant, equipment and vehicles	3–5 years
• fixtures and fittings	3–12 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting.

(c) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(d) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including Property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

All of the Company's property interests held to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

When the use of a property is changed, such that it is reclassified to property, plant and equipment or inventories, its fair value as of the date of reclassification becomes the cost of the property for the purpose of subsequent accounting.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment property (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(f) Trade and other receivables

Trade receivables on normal terms excluding derivative financial instruments do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated unrecoverable amounts. The carrying amount of trade and other receivables that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short term bank deposits with an original maturity of three months or less from inception and are subject to an insignificant risk of changes in value.

(h) Share capital

Ordinary shares

Ordinary shares are classified as part of equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity at its value net of any fiscal effects.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares are classified as treasury shares and are presented in the treasury share reserves. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Dividends

Dividends are recognised in the period when their allocation is approved.

(j) Own shares

Own shares consist of treasury shares and shares held within an employee benefit trust. The Company has an employee benefit trust to satisfy the exercise of share options that have vested under the Company's share option schemes.

Own shares are recognised at cost as a deduction from shareholders' equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds from the original cost being taken to retained earnings. No gain or loss is recognised in the performance statements on transactions in own shares.

(k) Borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss.

To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.
Investment income earned on the temporary investment of specific borrowings pending their expenditure On qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Trade payables and other payables

Trade payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs. The carrying amount of trade and other payables that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the Present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Revenue

Revenue from sale of residential properties during the ordinary course of business are valued at fair value of the amount collected or to be collected on legal completion. The revenues are recognised when the significant risks and rewards of ownership have been transferred to the customer, this is deemed to be when title of the property passes to the customer on legal completion, the associated costs and possible return of goods can be estimated reliably. This is the point at which all performance obligations are satified and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable for certain rebates to be granted, and their value can be measured reliably, then these are recognised as a reduction of the revenues when the sale revenues are recognised. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the payment is almost always less than one year, the company has also a instalments payments over a period more than one year but those are not significant.

The Company has initially applied IFRS 15 starting 1 January, 2018. Information about the Company's accounting policies relating to contracts with customers and also the effect of the initial application of IFRS 15 are described in Note 14.

Under the new standard, revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Company is expected to be entitled to receive in exchange of those goods or services. Revenue is recognized at the fair value of the services rendered or goods delivered, net of VAT, excises or other taxes related to the sale.

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, after eliminating sales within the Company. Revenue and profit are recognized as follows:

(i) Revenue from sale of residential properties

Revenue from sale of residential properties during the ordinary course of business are valued at fair value of the amount collected or to be collected on legal completion. The revenues are recognised when the significant risks and rewards of ownership have been transferred to the customer, this is deemed to be when title of the property passes to the customer on legal completion, the associated costs and possible return of goods can be estimated reliably. This is the point at which all performance obligations are satified and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable for certain rebates to be granted, and their value can be measured reliably, then these are recognised as a reduction of the revenues when the sale revenues are recognised. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the payment is almost always less than one year, the company has also instalments payments over a period more than one year but those are not significant.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue (continued)

(ii) Rental revenues

Rental income from real estate investments is recognized as a straight-line income over the lease term. Incentives related to rental contracts are recognized as integral part of total rental income over the lease term. Income from renting other properties is recognized as other income because the Company leases them temporarily, these assets being for subsequent sale.

(iii) Revenues from re-charging utilities

The revenues from recharge of utilities are recognised when they are realised, together with the utilities expenses invoiced by the suppliers. The Company recharges the utilities under the form of administrative costs. These revenues refer to the rented properties, to the properties sold without the transfer of ownership (sales in installments) and to the sales of properties fully paid, up to the moment when the buyer concludes contracts with the utilities suppliers in their own name.

(o) Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the nitial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are also recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share-based payments

The Company has applied the requirements of IFRS 2 'Share-based payment'. The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest after adjusting for the effect of non-market vesting conditions.

(q) Financial instruments – fair values and risk management

The risk management function within the Company is carried out in respect of financial risks.

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

(r) Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Benefits received and recreivable (and costs paid and payable) as an incentive to enter into an operating lease are also spred on a strainght line basis over the lease term.

(s) Contingent liabilities

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events that is not recognised because:

   i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Company's financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is not recognized in the Company's financial statements, but disclosed when an inflow of economic benefits is probable.

(t) Contingent liabilities

Events occurring after the reporting date 31 December 2018, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting date (non-adjusting events), when material, are disclosed in the notes to the financial statements. When the going concern assumption is no longer appropriate at or after the reporting period, the financial statements are not prepared on a going concern basis.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Segmental reporting

The Group operates only in Romania. The single operating segment is considered to be the development of real estate.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Fair value measurements and valuation processes

Valuation and recoverable amounts of the property developed for sale, investment property and property, plant and equipment.

The Company has obtained a report from an international valuation company, Colliers Valuation and Advisory SRL, setting out the estimated market values for the Company's investment property, property developed for sale and property, plant and equipment in their current state as at 31 December 2018. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation was based on the assumption as to the best use of each property by a third party developer.

The development projects' valuation or recoverable amount was determined based on the best estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market prices for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Had a different assessment been made of the assumptions underlying the valuation report the estimated fair values of the assets would have been higher or lower as at the above mentioned date.

Management considers that the valuation of its property developed for sale and investment property is currently subject to an increased degree of judgment and an increased likelihood that actual proceeds on a sale may differ from the carrying value.

Land assets are mainly valued using the sales comparison approach. The principle assumptions underlying the market value of the groups land assets are:

- The selection of comparable land plots resulting in order to determine the "offer price" which is taken as the basis to form an indicative price
- The quantum of adjustments to apply against the offer price to reflect deal prices, and diffrerences in location and condition.

The key inputs are summarised in note 10. The valuation is highly sensitive to these variables and adjustments to these inputs would have a direct impact on the resulting valuation.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Legal issues

The management of the Company analyses regularly the status of all ongoing litigation, and, following a consultation with the Board of Administration decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the Financial Statements. Key legal matters are summarized in note 31.

As at 31 December 2018, a subsidiary company is engaged in a dispute with Cluj City Council. The company is seeking reimbursement of costs amounting to RON 17 million plus expenses. Based on advice from the Groups lawyers, management believes that the outcome of the case will not result in an adverse outcome in these financial statements. However the matter is judgemental and in the event that recoveries are less than the carrying value of the asset then a financial loss will result.

(iii) Cost allocation

In order to determine the profit that the Group should recognise on its developments in a specific period, the Company has to allocate site-wide development costs between units sold in the current year and to be sold in future years. Industry practice does vary in the methods used and in making these assessments there is a degree of inherent uncertainty. In the event that there is a change in future development plans from those currently anticipated then the result would be fluctuations in cost and profit recogntion over different project phases.

7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted and applied the following accounting standards issued by the International Accounting Standards Board that are relevant to the operations of the Group.

– IFRS 9 'Financial Instruments'

– IFRS 15 'Revenue from Contracts with Customers'

The impact of the adoption of these new standards on the Group's financial statements is explained below. None of these standards had a material impact on the financial statements of the Company.

IFRS 9 'Financial Instruments'

IFRS 9 became effective for accounting periods beginning on or after 1 January 2018 and replaced IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduced new requirements for the classification and measurement of financial instruments, impairment of financial assets using an expected credit loss (ECL) model, and hedge accounting.

The adoption of IFRS 9 did not have a material impact on the Group financial statements.

Classification and measurement of financial assets

All financial assets within the scope of IFRS 9 are initially measured at fair value and subsequently measured at amortised cost, or fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

The Directors have reviewed and assessed the Group's financial assets and concluded that the application of IFRS 9 has had the following impact on the classification and measurement of the Group's financial assets:

Financial assets classified as trade and other receivables under IAS 39 'Financial Instruments: Recognition and Measurement' continue to be measured at amortised cost under IFRS 9. They are held to collect contractual cash flows which consist only of payments of principal and, where relevant, interest on the principal amount outstanding.

(all amounts are expressed in thousand RON, unless stated otherwise)

7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 9 'Financial Instruments' (continued)

Impairment of financial assets

IFRS 9 requires an expected credit loss approach to impairment rather than the incurred credit loss model under IAS 39. This requires the assessment of the expected credit loss on each class of financial asset at the reporting date. This assessment should take into consideration any changes in credit risk since the initial recognition of the financial asset.

The Directors have reviewed and assessed the Group's financial assets, and amounts due from customers using reasonable and supportable information to determine the credit risk of each item and concluded that there is no financial impact on the Group. The main financial assets held by the Group are cash and cash equivalents which are placed on deposit with a number of institutions based on a minimum credit rating and maximum exposure and accordingly the expected credit loss is considered low.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 became effective for accounting periods beginning on or after 1 January 2018 and replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized.

The adoption of IFRS 15 did not have a material impact on the Group financial statements, an assessment of the Group's main revenue stream against the requirements of IFRS 15 compared with previous accounting policies is set out below:

Revenue stream	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
Revenue from sale of residential properties	Customers obtain control of a unit once the sale is complete and monies have been received by Impact. A house sale invoice is generated and revenue recognized at this point.	Under IAS 18 revenue was recognized when the risks and rewards were transferred to the customer which was also at the point when monies were received by Impact. Under IFRS 15, there is no change to the point of revenue recognition as the performance obligations are deemed to be satisfied at the point when legal title is transferred to the purchaser.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following new standards issued by IASB and adopted by the EU are not yet effective.

- *IFRS 16 "Leases"* – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- *Amendments to IFRS 9 "Financial Instruments"* - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- *IFRIC 23 "Uncertainty over Income Tax Treatments"* – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company has elected not to adopt new standard, amendments to existing standard and interpretation in advance of their effective dates. The Group anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Group in the period of initial application.

(all amounts are expressed in thousand RON, unless stated otherwise)

8. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

Cost / valuation	**Land and buildings**	**Machinery, equipment and vehicles**	**Fixtures and fittings**	**Assets under construction**	**Total**
Balance at January 1,2018	**14,780**	**2,659**	**1,045**	**641**	**19,125**
				-	
Additions	197	281	72	393	943
Transfers	-	-	-	-	-
Disposals	1,471	3	-	-	1,475
Change in fair value due to reevaluation	63				63
Balance at 31 December 2018	**13,433**	**2,937**	**1,118**	**1,034**	**18,531**
Accumulated depreciation and impairment losses					
Balance at January 1,2018	**7,786**	**1,772**	**884**	**-**	**10,441**
Charge for the period	289	352	61	-	702
(Reversal of)/Impairment loss	1,226	-	-	-	1,226
Accumulated depreciation of disposals	131	-	-	-	131
Balance at 31 December 2018	**9,432**	**2,124**	**945**	**-**	**12,902**
Carrying amounts					
at 1 January 2018	**6,994**	**888**	**161**	**641**	**8,684**
at 31 December 2018	**4,001**	**813**	**173**	**1,034**	**5,629**

(all amounts are expressed in thousand RON, unless stated otherwise)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
Cost / Valuation					
Balance at 1 January 2017	**14,231**	**3,160**	**1,008**	**-**	**18,399**
Additions	3,372	100	43	1,770	5,286
Disposals	2,823	601	5	1,129	4,559
Balance at 31 December 2017	**14,780**	**2,659**	**1,045**	**641**	**19,125**
Accumulated depreciation and impairment losses					
Balance at 1 January 2017	**9,564**	**1,977**	**814**	**-**	**12,355**
Depreciation for the year	226	346	73	-	645
Impairment losses / (reversals)	1,699				1,699
Accumulated depreciation of disposals	305	551	3	-	859
Balance at 31 December 2017	**7,786**	**1,772**	**884**	**-**	**10,441**
Carrying amounts					
at 1 January 2017	**4,667**	**1,183**	**193,910**	**-**	**6,044**
at 31 December 2017	**6,994**	**888**	**161,442**	**641**	**8,684**

(all amounts are expressed in thousand RON, unless stated otherwise)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of land and buildings

As at 31 December 2018, and as at December 31, 2017 the Company's land and buildings were revalued by the Colliers Valuation and Advisory SRL, external, independent and authorised by the National Association of Authorised Valuators from Romania ("ANEVAR"), having recent experience related to the location and nature of the properties under valuation.

Changes in revaluation reserve

The changes in revaluation reserve during the financial year were as follows:

	Nota	2018	2017
Revaluation reserve at 1 January		**3,025**	**3,138**
Revaluation surplus		63	-
Realized revaluation reserve		(24)	(113)
Revaluation reserve at 31 December		**3,064**	**3,025**

Revaluation reserves are not distributable until their realisation through sale or disposal of the assets they relate to.

9. INTANGIBLE ASSETS

Reconciliation of carrying amount

	Note	Software	Other intangible assets	Total
Cost				
Balance at 1 January 2018		**1,880**	**4**	**1844**
Additions		17	-	17
Balance at 31 December 2018		**1,897**	**4**	**1,901**
Accumulated depreciation and impairment losses				
Balance at 1 January 2018		**1,736**	**4**	**1,740**
Charge for the period				
Amortization for the year		944	-	94
Balance at 31 December 2018		**1,930**	**4**	**1,834**
Carrying amounts				
at 1 January 2018		**144**	**-**	**144**
at 31 December 2018		**67**	**-**	**67**

(all amounts are expressed in thousand RON, unless stated otherwise)

9. INTANGIBLE ASSETS (continued)

	Note	Software	Other intangible assets	Total
Cost				
Balance at 1 January 2017		**1,840**	**4**	**1,844**
Additions		40	-	40
Balance at 31 December 2017		**1,880**	**4**	**1,884**
Accumulated depreciation and impairment losses				
Balance at 1 January 2017		**1,607**	**4**	**1,611**
Charge for the period		128	-	128
Amortization for the year		-	-	-
Balance at 31 December 2017		**1,736**	**4**	**1,740**
Carrying amounts				
at 1 January 2017		**233**	**-**	**233**
at 31 December 2017		**144**	**-**	**144**

10. INVESTMENT PROPERTY

Reconciliation of carrying amount

	2018	2017
Balance at 1 January	**193,343**	**136,736**
Additions through subsequent expenditures	661	-
Sales	(285)	(157)
Changes in fair value during the year	23,394	56,763
Balance at 31 December	**217,113**	**193,343**

Investment property comprises land and properties held with the purpose of capital appreciation or to be rented to third parties.

Valuation processes

The Company's investment properties were valued at 31 December 2018 by independent professionally Colliers Valuation and Advisory SRL, external, independent evaluators, authorized by ANEVAR, having recent experience regarding the location and nature of the properties evaluated.

For all investment properties, their current use equates to the highest and best use. Below there is description of the valution technique used in determination of the fair value of invenstment property.

The land held for capital appreciation, amounting to 217,113 thousand RON as at 31 December 2018 (2017: 193,343 thousand RON), has a total surface of 429.185 sqm (2017: 429.185 sqm) 367,163 sqm out of this land is located in Bucharest and 62,022 sqm in other regions (Constanta, Oradea).

(all amounts are expressed in thousand RON, unless stated otherwise)

10. INVESTMENT PROPERTY (continued)

Fair value hierarchy

Based on the inputs to the valuation technique, the fair value measurement for investment property has been categorised as Level 3 fair value at 31 December 2018. The classification is considered appropriate given the extent of adjustments which are applied to observed data for comparable land and building valuations. These adjustments are based on location and condition and are not directly observable. There were no transfers from levels 1 and 2 to level 3 during the year.

Valuation techniques

The following table presents the valuation techniques used in the determination of the fair value of investment properties categorised as a Level 3 fair value.

Valuation technique	**Key inputs**
The fair values are determined through the application of the market comparison technique. The valuation model is based on a price per square meter for both land and buildings, derived from data observable in the market, in and active and transparent market.	• Offer price per square meter for land in Bucharest (93 Euro /square meter up to 149 Euro per square meter) (2017: 93 Euro /square meter up to 102 Euro per square meter) • Adjustments to observable offer prices to reflect deal prices, location and condition (-22% discount to -5% discount) (2017: -22% discount to +21% premium).

The carrying value as at December 31,2018 of the land plots pleadged is of 128,453 thousand RON.

11. INVENTORIES

	31 December 2018	**31 December 2017**
Finished goods and goods for resale	106,251	92,016
Residential developments:		
- Land	118,879	139,391
- Development and construction costs	39,586	65,214
	264,627	**297,294**

Inventories are represented by:

	31 December 2018	**31 December 2017**
Greenfield residential project	140,421	177,939
Ghencea land	43,018	42,618
Barbu Vacarescu land	48,338	45,966
Constanta land	21,469	18,449
Other inventory	11,281	12,322
	264,627	**297,294**

(all amounts are expressed in thousand RON, unless stated otherwise)

11. INVENTORIES (continued)

Land with a carrying amount of 121,350 thousand RON as at 31 December 2018 (2017: 139,391 thousand RON) consists of land held by the Company for development of new residential properties, mainly in Bucharest, as well as land which the Company intends to realise value through direct sale.

Completed reisidential properties with a carrying value of 104,243 RON as at 31 December 2018 (2017: 92,016 RON) refer entirely to apartments held for sale by the Company.

The carrying value as at December 31,2018 of the inventories pleadged is of 7,309 thousand RON.

12. FINANCIAL ASSETS

	31-Dec-18	31-Dec-17
Interests in affiliates	64,323	64,323
Impairment of interest in affiliates	(8,133)	(8,133)
	56,190	**56,190**

The Company holds interests in the following affiliates:

	31 December 2018			
	Ownership title	**Gross value**	**Impairment**	**Book value**
Actual Invest House	6.23%	110	(110)	-
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developements	99%	41,791	-	41,791
Bergamot Developments Phase II	99%	1	-	1
Impact Finance	99%	1	-	1
		64,323	**(8,133)**	**56,190**

	31 December 2017			
	Ownership title	**Gross value**	**Impairment**	**Book value**
Actual Invest House	6.23%	110	(110)	-
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developements	99%	41,791	-	41,791
Bergamot Developments Phase II	99%	1	-	1
Impact Finance	99%	1	-	1
		64,323	**(8,133)**	**56,190**

(all amounts are expressed in thousand RON, unless stated otherwise)

12. FINANCIAL ASSETS (continued)

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 that provides management services for new residential developments.

b) Clearline Development and Management S.R.L. (former 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 thousand RON , plus legal interest, a file that is currently being tried at the Arges Tribunal and is currently carrying out the expertise (Urban and Construction) in the file. On September 11, 2017 through the decision of the Board of Directors of Impact, the share capital of Clearline was increased by new cash contributions of 20 thousand RON..

c) Bergamot Developments S.R.L., company within the group with main object of activity real estate development, which starting with 2018 will develop a residential ensemble of approx. 51.382 square meters, 500 apartments, on a land of approximately 17,213 sqm, respectively the first phase of the residential complex Luxuria Domenii Residence, which per total includes approx. 65,000 sqm built on a plot of approximately 22,982 sqm in Bucharest, in the Expozitiei-Domenii area.

d) Bergamot Developments Phase II S.R.L., a company within the group having as main object of activity the real estate development, which is to develop the Phase II (130 apartments) of the residential complex Luxuria Domenii Residence, consisting of 13,618 square meters built on a plot of 5,769 sqm.

e) Impact Finance & Developments S.R.L. has a role in diversifying the range of services related to home sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings.

13. TRADE AND OTHER RECEIVABLES

	Current		**Non-current**	
	31-Dec-17	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**
Trade receivables	5,094	5,004	4,379	1,169
Receivables from affiliates	13,189	32,698	-	16,728
Sundry debtors	5,351	968	570	51
Receivables from State	1,656	247	-	-
Advance payments to suppliers (for services)	972	2,295	-	-
	26,262	**41,244**	**4,949**	**19,043**

An allowance has been made for estimated irrecoverable amounts from trade receivables of 3,850 thousand RON (2017: 5,894 thousand RON).

As of December 31,2018, the carrying value of trade and other receivables pledged is of 9,661 thousand RON.

Included within trade receivables is 4,155 (2017: 2,657) in relation with contracts with customers for sale of residential properties.

(all amounts are expressed in thousand RON, unless stated otherwise)

14. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Current accounts	26,663	44,504
Petty cash	10	12
Cash advances	4	-
	26,676	**44,516**

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 8,610 thousand RON is restricted cash. 7,189 Thousand RON represents amounts cashed in advance from clients for finalized phases. In addition, the carrying value of the cash and cash equivalents pledged with banks, as of December 31,2018 in of 22,086 thousand RON.

15. SHARE CAPITAL

	31 December 2018	31 December 2017
Share capital	285,330	285,330
	285,330	**285,330**

The shareholding structure at the end of each reported period was as follows:

	31 December 2018 %	31 December 2017 %
Gheorghe Iaciu	56.05%	49.48%
Andrici Adrian	15.24%	15.24%
SWISS CAPITAL	12.28%	10.96%
Alti actionari	16.43%	24.32%
	100%	**100%**

All shares are ordinary and have equal ranking related to the Company's residual assets, The nominal value of one share is 0,001 thousand RON. 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.

Dividends

During the financial year ended 31 December 2018, the Company did declare and paid dividends to its shareholders in total amount of 20 thousand RON.

During the financial year ended 31 December 2017, the Company did declare and paid dividends to its shareholders in total amount of 11,226 thousand RON.

(all amounts are expressed in thousand RON, unless stated otherwise)

16. OWN SHARES

In accordance with the company's articles of association, authority was sought at the AGM dated 15.06.2017 to purchase up to 2.56% of the company's shares in issue as at the date of the decision. The authority, that has been exercised, was approved and remains exercisable for 24 months from the approval date.

The own shares reserve represents the cost of shares in IMPACT purchased in the market, to satisfy options and conditional share awards under the Company's share option plans.The maximum shares to be purchased will be of 7,000 thousand shares representing 2.52% out of the total share capital at the approval date.

As at December 31,2018 the Company has in balance 3,041 thousand own shares at an average price of 0,9 RON/share (3,038 thousand RON). During 2018 the Company has granted 350 thousand shares to employees.

17. LOANS AND BORROWINGS

This note discloses information related to the contractual terms of the interest bearing loans and borrowings of the Company, valued at amortised cost, Information related to the Company's exposure to interest rate risk, foreign currency risk and liquidity risk is included in Note 27.

	31 December 2018	31 December 2017
Non-current liabilities		
Secured bank loans	-	18,641
Debenture loans	114,100	114,260
	114,100	**132,901**
Current liabilities		
Current portion of secured bank loans	26,788	25,470
Short-term borrowings	1,998	2,785
	28,786	**28,253**

Terms and repayment schedules

Terms and repayment schedules of loans and borrowings in balance are as follows:

Lender	Currency	Maturity	Amount of the facility, in original currency	Balance at 31 December 2018	Balance at 31 December 2017
Secured bank loans					
Credit Value Investments	EUR	11.07.2021	12,000	56,972	55,916
Bucharest Stock Exchange S.A	EUR	12.12.2022	12,525	57,128	58,344
Piraeus Bank	RON	28.07.2020	32,730	16,103	15,368
Banca Transilvania	RON	28.02.2020	24,183	12,683	12,885

As of December 31,2018 the Company has classidied the loans payable to Piraesu Bank and banca Transilvania as current liabilities, because under the terms of the contract, the outstanding balance is paid in line with the advances received from the clients.

(all amounts are expressed in thousand RON, unless stated otherwise)

17. LOANS AND BORROWINGS

Terms and repayment schedules (continued)

The interest rates at which the Company borrowed the loans in RON are between 5,3% - 7,05%,

On July 10th, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100 thousand and a total face value of EUR 12,000 thousand issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o, (CVI). 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 repurchase 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per annum, payable twice a year.

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 thousand (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 for the Bonds, which can be exercised from the second interest payment date, provided that the minimum redeemed amount is at least EUR 1,000 thousand.

Bucharest Stock Exchange S.A. approved the application for admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A. of the bonds issued by the Company, unsecured at a fixed annual interest rate of 5,75% denominated in EUR, with a maturity of 5 years and a total nominal value of EUR 12,525 thousand.

The bonds were issued following the offer addressed to Eligible Investors, as defined in the prospectus of 28th of November 2017 approved by ASF through the approval decision no. 1710 of November 28th, 2017, amended by the amendment of 8th of December 2017 approved by the ASF by the approval decision no. 1766 of 8th of December 2017 and by the amendment of 13th of December approved by the ASF by the approval decision no. 1816 of 13th of December 2017.

18. TRADE AND OTHER PAYABLES

	31 December 2018	31 December 2017
Non-current liabilities		
Guarantees	1,151	1,028
	1,151	**1,028**
Current liabilities		
Trade payables	5,161	11,255
Customer deposits	2,289	1,245
Divides payable	98	119
Payable to affiliates	1,838	1,802
Other payables	2,689	1,421
	12,075	**15,811**
	13,228	**16,839**

Information related to the Company’s exposure to exchange rate risk and liquidity risk related to trade and other liabilities is included in Note 27.

Revenue recognized in the current year that was included in the customer deposit balance carried forward at the beginning of the period was 1,245 thousand RON (2017: 5,390 thousand RON). There was no revenue recognized in the current reporting period that related to performance obligations that were satisfied in a prior year.

(all amounts are expressed in thousand RON, unless stated otherwise)

19. PROVISIONS FOR RISKS AND CHARGES

	Provisions for litigations	Other provisions	Total
Balance at 1 January 2018	**-**	**324**	**324**
Provisions made during the year	271	325	596
Provisions used during the year	-	318	318
Balance at 31 December 2018	**271**	**330**	**601**

20. REVENUE

An analysis of the Company's revenue is as follows:

	2018	2017
Revenue from sale of residential properties	101,232	109,492
Other revenues	237	220
	101,469	**119,772**

Net rental income	2018	2017
Revenue from rental	1,542	1,123
Revenue from re-charging utilities	3,795	6,781
Operating expenses directly related to properties rented	(3,359)	(3,264)
	1,978	**3,517**

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Consumables	978	2,442
Administration expenses	7,385	9,667
Staff costs	11,936	10,277
	20,300	**22,386**

22. OTHER OPERATING EXPENSES/INCOME

	2018	2017
Other operating income	(3,088)	(788)
Rent expenses	2,448	2,440
(Profit) / Loss on disposal of property, plant and equipment	1,017	1,903
Fines and penalities (income)/expenses	381	670
Other operating expenses	2,545	3,774
	3,302	**6,659**

(all amounts are expressed in thousand RON, unless stated otherwise)

23. FINANCE COST/INCOME

	2018	2017
Interest expense	8,654	3,637
Interest income	(1,822)	(848)
Foreign exchange result	185	1,228
Other financial reserves	241	447
	7,258	**4,464**

24. IMPAIRMENT OF ASSETS

	2018	2017
Impairment of trade receivables, net	(47)	1,266
Impairment of tangible non-current assets, net	1,226	602
Impairment of financial assets, net	-	190
Impairment of inventories, net	-	-
Other impairment,net	1,028	3,337
	2,208	**5,077**

25. OTHER INCOME/EXPENSE - EXCEPTIONAL

	2018	2017
Legal settlement– Brooklin	3,676	-
	3,676	**-**

During 2018 the Company signed a Settlement Agreement with Brooklin Property Management S.R.L to terminate, definitively and irrevocably all disputes. The case concerned the execution and payment of construction works for one of the projects developed by Impact in 2007 (Topaz). Brooklyn Propery Management was the general contractor of the project, and Impact was the beneficiary. By mutually agreed concessions, the Company paid Brooklyn the RON equivalent of EUR 880 thousand.

26. TAXATION

(i) Amounts recognised in profit or loss

	2018	2017
Deferred tax income / (expense)	3,489	8,210
Tax on profit	3,799	1,597
Total expense related to tax	**7,287**	**9,807**

(all amounts are expressed in thousand RON, unless stated otherwise)

26. TAXATION (continued)

(ii) Reconciliation of effective tax rate

	2018		2017	
Loss before taxation		**27,274**		**62,114**
Tax using the Company's domestic tax rate	-16%	(4,364)	-16%	(10.068)
Non-deductible expenses and adjustments	14%	(3,688)	- 6%	(3,909)
Tax-exempt income	-22%	(5,972)	-13%	(8,210)
Non-taxable income	23%	6,737	16%	9,865
Tax effect of tax losses from previous years	-	-	4%	2,514
	-17%	**(7,287)**	**-16%**	**(9,807)**

(iii) Unrecognised deferred tax assets

Deferred tax assets were not recognised in regard to the following elements:

	31 December 2018	31 December 2017
Fiscal losses	**-**	**11,613**
• Out of which used in the year of the income tax	-	(11,613)
• Out of which, recognized during the year in the calculation of the deferred tax – asset	-	-
	-	**-**

(iv) Cumulative temporary differences generating deferred tax

	31 December 2018		31 December 2017	
	Cumulative temporary differences	**Deferred tax liabilities / (assets)**	**Cumulative temporary differences**	**Deferred tax liabilities / (assets)**
Property, plant and equipment	(1,481)	(237)	(1,194)	(191)
Investment property	177,067	28,331	153,606	26,205
Inventories	(10,175)	(1,628)	(9,081)	(1,453)
Trade and other receivables	(5,005)	(801)	(6,669)	(1,067)
	160,281	**25,665**	**136,664**	**21,866**
Fiscal losses which generated deferred tax	(4,101)	**(656)**	(4,101)	(656)
	156,180	**25,009**	**132,563**	**21,210**

(all amounts are expressed in thousand RON, unless stated otherwise)

26. TAXATION (continued)

(v) Deferred tax balance movements

				Balance at 31 December		
	Net balance as at 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Net**	**Assets**	**Liabilities**
2018						
Property, plant and equipment	(191)	(46)	-	(237)	(237)	-
Investment property	24,577	3,734	-	28,311	-	29,948
Trade and other receivables	(1,067)	266	-	(801)	(801)	-
Inventories	(1,453)	(164)	-	(1,628)	(1,618)	-
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	-
			-			
Fiscal (assets) / liabilities, net	**21,210**	**3,799**	**-**	**25,009**	**(4,939)**	**29,948**

				Balance at 31 December		
	Net balance as at 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Net**	**Assets**	**Liabilities**
2017						
Property, plant and equipment	(209)	18	-	(191)	(191)	
Investment property	17,156	9,049	-	24,577		24,57
Trade and other receivables	(1,001)	(66)	-	(1,067)	(1,067)	
Inventories	(1,453)	-	-	(1,453)	(1,453)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	
Fiscal (assets) / liabilities, net	**13,837**	**8,210**	**-**	**21,210**	**(3,367)**	**24,577**

(all amounts are expressed in thousand RON, unless stated otherwise)

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

The Company is exposed to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company does not have any formal commitments to overcome the financial risks, Despite the inexistence of formal commitments, the financial risks are monitored by the Company's top management, emphasizing its needs to efficiently compensate opportunities and threats.

The Company's policies regarding the risk management are defined so as to ensure identification and analysis of the risks the Company is dealing with, setting limits and adequated controls, as well as risk monitoring and compliance with the set limits, The policies and system meant to manage risks are regularly reviewed to reflect the changes occurred in the market conditions and Company's operations, The Company, through its standards and procedures for coaching and managing, aims to develop an orderly and constructive control environment, where all and each employee understand his/her role and duties.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from the Company's trade receivables and financial assets,

The net carrying value of the financial assets represent the maximum exposure to credit risk, The maximum exposure to the credit risk at reporting date was:

	Nota	31 December 2018	31 December 2017
Trade and other receivables	13	60,287	31,121
Cash and cash equivalents	14	26,676	44,516
		86,964	**75,636**

Trade and other receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer, All these considered, the management takes into account the demographic characteristics of the customer database, including the collection risk specific to the sector and to the country in which the customer activates, bearing in mind that all these factors influence the credit risk,

In order to monitor customer credit risk, the Company monitors monthly payment delays and takes the steps deemed necessary on a case by case basis,

The Company establishes an impairment adjustment that represents its estimate of losses from trade receivables, other receivables. (see Note 13).

The maximum exposure to credit risk related to trade and other receivables as at reporting date based on geographical region was:

	31 December 2018	31 December 2017
Romania	60,287	31,121
	60,287	**31,121**

(all amounts are expressed in thousand RON, unless stated otherwise)

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Credit Risk (continued)

Impairment losses

The receivables' ageing at reporting date was:

	31 December 2018			31 December 2017		
	Gross	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Not yet due	53,641		53,641	17,074	-	291
Past due 1-30 days	2,378		2,378	1,074	-	1,074
Past due 31–90 days	1,611		1,611	243	-	243
Past due 91–120 days	38		38	492	-	492
Past due 121–365 days	563	(382)	180	5,633	-	7,556
Past due more than 1 year	4,356	(3,467)	88	10,483	(5,894)	3,624
	62,586	**(3,850)**	**58,737**	**35,359**	**(5,894)**	**29,465**

Impairment losses at 31 December 2018 are related to a number of customers who provided indications that it is not expected that they will be able to pay amounts owed, mainly due to economic conditions.

The Company considers that the amounts for which no impairment losses were recognized, despite they are past due more than 30 days shall be collected, based on the prior payment behavior and following an analysis of the credit rating of those customers.

Cash and cash equivalents

At 31 December 2018, the Company held cash and cash equivalents in amount of 26,676 thousand RON (31 December 2017: 44,516 thousand RON), representing the maximum exposure to credit risk arising from these assets. The cash and cash equivalents are held at banks and financial institutions in Romania.

(all amounts are expressed in thousand RON, unless stated otherwise)

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's obligations.

The following table illustrates the remaining contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments and excluding any impact of netting agreements:

	Carrying value	Total	Less than 1 year	between 1 and 2 years	between 2 and 5 years	More than 5 years
31 December 2018						
Loans and borrowings	142,886	142,886	28,786	114,100	-	-
Trade and other payables	13,226	13,226	12,075	1,151	-	-
	156,112	**156,112**	**40,861**	**115,252**	**-**	-

	Carrying value	Total	Less than 1 year	between 1 and 2 years	between 2 and 5 years	More than 5 years
31 December 2017						
Loans and borrowings	161,154	161,154	28,253	19,255	111,861	-
Trade and other payables	16,839	16,839	15,811	1,028	-	-
	177,993	**177,993**	**44,064**	**20,283**	**111,861**	**-**

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(c) Market risk

The Company's activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Company aims to manage the exposure to these risks using fixed or variable rate borrowings, foreign currency borrowings and derivative financial instruments.

Currency risk

The Company is exposed to currency risk to the extent that sales, purchases and borrowings are denominated in different currencies than the Company's functional currency (Romanian Leu), foremost euro.

The summary quantitative data about the Company's exposure to the currency risk reported to the management if the Company based on the policy for managing the risk is as follows:

In thousands of RON	**EUR**
31 December 2018	
Monetary assets	
Cash and cash equivalents	14,707
	14,707
31 December 2018	
Monetary liabilities	
Loans and borrowings	114,100
Net exposure	**(99,393)**

	EUR
31 December 2017	
Monetary assets	
Cash and cash equivalents	41,041
	41,043
Monetary liabilities	
Loans and borrowings	114,260
	114,260
Net exposure	**(73,219)**

The Company did not conclude any hedging engagements related to the obligations denominated in foreign currencies or to the exposure to the interest rate risk.

(all amounts are expressed in thousand RON, unless stated otherwise)

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(c) Market risk (continued)

Currency risk (continued)

The main exchange rates used during the year were:

	31 December 2018	Average for 2018	31 December 2017	Average for 2017
EUR 1	4,6639	4.6530	4,6597	4,5682

Sensitivity analysis

A strengtheting / (weakening) of Leu by 10% against the following foreign currencies as at 31 December 2018 and 31 December 2017 would have increased the profits by the amounts indicated below. This analysis was realised based on the variations of the exchange rates considered reasonably possible by the Company at the end of the period, This analysis assumes that all other variables, in particulat interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	31 December 2018		
	Carrying value	Weakening	Strengthening
Monetary assets and liabilities			
EUR	(99,393)	9,939	(9,939)
Impact	**(9,893)**	**(9,893)**	**9,893**

	31 December 2017		
	Carrying value	Weakening	Strengthening
Monetary assets and liabilities			
EUR	(73,219)	7,322	(7,322)
Impact	**(74,997)**	**(7,500)**	**7,500**

(all amounts are expressed in thousand RON, unless stated otherwise)

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(c) Market risk (continued)

Interest risk

	31 December 2018				31 December 2017			
	Carrying value	**Variable interest**	**Fixed interest**	**Non-interest bearing**	**Carrying value**	**Variable interest**	**Fixed interest**	**Non-interest bearing**
Monetary assets								
Trade and other receivables	60,287	-	-	60,287	31,121	-	12,321	31,121
Cash and cash equivalents	26,676	-	15,002	11,674	44,516	-	-	44,516
	85,659	**-**	**15,002**	**70,657**	**75,636**	**-**	**12,321**	**75,637**
Monetary liabilities								
Loans and borrowings	142,332	28,786	114,100	-	161,154	49,293	114,260	-
Trade and other payables	13,226	-	-	13,226	16,132	-	-	16,132
	167,657	**28,786**	**114,100**	**25,326**	**177,286**	**49,293**	**114,260**	**177,286**

(all amounts are expressed in thousand RON, unless stated otherwise)

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(c) Market risk (continued)

Interest risk (continued)

As at reporting date, the interest rate profile of the Company's interest-bearing financial instruments, reported to the Company's management was as follows:

	Carrying value	
	31 December 2018	**31 December 2017**
Fixed rate instruments		
Financial assets	15,002	12,231
Financial liabilities	(114,100)	(114,260)
	(99,098)	**(126,492)**
Variable rate instruments		
Financial liabilities	(28,786)	(46,894)
	(28,786)	**(46,894)**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonable possible change of 100 basis points at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit / (Loss)	
31-Dec-18	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(288)	288

	Profit / (Loss)	
31-Dec-17	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(469)	469

28. OPERATING LEASES

Leasing as a lessee

During the financial year ended 31 December 2018, an amount of 2,472 thousand RON was recognised as expense in the Statement of Profit or Loss and Other Comprehensive Income for the leasing contracts (2017: 2,444 thousand RON).

Leasing as a lessor

The Company leases part of its investment property. The leasing agreements are not non-cancellable.

During the financial year ended 31 December 2018, an amount of 1,486 thousand RON was recognised as lease income (2017: 1,123 thousand RON). The utilities expenses related to the leased properties are included in the total expenses with utilities related to all occupied properties. These costs were fully charged to leasees the Company obtaining a revenue from recharges . All these elements are separately prezented in the Statement of Profit or Loss and Other Comprehensive Income.

29. SHARE-BASED PAYMENTS

In June 2018 the Company has granted 350 thousand shares to the employees at a weighted average price of 0,9 RON. The amount of shares granted to employees for the year ended December 31,2018 was of 315 thousand RON.

30. CAPITAL COMMITMENTS

As at 31 December 2018, the Company has no capital commitments contracted.

31. CONTINGENCIES

Litigations

As of the date of these Financial Statements, the Company was involved in various ongoing lawsuits both as plaintiff and defendant.

The management of the Company analyses regularly the status of all ongoing litigation, and, following a consultation with the Board of Administration decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the Financial Statements.

Taking into account the information available, the management of the Company considers that there are no significant ongoing litigations, except the ones detailed below.

a) Cluj City Council – Cluj Municipality (hereinafter "CCC")

The Company and one of its subsidiaries (Clearline Development and Management SRL) are parties in two cases in which CCC is counterparty. In 2007 the company entered into an investment contract with CCC whereby CCC the Company would develop a residential project and CCC would contribute land ("Lomb project)". The Company and its subsidiary request reimbursement of amounts arising from investments made by the Company and its subsidiary in respect of the Lomb project to which CCC has not contributed with the land, thus the Company being unable to finalize the project and being unable to obtain any revenues from it.

The case number 79/1285/2012 has been registered to the Cluj Commercial Court, based on which the Company has requested the dissolution of the framework-contract no. 55423/04.07.2007 concluded between CLC and the Company. In addition, the Company requested compensation provisionally valued at 4,008 thousand RON plus related interest, computed from the date of the damage up to the date of collection of the amounts.

31. CONTINGENCIES (continued)

a) Cluj City Council – Cluj Municipality (hereinafter "CCC") (continued)

The case number 1032/1259/2012 has been registered to the Arges Commercial Court, based on which the Company's subsidiary, Clearline Development and Management SRL, has requested to CCC payment of compensation provisionally estimated to 17,053 thousand RON plus related interest, computed from the date of the damage up to the date of the registration of the claim, provisionally estimated to 500 thousand RON.

The subsidiary company has recognized the works performed under inventories, Up to the date of these Consolidated Financial Statements, the courts have ordered preparation of technical expertise of urbanism that established the value of the investments made by the Company and its subsidiary. Based on the first expertise prepared, both the Company and its subsidiary have recognized impairment losses to the respective inventories down to the values determined by the expertise already performed, without recognizing any contingent liabilities.

In the course 2018, in both cases, procedural documents on the administration of evidence with technical expertise, followed by objections and / or requests for rehabilitation of these specialized works, were made, which postponed the completion of the administration of the evidence until the date of this report.

The next hearings are set for March 27, 2019 at the Cluj Commercial Court and April 18, 2019 at the Arges Commercial Court. The Company's management does not expect significant changes in the results of the expert's experience that could have a significant impact on these financial statements.

b) Barbu Vacarescu

Impact has filed a lawsuit against Cefin Real Estate Development BV ("Cefin") for the separation and identification of Land Impact in Barbu Vacarescu (2.6 ha) in the Land Book. Impact and Cefin own a land of c. 10.5 ha, of which 2,6 ha of Impact and the rest of Cefin owned. In the file, the sample was certified with expertise in the topography specialty, requested by Cefin.

The next deadline is April 4, 2019. No significant changes in the carrying value of assets are expected to result from the outcome of this case.

c) Ghencea

Duirng 2018 the company filed an action with the Bucharest Court against the Romanian State and Bucharest City Hall in order to reconfirm its ownership rights over the land located in the Municipality of Bucharest Prelungirea Ghencea no. 402-412, sector 6.

The first term in the case file is April 24, 2019. No significant changes in the carrying value of assets are expected to result from the outcome of this case.

Letter of guarantees

As at December 31, 2018 the Entity has letters of guarantee issued to suppliers in amount of 1,276 thousand RON (December 31, 2017: 1,276 thousand RON).

(all amounts are expressed in thousand RON, unless stated otherwise)

32. RELATED PARTIES

Company subsidiaries

The Company's subsidiaries and the nature of their activity are as follows:

	Registration country	Scope of activity
Clearline Development and Management SRL	Romania	Real estate development
Actual Invest House SRL	Romania	Property management
Bergamot Developments	Romania	Real estate development
Bergamot Developments Phase II	Romania	Real estate development
Impact Finance	Romania	Ancilary activities to financial intermediations

Transactions and balances with related parties during and for the year ended 31 December 2018, 31 December 2017 respectively.

	Transactions for the year ended on December 31		Balances at December 31	
Sale of goods and services	**2018**	**2017**	**2018**	**2017**
Subsidiaries				
Actual Invest House	25	298	20	40
Clearline Development and Management	7	9	53	46
Bergamot Developments	1,316	9,005	1,878	5,329
Bergamot Developments Phase II	6	3	-	1
Impact Finance	43	4	-	1
	1,396	**9,319**	**1,951**	**5,418**

	Transactions value for the year ended on December, 31		Balance on December 31	
Acquisition of goods and services	**2018**	**2017**	**2018**	**2017**
Subsidiaries				
Actual Invest House	1,621	5,383	1,837	1,801
Impact Finance	2	-	-	-
	1,624	**5,383**	**1,837**	**1,801**

(all amounts are expressed in thousand RON, unless stated otherwise)

32. RELATED PARTIES (continued)

Company subsidiaries (continued)

Granted loans	Balance on December 31 2018	Balance on December 31 2017
Subsidiaries		
Clearline Development and Management	15	-
Bergamot Developments	30,550	12,210
Bergamot Developments Phase II	16,163	6
Impact Finance	35	10
	46,763	**12,226**

Interest	Balance on December 31 2018	Balance on December 31 2017
Subsidiaries		
Bergamot Developments	2,014	958
Bergamot Developments Phase II	616	-
	2,629	**958**

Transactions with key management personnel

Remuneration of key management personnel comprises salaries and related contributions (social and medical contributions, unemployment contributions and other similar contributions). Company's management is employed contractual based. The remuneration of the directors and board of directors, who are the key management personnel of the Company, for the year ended 31 December 2018 is 2.276 thousand RON.

33. EARNINGS PER SHARE

	2018	2017
Profit for the period for the period	19,987	52,307
Number of ordinary shares at the beginning and at the end of the period	277,867	277,867
Basic earnings per share (RON/share)	0.09	0.21

34. SUBSEQUENT EVENTS

Company's management does not consider that any events occurring subsequent to 31 December 2018 up to the date of the approval of these financial statements would require disclosure or adjustments.

The financial statements have been authorized for issue by the management on 21 March 2019 and signed on its behalf by:

Bogdan Oslobeanu,	Iuliana Mihaela Urda,	Giani Kacic
Chief Executive Officer	President BOD	Chief Financial Officer