IMPACT DEVELOPER & CONTRACTOR S.A.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2019

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

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

This is a free translation from the original Romanian version.

CONTENTS: **PAGE:**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of IMPACT DEVELOPER & CONTRACTOR S.A. and its subsidiaries (the "Group"), with registered office in Bucharest, identified by unique tax registration code 1553483, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the consolidated financial statements.

2. The financial statements as at December 31, 2019 are identified as follows:

• Net assets/Equity	kRON 583,941
• Net profit for the financial year	kRON 154,484

3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated 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 Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the matter
Valuation of Investment Property As disclosed in Note 9 to the consolidated financial statements, investment property held by the Group is recorded at RON 384,223 thousand as of December 31, 2019. 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 by comparing the recorded values to 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.
Transfers in and out of Investment Property As disclosed in Note 9 to the consolidated financial statements, during the year the Group transferred assets of RON 95,379 thousand from inventory to investment property and assets of RON 85,129 thousand from investment property to inventory. Under IAS 40: Investment Property, an entity should transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. Judgement is required to determine whether a property qualifies as an investment property based on criteria that are consistently applied. Because of the significance of the transfers to and from investment property, and the judgement required in determining the criteria for transfer, we consider these transfers to be a key audit matter.	Our procedures to assess the appropriateness of transfers include: - Aassessment of the judgements applied regarding the changes in use and status of assets. Key to this is the assumption that the legal status of certain assets is a "triggering event" with resulting long term uncertainty over the future developement plans. - Assessment of the appropriateness of the classification of investment properties by understanding the business models and management's judgements, corroborated with understanding of the legal status of each asset subject to transfers. - Assessment of whether the disclosures reflect the requirements of the relevant accounting standards.

Key Audit Matter	How our audit addressed the matter
Litigations Please refer to Note 28 '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. Because of the significant judgements required and the significance of current litigations, we consider this a key audit matter.	Our audit procedures related to management assessment of litigations included the following: - Sending confirmation letters to all the external lawyers which represent the Group 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.

Other information – Administrators' Report

6. The administrators are 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 consolidated 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 Group and its environment gained during the audit on the financial statements prepared as at December 31, 2019, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

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

7. Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

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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 25, 2019 to audit the financial statements of S.C. IMPACT DEVELOPER & CONTRACTOR S.A. for the financial year ended December 31, 2019. The uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2019.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Group 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 Alina Mirea.

Alina Mirea, Audit Partner

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 1504

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei,
8th Floor and 9th Floor, District 1
Bucharest, Romania
March 27, 2020

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

	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**7**	8,535	6,855
Intangible assets	**8**	143	95
Investment property	**9**	384,223	217,113
Long term trade and other receivables	**11**		1,178
Total non-current assets		**392,901**	**225,241**
Current assets			
Inventories	**10**	430,725	365,753
Trade and other receivables	**11**	32,884	25,817
Cash and cash equivalents	**12**	45,462	30,740
Total current assets		**509,071**	**422,310**
Total assets		**901,972**	**647,551**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	**13**	281,907	285,330
Share premium		68,760	68,760
Revaluation reserve		3,001	3,072
Other reserves		9,179	3,462
Own shares	**14**	(7,771)	(3,038)
Retained earnings		228,865	89,222
Total equity		**583,941**	**446,808**
Non-current liabilities			
Loans and borrowings	**15**	138,813	114,100
Trade and other payables	**16**	330	1,151
Deferred tax liability	**24**	45,970	25,823
Total non-current liabilities		**185,113**	**141,074**

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

	Note	31 December 2019	31 December 2018
Current liabilities			
Loans and borrowings	**15**	58,822	34,894
Trade and other payables	**16**	73,189	24,176
Provisions for risks and charges	**17**	907	601
Total current liabilities		**132,918**	**59,671**
Total liabilities		**318,031**	**200,745**
Total shareholders' equity and liabilities		**901,972**	**647,553**

The consolidated financial statements have been authorized for issue by the management on 27.03.2020 and signed on its behalf by:

Sorin Apostol,	**Iuliana Mihaela Urda,**	**Giani Kacic**
Chief Executive Officer	President BOD	Chief Financial Officer

	Note	31 December 2019	31 December 2018
Revenue from real estate inventories	**18**	156,681	101,534
Costs of real estate inventories		(83,904)	(61,484)
Gross profit		**72,777**	**40,050**
Net rental income		3	3,083
General and administrative expenses	**19**	(20,859)	(18,416)
Marketing expenses		(4,647)	(1,776)
Other income/expenses	**20**	(1,799)	(5,207)
Depreciation and amortization	**7,8**	(927)	(895)
Total other income / expenses		**44,548**	**(23,211)**
Gains on transfer from inventory to investment property		80,922	-
Other gains from investment property	**9**	63,637	23,394
Total gains from investment property		**144,559**	**23,394**
Adjusted operating profit before exceptional items and impairment of other long-term assets		**189,107**	**40,233**
(Impairment)/ Reversal of other long-term assets	**22**	192	(2,207)
Other gains and losses (exceptional)	**23**	-	(3,676)
Operating profit		**189,299**	**34,350**
Finance costs, net	**21**	(5,922)	(5,943)
Profit before income tax		**183,377**	**28,406**
Income tax credit/(charge)	**24**	(28,893)	(7,579)
Profit for the period		**154,484**	**20,827**
Total comprehensive income attributable to:			
Owners of the Company		154,484	20,827
Total comprehensive income for the period		**154,484**	**20,827**
Result per share			
Basic result per share (RON/share)	**30**	0.56	0.09

The consolidated financial statements have been authorized for issue by the management on 27.03.2020 and signed on its behalf by:

Sorin Apostol
Chief Executive Officer

Iuliana Mihaela Urda,
President BOD

Giani Kacic
Chief Financial Officer

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

	Not e	Share capital	Share premium	Revaluatio n reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2019		**285,330**	**68,760**	**3,072**	**3,462**	**(3,038)**	**89,222**	**446,808**
Comprehensive income								
Profit for the year		-	-	-	-	-	154,484	154,484
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**154,484**	**154,484**
Transactions with owners of the Company								
Own shares acquired and cancelled during the year	**13**	(3,423)	-	-	-	3,423	-	-
Own shares acquired	**14**	-	-	-	-	(8,156)	-	(8,156)
Contributions and distributions		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends to the owners of the Company	**13**	-	-	-	-	-	(9,195)	(9,195)
Other changes in equity								
Set up of legal reserves	**13**	-	-	-	8,058	-	(8,058)	-
Revaluation reserve		-	-	(71)	-	-	71	-
Transfer of other reserves to retained	**13**	-	-	-	(2,341)	-	2,341	-
Balance at 31 December 2019		**281,907**	**68,760**	**3,001**	**9,179**	**(7,771)**	**228,865**	**583,941**

The consolidated financial statements have been authorized for issue by the management on 27.03.2020 and signed on its behalf by:

Sorin Apostol,
Chief Executive Officer

Iuliana Mihaela Urda,
President BOD

Giani Kacic
Chief Financial Officer

IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(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**	**3,032**	**10,632**	**-**	**59,655**	**427,449**
Comprehensive income								
Profit for the year		-	-	-	-	-	20,827	20,827
Other comprehensive income		-	-	-	-	-	-	**-**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**20,827**	**20,827**
Transactions with owners of the Company								
Own shares acquired in the year	**14**	-	-	-	-	(3,353)	-	(3,353)
Credit to equity for equity-settled share-based payments	**13**	-	-	-	-	315	-	315
Contributions and distributions								
Dividends to the owners of the Company	**13**	-	-	-	-	-	-	**-**
Other changes in equity								
Set up of legal reserves	**13**	-	-	-	1,015	-	(1,015)	-
Revaluation reserve		-	-	63	-	-	(63)	-
Transfer of other reserves to retained	**13**	-	-	(24)	(8,184)	-	9.817	1,570
Other changes in equity		-	-	-	-	-	-	**-**
Balance at 31 December 2018		**285,330**	**68,760**	**3,072**	**3,462**	**(3,038)**	**89,222**	**446,808**

The consolidated financial statements have been authorized for issue by the management on 27.03.2020 and signed on its behalf by:

Sorin Apostol,
Chief Executive Officer

Iuliana Mihaela Urda,
President BOD

Giani Kacic
Chief Financial Officer

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

	Note	2019	2018
Cash flows from operating activities:			
Profit for the period		**154,484**	**20,827**
Adjustments for:			
Depreciation of tangible non-current assets	**7**	838	780
Amortization of intangible non-current assets	**8**	89	115
Impairment of tangible non-current assets, net	**7**	(85)	1,226
Result from disposal of assets, net	**22**	43	1,023
Impairment of inventories, net	**22**	-	1,028
Impairment of trade and other receivables, net	**22**	107	(47)
Write-offs, net	**22**	(3,921)	3,676
Changes in fair value of investment property	**9**	(144,559)	(23,394)
Income tax	**24**	28,893	7,579
Net changes in provisions for risks and charges	**17**	305	6
Interest expenses	**21**	2,749	6,140
Interest income	**21**	(196)	(152)
Foreign exchange differences, net	**21**	3,055	(44)
		41,802	**18,764**
Changes in:			
Inventories		(64,972)	(3,158)
Trade and other receivables		(6,097)	(19,173)
Trade and other payables		39,493	11,466
Net cash generated from operations		**10,226**	**7,899**
Income tax paid		(5,891)	(3,284)
Interest paid		(2,508)	(5,494)
Net cash used in operating activities		**1,826**	**(879)**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(15,882)	(1,445)
Purchases of intangible assets		(48)	(17)
Proceeds from sale of property, plant and equipment		493	400
Net cash from investing activities		**(15,437)**	**(1,082)**

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

	Note	2019	2018
Cash flows from financing activities:			
Dividends paid		(9,094)	(20)
Repayments of borrowings		(36,393)	(25,939)
Proceeds from borrowings		81,976	14,244
Acquisitions of own shares		(8,156)	(3,353)
Other		-	315
Net cash used in financing activities		**28,333**	**(14,773)**
Net increase / (decrease) of cash and equivalents		**14,722**	**(16,736)**
Cash and equivalents at 1 January	**12**	**30,740**	**47,476**
Cash and equivalents as at 31 December	**12**	**45,462**	**30,740**

The consolidated financial statements have been authorized for issue by the management on 27.03.2020 and signed on its behalf by:

Sorin Apostol,
Chief Executive Officer

Iuliana Mihaela Urda,
President BOD

Giani Kacic
Chief Financial Officer

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

1. REPORTING ENTITY

These financial statements are the consolidated financial statements of Impact Developer & Contractor S.A ("the Company") and its subsidiaries (together "the Group") as at and for the year ended 31 December 2019.

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 2019 and 31 December 2018 is disclosed in Note 13.

The Consolidated Financial Statements of the Company for the year ended 31 December 2019 include the Company and its subsidiaries (together referred to as the „Group") as follows:

	Country of registration	**Nature of activity**	**% of shareholding at 31 December 2019**	**% of shareholding at 31 December 2018**
Clearline Development and Management SRL	Romania	Real estate development	100%	100%
Actual Invest SRL	Romania	Property management	100%	100%
Bergamot Phase SRL	Romania	Real estate development	100%	100%
Bergamot Development SRL	Romania	Real estate development	100%	100%
Impact Finance SRL	Romania	Administration	100%	100%
Greenfield Rent SRL	Romania	Real Estate development	100%	-

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 2018 and 2019 the business of Impact is mainly related to a major project: Greenfield residential complex in Bucharest.

In 2018 and 2019 the business of Bergamot Development is mainly related to the Luxuria Residence Project.

2. BASIS OF PREPARATION

These Consolidated 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 going 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 Group 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 Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Please refer to note 31 for additional disclosures

3. FUNCTIONAL AND PRESENTATION CURRENCY

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been constantly applied by all of the Group's entities, for all periods presented in these Consolidated Financial Statements.

Below is presented the summary of the significant accounting policies.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

(b) Foreign currency

Transactions in foreign currencies are translated to the Group'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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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 recognized 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 recognized 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 recognized 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.

(d) 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.

(e) 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 Group'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.

4. 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.

(f) 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.

(g) 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group 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.

(i) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Dividends

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

(k) Own shares

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

(l) 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.

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.

(m) 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 Group derecognises financial liabilities when, and only when, the Group'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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

(o) Revenue

The Group has initially applied IFRS 15 starting 1 January, 2018.

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 Group 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 Group. 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 satisfied 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.

(ii) 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 Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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 Group'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 Group 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.

(q) Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based payment'. The Group 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 Group's estimate of shares that will eventually vest after adjusting for the effect of non-market vesting conditions.

(r) Financial instruments – fair values and risk management

The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Group; or

(b) a present obligation that arises from past events that is not recognized 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 Group'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 Group.

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

(t) Contingent liabilities

Events occurring after the reporting date 31 December 2019, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the consolidated 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 consolidated 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.

(u) Segment reporting

The Group operates only in Romania. The main operating segment is related to development of residential properties.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group'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 and investment property.

The Group has obtained a report from an international valuation company, Colliers Valuation and Advisory SRL, setting out the estimated market values for the Group's investment property and property developed for sale in their current state as at 31 December 2019. 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.

For inventory the development projects recoverable amount was determined based on the best estimates of future cash flows, supported by the terms of any existing 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.

For investment property, 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 differences in location and condition including the status of any legal dispute as described in Note 28.

The key inputs are summarised in note 9. The valuation is highly sensitive to these variables and adjustments to these inputs would have a direct impact on the resulting valuation.

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.

(ii) Transfer of assets both from and to investment property

IAS 40 (investment property) requires the transfers from and to investment property are evidenced by a change in use. Conditions which are indications of a change in use are judgemental and the treatment can have a significant impact on the financial statements since investment property is recorded at fair value and inventory is recorded at cost.

For the Ghencea and Barbu Vacarescu projects, management has taken the view that legal restrictions on the use of assets are an indication of change in use and consequently these assets are reclassified to investment property and recorded at fair value as at the balance sheet date.

For the Greenfield project, management considered that activities with a view to sale have not yet ommenced on phases which are projected to be developed more than 2 years from the balance sheet date. Consequently these assets continue to be accounted for at fair value within investment property.

Had different judgements been applied in determining a change in use, than the financial statements may have been significantly different as a result of the differing measurement approach of inventory and

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

Investment properties.

(iii) Legal issues

The management of the Group 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 Consolidated Financial Statements. Key legal matters are summarized in Note 28.

As at 31 December 2019, the Group is involved in a litigation with the the Cluj Municipality Council claiming the reimbursement of costs amounting to 17 million RON. Based on the legal advice from the Group 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.

(iv) Cost allocation

In order to determine the profit that the Group should recognise on its developments in a specific period, the Group 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.

6. 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 mandatory for financial years beginning on or after 1 January 2019.

- **IFRS 16:** Leases
- **IFRS 9 :** Prepayment features with negative compensation (Amendment)
- **IAS 28:** Long-term Interests in Associates and Joint Ventures (Amendments)
- **IAS 19:** Plan Amendment, Curtailment or Settlement (Amendments)

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 16: Leases**

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

The new standard requires lessees to recognize most leases on their financial statements. Lessees have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

The adoption of IFRS 16 did not have a material impact on the Group financial statements.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**

The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income.

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

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

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**

The Amendments relate to whether the measurement, in particular impairment requirements, of long-term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28.

The adoption of IAS 28 amendments did not have a material impact on the Group financial statements.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

The adoption of IFRIC 23 did not have a material impact on the Group financial statements.

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**

The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements.

- **The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle, which is a collection of amendments to IFRSs.**

  - **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
  - **IAS 23 Borrowing Costs**: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

The Group asess that none of these amendments have a significant impact on the financial statements.

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

7. 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 1,2019	**13,884**	**2,934**	**1,416**	**1,034**	**19,268**
				-	
Additions	4,501	228	-	108	4,837
Transfers	(1,000)	-	-		(1,000)
Disposals	(555)	(23)	(14)	(863)	(1,455)
Balance at 31 December 2019	**16,830**	**3,139**	**1,402**	**279**	**21,650**
Accumulated depreciation and impairment losses					
Balance at January 1,2019	**9,188**	**2,190**	**1,038**	**-**	**12,416**
Charge for the period	390	340	108	-	838
(Reversal of)/Impairment loss	(85)	-	-	-	(85)
Accumulated depreciation of disposals	(33)	(21)	-	-	(54)
Balance at 31 December 2019	**9,460**	**2,509**	**1,146**	**-**	**13,115**
Carrying amounts					
at 1 January 2019	**4,698**	**745**	**378**	**1,034**	**6,855**
at 31 December 2019	**7,370**	**631**	**256**	**279**	**8,535**

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

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost / valuation	**Land and buildings**	**Machinery, equipment and vehicles**	**Fixtures and fittings**	**Assets under construction**	**Total**
Balance at January 1,2018	**14,818**	**2,657**	**1,341**	**641**	**19,456**
				-	
Additions	601	281	76	393	1,350
Transfers	-	-	-	-	-
Disposals	1,535	3	-	-	1,538
Balance at 31 December 2018	**13,884**	**2,934**	**1,416**	**1,034**	**19,268**
Accumulated depreciation and impairment losses					
Balance at January 1,2018	**7,791**	**1,802**	**947**	**-**	**10,540**
Charge for the period	301	388	91	-	780
(Reversal of)/Impairment loss	1,226	-	-	-	1,226
Accumulated depreciation of disposals	130	-	-	-	130
Balance at 31 December 2018	**9,188**	**2,190**	**1,038**	**-**	**12,416**
Carrying amounts					
at 1 January 2018	**7,027**	**855**	**394**	**641**	**8,917**
at 31 December 2018	**4,698**	**745**	**378**	**1,034**	**6,855**

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

8. INTANGIBLE ASSETS

Reconciliation of carrying amount

	Note	Software	Other intangible assets	Total
Cost				
Balance at 1 January 2019		**1,895**	**128**	**2,023**
Additions		104	33	137
Balance at 31 December 2019		**1,999**	**161**	**2,160**
Accumulated depreciation and impairment losses				
Balance at 1 January 2019		**1,879**	**49**	**1,929**
Charge for the period				
Amortization for the year		81	8	89
Balance at 31 December 2019		**1,960**	**57**	**2,017**
Carrying amounts				
at 1 January 2018		**16**	**79**	**95**
at 31 December 2019		**39**	**104**	**143**

	Note	Software	Other intangible assets	Total
Cost				
Balance at 1 January 2018		**1,878**	**128**	**2,006**
Additions		17	-	17
Balance at 31 December 2018		**1,895**	**128**	**2,023**
Accumulated depreciation and impairment losses				
Balance at 1 January 2018		**1,772**	**40**	**1,813**
Charge for the period				
Amortization for the year		107	9	116
Balance at 31 December 2018		**1,879**	**49**	**1,929**
Carrying amounts				
at 1 January 2018		**105**	**88**	**193**
at 31 December 2018		**16**	**79**	**95**

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

9. INVESTMENT PROPERTY

Reconciliation of carrying amount

	2019	2018
Balance at 1 January	**217,113**	**193,343**
Additions through subsequent expenditures	12,300	661
Transfers from	95,379	-
Transfers to	(85,129)	-
Disposals	-	(285)
Changes in fair value during the year	144,559	23,394
Balance at 31 December	**384,223**	**217,113**

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

In 2019, the Company decided to reclassify the land located in Barbu Vacarescu (2.63 ha) and Prelungirea Ghengea-Timisoara Blvd. (15.55 ha) from inventory to investment property. The decision was made based on the analysis of the legal cases involving the land (more details below) which showed that a definitive and irrevocable Court decision would be expected in the distant future. As such, the Company would have to analyze the market conditions at those points in time to decide the best use of the land, namely if it will be used to construct to sell or to construct to rent.

Considering the above, the Company considers that at the end of 2019 there is sufficient evidence that the future use of the land is uncertain and thus the land should be classified as investment property and not as inventory, in accordance with IAS 40 provision regarding "land held for a currently undetermined future use".

Land located in Barbu Vacarescu

In 2014, the Company acquired 1/3 from the ownership title over 5 plots of land with a total surface of 78,970 sqm located in Barbu Vacarescu, Bucharest. The other 2/3 from the ownership title over the plots of land was acquired by other parties. At that point in time, the Company was following a construct and sale strategy, in line with the market needs prevalent in that period, and as the land was acquired and accounted for that purpose and booked as inventory in the IFRS Financial Statements in 2014.
In 2017, the Company initiated a legal action in order to obtain a separate ownership title for its 1/3 part of the land, resulting from a strong disagreement with the other parties involved. The position of the Company's share in the 78.970 sqm will be key in the future scope of use of the land as location and access to surrounding streets will be a key factor of assessment of future development.

In September 2019, as the litigation kept of being prolonged due to various opinions and evaluations required by the Court, the status of the land became uncertain and the Company started to analyze the classification of the land as inventory. This requiring of the Court about a geotechnical expert report as well as topographic and cadastral expert reports, put the project development on a prolonged time frame.

Land located in Prelungire Ghencea-Timisoara Blvd.

In 2006, the Company acquired a plot of land with a total surface of 25.89 ha located in Prelungirea Ghencea-Timisoara Blvd., Bucharest. In 2015, the Company was following a construct and sale strategy, in line with the market needs prevalent in that period, for part of the land that was booked as inventory in the IFRS Financial Statements in 2015.

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

9. INVESTMENT PROPERTY (continued)

Land located in Prelungire Ghencea-Timisoara Blvd. (continued)

In 2017, the Company decided to initiate a lawsuit, as plaintiff, in order to obtain a court decision to confirm and consolidate its ownership title over the land. Such lawsuit forms the object of File No. 5737/3/2018 registered with the Bucharest Tribunal. The legal action was initiated against the Romanian State and Bucharest Municipality.

In November 2019, the Bucharest Tribunal issued the decision in File No. 5737/3/2018. The decision admitted the application for legal action filed by the Company and confirmed the ownership tile. The decision is subject to appeal.

Taking into consideration the foregoing, the status of land is uncertain, and the Company reassessed the classification of the land. The decision of the type of the project to be developed on this land may be implemented after the finalization of all legal aspects mentioned above that put the project development

Valuation processes

The Group's investment properties were valued at 31 December 2019 by independent professionals 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 384,223 as at 31 December 2019 (2018: 214,438 RON), has a total surface of 544,354 sqm (2018: 429,185 sqm). This land is located in Bucharest – 482,332 sqm (2018: 367,163 sqm) and in other regions – 62,022 sqm (Constanta, Oradea).

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 2019. 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. The valuation derived by external expert were adjusted downwards by management to take into account the legal status of certain assets.	• Offer price per square meter for land in Bucharest (98 Euro /square meter up to 200 Euro per square meter) (2018: 93 Euro /square meter up to 149 Euro per square meter) • Adjustments to observable offer prices to reflect deal prices, location and condition (-25% discount to +30% premium) (2018: -22% discount to -5% discount). • An overall reduction in value with a range of 1% up to 13% was applied to Ghencea and Barbu Vacarescu as an estimate of the impact of legal matters on the asset value.

The carrying value as at 31 December 2019 of the land plots pledged is of 165,209 (31 December 2018: 128,453).

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

10. INVENTORIES

	31 December 2019	31 December 2018
Finished goods and goods for resale	64,011	103,612
Residential developments:		
- Land	173,004	180,588
- Development and construction costs	193,710	81,553
	430,725	**365,753**

Inventories are represented by:

	31 December 2019	31 December 2018
Greenfield residential project	174,615	140,421
Luxuria residential project	215,253	76,567
Ghencea land		43,018
Barbu Vacarescu land	-	48,338
Constanta land	21,877	21,469
Other inventory	18,980	35,940
	430,725	**365,753**

As at 31 December 2019, included within residential properties under development are inventories of 12,897 (31 December 2018: 12,897) related to project Dealul Lomb, which is under litigation as at the date of the financial statements. More details can be found in Note 28 a).

The carrying value as at December 31,2019 of the inventories pleadged is of 14,425 thousand RON (31 December 2018: 44,222 thousand Ron).

11. TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Trade receivables	9,369	5,170	-	1,169
Receivables from affiliates	-	-	-	-
Sundry debtors	2,388	1,406	-	10
Receivables from State	12,568	6,191	-	-
Advance payments to suppliers (for services)	8,558	12,351	-	-
	32,884	**25,817**	**-**	**1,178**

An allowance has been made for estimated irrecoverable amounts from trade receivables of 2,924 (2018: 3,876).

The trade receivables include the amount of 9,369 (2018: 4,155) in relation with contracts with customers for sale of residential properties.

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

12. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Current accounts	45,457	30,726
Petty cash	4	11
Cash advances	1	4
	45,462	**30,740**

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 331 (31 December 2018 8,610) is restricted cash, representing amounts advanced by clients and amounts held in respect of VAT and loan repayments.

13. SHARE CAPITAL

	31 December 2019	31 December 2018
Share capital	281,907	285,330
	281,907	**285,330**

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

	31 December 2019		31 December 2018	
	No of shares	%	No of shares	%
Gheorghe Iaciu	155,943,046	56,82%	155,744,450	56.05%
Andrici Adrian	42,350,335	15,43%	42,346,930	15.24%
Swiss Capital	33,537,000	12,22%	34,122,070	12.28%
Alti actionari	42,621,081	15,53%	45,653,550	16.43%
	274,443,532	**100%**	**277,866,574**	**100%**

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

In accordance with the Constitutive Act of the Company, during the GSM as of 24 April 2019 the share capital was decreased by 3,423,042 RON from 277,866,574 RON, by reducing the number of shares from 277,866,574 to 274,443,532 following the cancellation of 3,423,042 own shares previously acquired by the Company.

Dividends

During the financial year ended 31 December 2019, the Group declared and paid dividends to its shareholders in total amount of 9,195.

During the financial year ended 31 December 2018, the Group declared and paid dividends to its shareholders in total amount of 20.

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

14. 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 AGM held on 24.04 2019 approved the purchase of maximum 10,000,000 own shares (ten million) for a period of maximum 18 months starting from publishing in the Romanian Official Gazette representing maximum 3.60% of the subscribed and paid shared capital.

The own shares reserve represents the cost of shares in IMPACT purchased in the market, to satisfy options and conditional share awards under the Group's share option plans.

As at 31 December 2019 the Group has in balance 6,457 thousand own shares (31 December 2018: 3,041) at an average price of 0,9941 RON/share with a nominal value of 7,771 (2018: 3,038). During 2019 the Group has not granted shares to employees (2018: 350 thousand shares).

15. LOANS AND BORROWINGS

This note discloses information related to the contractual terms of the interest bearing loans and borrowings of the Group, valued at amortised cost, Information related to the Group's exposure to interest rate risk, foreign currency risk and liquidity risk is included in Note 25.

	31 December 2019	31 December 2018
Non-current liabilities		
Secured bank loans	23,091	-
Issued bonds	115,722	114,100
	138,813	**142,332**
Current liabilities		
Current portion of secured bank loans	-	32,895
Short-term borrowings	58,822	1,998
	58,822	**34,893**

Terms and repayment schedules

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

Lender	Currency	Maturity	Amount of the facility, in original currency	Balance at 31 December 2019	Balance at 31 December 2018
Secured bank loans					
Credit Value Investments	EUR	11.07.2021	12,000	58,586	56,972
Bucharest Stock Exchange SA	EUR	12.12.2022	12,525	58,902	57,128
UniCredit	EUR	31.08.2021	20,696	21,579	-
UniCredit	RON	31.08.2021	17,605	1,512	-
Libra Bank	RON	17.07.2020	19,700	-	-
Piraeus Bank	RON	28.07.2020	32,730	-	16,103
Banca Transilvania	RON	28.02.2020	24,183	-	12,683
Unicredit	EUR	30.04.2021	17,841	57,057	6,107

The interest rates at which the Group borrowed the loans in RON are between 5.63% - 7.05%.

15. LOANS AND BORROWINGS (continued)

On 17 July 2019 Impact Developer & Contractor SA concluded a revolving finance agreement with Libra Bank for a facility of 19,700.

On 14 October 2019 Bergamot Development has concluded a loan agreement with UniCredit Bank having 2 facilities with the following destination:

a) Facility 1 represents a development loan in amount of 20,696 thousand EUR which shall be used by the beneficiary for financing/refinancing of maximum 65% from Project's development net cost. This facility is not a revolving credit. The mechanism of repayment is agreed at 75-80% paid at final collection from client.

b) Facility 2 represents a Revolving Type Credit in amount of 17,605 which shall be used by the beneficiary for financing the VAT payments.

On 14 August 2018 Bergamot Development has concluded a loan agreement with UniCredit Bank having 2 facilities with the following destination:

a) Facility 1 represents a development loan in amount of 16,341 thousand EUR which shall be used by the beneficiary for financing/refinancing of maximum 65% from Project's development net cost. This facility is not a revolving credit. The mechanism of repayment is agreed at 75-80% paid at final collection from client.

b) Facility 2 consists of a revolving loan amounting to 6,989 to be used for financing the VAT payments.

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), who accepted the Offer on the same date. The bonds were initially offered at a price of EUR 98,400 per Bond (or EUR 11,808 thousand per Bond total). The bonds were issued on 11th of July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will 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.

Income from the Bond Issuance was used to fund land acquisition through Bergamot Developments to develop and build residential projects. The bonds are 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.

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

16. TRADE AND OTHER PAYABLES

	31 December 2019	31 December 2018
Non-current liabilities		
Guarantees	330	1,151
	330	**1,151**
Current liabilities		
Trade payables	33,789	10,190
Customer deposits	19,837	10,612
Divides payable	199	98
Payable to affiliates	-	-
Other payables	19,364	3,276
	73,189	**24,176**
	73,519	**25,328**

Information related to the Group's exposure to exchange rate risk and liquidity risk related to trade and other liabilities is included in Note 25.

Revenue recognized in the current year that was included in the customer deposit balance carried forward at the beginning of the period amounted to 10,612 (2018: 1,347). There was no revenue recognized in the current reporting period that related to performance obligations that were satisfied in a prior year.

17. PROVISIONS FOR RISKS AND CHARGES

	Provisions for litigations	Other provisions	Total
Balance at 1 January 2019	**271**	**330**	**601**
Provisions made during the year	48	583	631
Provisions used during the year	-	325	325
Balance at 31 December 2019	**319**	**588**	**907**

18. REVENUE

A disaggregation of the Group's revenue is as follows:

	2019	2018
Revenue from sales of residential properties	156,568	101,232
Others	113	302
	156,681	**101,534**

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

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Consumables	705	1,080
Administration expenses	7,256	4,920
Staff costs	12,898	12,416
	20,859	**18,416**

The fees charged by Deloitte Romania for services provided in 2019 comprise of Eur 41 thousand for the audit of the individual and consolidated financial statements, of Eur 6.5 thousand for other assurance services and Eur 19.8 thousand for other services.

20. OTHER OPERATING EXPENSES/INCOME

	2019	2018
Other operating income	(4,534)	(1,764)
Rent expenses	677	2,473
(Profit) / Loss on disposal of property, plant and equipment	43	1,023
Fines and penalties (income)/expenses	186	378
Other operating expenses	5,427	2,771
Revaluation result	-	326
	1,799	**5,207**

21. FINANCE COST/INCOME

	2019	2018
Interest expense	2,749	5,898
Interest income	(196)	(152)
Foreign exchange result	3,055	(44)
Other financial reserves	314	241
	5,922	**5,943**

22. IMPAIRMENT OF OTHER LONG TERM ASSETS

	2019	2018
(Reversal)/Impairment of trade receivables, net	(107)	(47)
(Reversal)/Impairment of tangible non-current assets, net	(85)	1,226
Impairment of financial assets, net	-	-
Other write offs	-	1,028
	(192)	**2,207**

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

23. OTHER INCOME/EXPENSE - EXCEPTIONAL

	2019	**2018**
Legal settlement – Brooklyn	-	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 Property 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.

24. TAXATION

(i) Amounts recognised in profit or loss

	2019	**2018**
Deferred tax (income) / expense	20,961	3,780
Tax on profit	7,932	3,799
Total expense related to tax	**28,893**	**7,579**

(ii) Reconciliation of effective tax rate

	2019		**2018**	
Profit before taxation		**183,377**		**28,406**
Tax using the Company's domestic tax rate	-16%	(29,340)	-16%	(4,545)
Non-deductible expenses and adjustments	1%	2,139	13%	3,688
Tax-exempt income	1%	(1,692)	30%	(6,827)
Recognition of tax effect of previous year tax losses		-		-
	16%	**(28,893)**	**9%**	**(7,579)**

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

24. TAXATION (continued)

(iii) Cumulative temporary differences generating deferred tax

	31 December 2019		31 December 2018	
	Cumulative temporary differences	**Deferred tax liabilities / (assets)**	**Cumulative temporary differences**	**Deferred tax liabilities / (assets)**
Property, plant and equipment	(1,394)	(223)	(1,479)	(237)
Investment property	312,901	50,064	187,174	29,948
Inventories	(10,110)	(1,618)	(15,196)	(2,431)
Trade and other receivables	(4,898)	(784)	(5,005)	(801)
Financial assets	(5,086)	(814)	-	-
	291,413	**46,626**	**165,494**	**26,479**
Fiscal losses which generated deferred tax	(4,101)	(656)	(4,101)	(656)
	287,312	**45,970**	**(161,394)**	**25,823**

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

24. TAXATION (continued)

(iv) Deferred tax balance movements

	Net balance as at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December Net	Assets	Liabilities
2019						
Property, plant and equipment	(237)	14	-	(223)	(223)	
Investment property	29,948	20,930	-	50,064		50,064
Financial Assets	(814)	-	-	(814)	(814)	
Trade and other receivables	(801)	17	-	(784)	(784)	
Inventories	(1,618)	-	-	(1,618)	(1,618)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	
Fiscal (assets) / liabilities, net	**25,823**	**20,961**	**-**	**45,970**	**(4,094)**	**50,064**

	Net balance as at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December Net	Assets	Liabilities
2018						
Property, plant and equipment	(191)	(46)	-	(237)	(237)	-
Investment property	26,205	3,734	-	29,948	-	29,948
Financial Assets	(814)	-	-	(814)	(814)	-
Trade and other receivables	(1.067)	266	-	(801)	(801)	-
Inventories	(1,453)	(164)	-	(1,618)	(1,618)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	-
			-			
Fiscal (assets) / liabilities, net	**22,024**	**(3,780)**	**-**	**25,823**	**(4,125)**	**29,948**

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

25. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

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

- credit risk
- liquidity risk
- market risk

Risk management framework

The Group's policies regarding the risk management are defined so as to ensure identification and analysis of the risks the Group 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 Group's operations. The Group, 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Group'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:

	Note	31 December 2019	31 December 2018
Trade and other receivables	11	32,884	26,995
Cash and cash equivalents	12	45,462	30,740
		78,346	**57,735**

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 11)

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

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

(a) Credit Risk (continued)

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

	31 December 2019	31 December 2018
Romania	32,884	25,302
	32,884	**25,302**

Impairment losses

The receivables’ ageing at reporting date was:

	31 December 2019			31 December 2018		
	Gross	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Not yet due	31,744		31,744	14,072	-	14,072
Past due 1-30 days	710		710	2,378	-	2,378
Past due 31–90 days	278		278	89	-	89
Past due 91–120 days	127		127	31	-	31
Past due 121–365 days	25		25	606	(393)	213
Past due more than 1 year	3,018	(3,018)	-	5,633	(3,876)	2,061
	35,902	**(3,018)**	**32,884**	**22,809**	**(3,572)**	**18,844**

Impairment losses at 31 December 2019 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 Group 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 2019, the Group held cash and cash equivalents in amount of 45,462 (31 December 2018: 30,740), 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)

25. 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 Group'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 Group'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 2019						
Loans and borrowings	197,635	197,635	58,822	138,813	-	-
Trade and other payables	73,519	73,519	73,189	330	-	-
	271,154	**271,154**	**132,011**	**139,143**	**-**	-

	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	148,994	148,994	34,894	114,100	-	-
Trade and other payables	25,236	25,236	25,326	-	-	-
	174,319	**174,319**	**60,220**	**114,100**	**-**	-

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

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

(c) Market risk

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

Currency risk

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

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

31 December 2019	
Monetary assets	
Trade and other receivables	-
Cash and cash equivalents	1,503
	1,503
31 December 2019	
Monetary liabilities	
Loans and borrowings	189,745
Trade and other payables	-
	189,745
Net exposure	**(188,242)**
31 December 2018	
Monetary assets	
Trade and other receivables	-
Cash and cash equivalents	30,740
	15,118
31 December 2018	
Monetary liabilities	
Loans and borrowings	114,100
Trade and other payables	-
	-
Net exposure	**(98,983)**

The Group 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)

25. 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 2019	Average for 2019	31 December 2018	Average for 2018
EUR 1	4.7793	4.7454	4.6639	4.6530

Sensitivity analysis

A strengtheting / (weakening) of Leu by 10% against the following foreign currencies as at 31 December 2019 and 31 December 2018 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 Group 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 2019			31 December 2018		
	Carrying value	Weakening	Strengthening	Carrying value	Weakening	Strengthening
Monetary assets and liabilities						
EUR	(188,242)	(18,824)	18,824	(98,983)	(9,893)	9,893
Impact	**(188,242)**	**(18,824)**	**18,824**	**(98,983)**	**(9,893)**	**9,893**

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

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

Sensitivity analysis (continued)

Interest risk

	31 December 2019				31 December 2018			
	Carrying value	**Variable interest**	**Fixed interest**	**Non-interest bearing**	**Carrying value**	**Variable interest**	**Fixed interest**	**Non-interest bearing**
Monetary assets								
Trade and other receivables	32,884	-	-	32,884	25,302	-	-	25,302
Cash and cash equivalents	45,462	-	27,700	17,762	30,740	-	-	30,740
	78,346	**-**	**27,700**	**50,646**	**56,042**	**-**	**-**	**56,042**
Monetary liabilities								
Loans and borrowings	197,635	80,148	117,487	-	142,332	28,231	114,100	-
Trade and other payables	73,519	-	-	73,519	25,326	-	-	25,326
	271,154	**80,148**	**117,487**	**73,519**	**167,657**	**28,231**	**114,100**	**25,326**

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

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

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

	Carrying value	
	31 December 2019	**31 December 2018**
Fixed rate instruments		
Financial assets	27,700	15,002
Financial liabilities	(117,487)	(114,100)
	(89,787)	**(99,098)**
Variable rate instruments		
Financial liabilities	(80,148)	(28,231)
	(80,148)	**(28,231)**

Fair value sensitivity analysis for fixed rate instruments

The Group 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 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 unchanged.

	Profit / (Loss)	
31 December 2019	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(801)	801

	Profit / (Loss)	
31 December 2018	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(282)	282

26. SHARE-BASED PAYMENTS

During 2019 the Group has not granted shares to its employees. In June 2018 the Group has granted 350 thousand shares to the employees at a weighted average price of 0.9 RON. The contractual life is of 1 year and had a range of 0.8 RON to 0.92 RON/share.

27. CAPITAL COMMITMENTS

As at 31 December 2019, the Group has no capital commitments contracted.

28. CONTINGENCIES

Litigations

As of the date of these Consolidated Financial Statements, the Group was involved in a number of ongoing lawsuit, both as plaintiff and defendant.

The management of the Group assess 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 Consolidated Financial Statements.

Taking into account the information available, the management of the Group 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.

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.

The Company and its subsidiary have 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 2019, 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. Currently the technical accounting expertise is being analysed in both cases.

The Company's management does not expect any significant changes in the results of the expertise result that could have a significant impact on the financial statements.

b) Barbu Vacarescu

In 2014, the Company acquired 1/3 of the title of ownership on 5 plots of land with a total area of 78,970 sqm, located in Barbu Vacarescu, Bucharest. The other 2/3 of the title on the lots were acquired by Cefin Real Estate Development BV ("Cefin").

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.

28. CONTINGENCIES (continued)

In the year 2017 Impact decided to formulate a legal action regarding the separation and identification the land of Impact in Barbu Vacarescu (approximately 2.6 ha) in the Land Book and to individualize an exclusive property right of this land area. The legal action is the subject of file no.5642/300/2017, registered on the role of District Court 2, Bucharest. The court is in the background phase, and the probation of the evidences to be administered is very complex.

Up to this date, topographic and geotechnical expertise have been carried out. By means of the topographic expertise, the main aim was to make proposals for lottery in nature, the shares of co-ownership and the urban servitudes and the existing neighborhoods. As cadastral overlaps were identified between the lots that were the object of the topographic expertise, the land books were updated.

The length of the trial can be considerably prolonged in case the court approves the trial with the evaluation expertise. When pronouncing the court decision, the court will have to proceed with the sharing of the lots taking into account the property shares held by each party, but also aspects related to the location, identification and evaluation of the lots.

The next hearing is April 16, 2020. No significant changes in the carrying value of assets are expected to result from the outcome of this case. Refer to Note 9 for details of the investment.

c) Ghencea

During 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 file no. 5737/3/2018 has as object an action in finding, in contradiction with the Romanian State and the City Hall of Bucharest Municipality, in order to establish the existence of the property right having as object the land with an area of 258,925 sqm located in the Municipality of Bucharest, Prelungirea Ghencea no. 402-412, sector 6.

The Bucharest Court ruled on 22.11.2019 and admitted the action brought by the plaintiff IMPACT DEVELOPER & CONTRACTOR SA in contradiction with the Romanian State through the Ministry of Public Finance and the Municipality of Bucharest. The Bucharest Court found that the plaintiff has ownership of the land with an area of 258,925 sqm (from documents), respectively 258,895 sqm (from measurements), located in Bucharest, Ghencea Prelungirea no. 402-412, sector 6. The appeal of the Bucharest Tribunal can be appealed with appeal within 30 days from the communication, which is submitted to the Bucharest Court - Section IV of the Civil.

On 10.02.2020 the Bucharest Court communicated to the involved parties the decision with motivated of the sentence. The decision of the Bucharest Tribunal can be appealed against within 30 days of the communication, which is submitted to the Bucharest Tribunal - IV Civil Division. On 28.02.2020, the Romanian State through the Ministry of Public Finance and the City Hall of Bucharest appealed the sentenced sentence.

No significant changes in the carrying value of assets are expected to result from the outcome of this case. Refer to Note 9 for details of the investment.

Letter of guarantees

As at December 31, 2019 the Entity has letters of guarantee issued to suppliers in amount of 259 (31 December 2018: 1,276).

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

29. RELATED PARTIES

Related party transactions

The Group didn’t have any other transactions and balances with related parties during and for the year ended 31 December 2019, 31 December 2018 respectively.

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 Group, for the year ended 31 December 2019 is 2.145 (31 December 2018 is 2,276).

Starting with December 2019, the group has implemented a share-based incentive scheme for the management and other employees included a total number or 1.2 million shares to be granted over a period of 1 year.

30. EARNINGS PER SHARE

	2019	**2018**
Profit for the period for the period	154,484	20,827
Number at the end of the period	274,444	277,867
Adjustments for other items	-	4,414
Basic earnings per share (RON/share)	0.56	0.09

31. SUBSEQUENT EVENTS

Group’s management does not consider that any events occurring subsequent to 31 December 2019 up to the date of the approval of these financial statements would require adjustments.

The Group closely monitors the effects of the Coronavirus pandemic and its effects on the real estate market and the economic environment in the country and will take all necessary measures to minimize the impact and respect its commitments towards customers, financers and shareholders.

The rapid development of the Covid-19 virus and its social and economic impact in Romania and globally may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial year. In particular management expects the assumptions and estimates used in determining to be affected. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

The Group has made an initial assessment of risks and uncertainties. Therefore, the management envisaged different scenarios taking into consideration the following:

- Sales and pre-sales
- Prices
- Developments
- Cash and external financing

At the date when these financial statements were issued, the Company recorded sales for 47 apartments in Greenfield Baneasa (i.e. for the related period in 2020) and had a pipeline of 342 pre-sold apartments, of which 78 for finalized apartments in Greenfield Baneasa and 265 for Luxuria Domenii Residence (“Luxuria”), the project currently developed by the Company through two SPVs in three phases with different completion terms.

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

31. SUBSEQUENT EVENTS (continued)

Most of the aforementioned pre-sales are expected to be converted into sales in 2020, providing cash in the Company to support its activity and to continue the projects started within the Impact Group (Greenfield Plaza, Greenfield 3, Constanta Boreal Plus and Luxuria phase B) together with the non-restricted cash at the Impact Group level of 9.1 million EUR at 27 March 2020. In addition, the Company has a revolving financing line of 19.7 million RON whose validity is expected to be extended until May 2021 and an addendum to be signed with the bank in this respect by the end of March.

In terms of pre-sales, the Company expects a significant reduction in volume that may run through to the summer months. Also, pre-sales are expected for the new developments for which the construction may start in the second half of 2020, namely Greenfield 3 and Constanta Boreal Plus. The Company is in the process of obtaining the building permits for Greenfield 3 (including Greenfield Plaza) and Constanta Boreal Plus, and in different stages of negotiation with the constructors and financing banks for these projects.

In terms of sale prices, the Company considers that a downward price adjustment may be offset to a certain extent by a decrease in the cost of construction even if not at the same pace.

With respect to the financing of the Luxuria project, the first two phases have secured bank financing from UniCredit Bank and the related equity was already contributed by Impact Group. The drawdowns made from the loans provided by UniCredit Bank are covered 113% and 99% by related pre-sales for the first phase and the second phase of Luxuria, respectively. Also, Impact Group is in an advanced stage for securing the bank financing for the third phase of Luxuria.

The longer-term impact may also affect trading volumes, cash flows, and profitability. Nevertheless, at the date of these financial statements the Impact Developer & Contractor continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

The consolidated financial statements have been authorized for issue by the management on 27.03.2020 and signed on its behalf by:

Sorin Apostol,	**Iuliana Mihaela Urda,**	**Giani Kacic**
Chief Executive Officer	President BOD	Chief Financial Officer