REPORT

Board of Directors

2018

Content

2018 HIGHLIGHTS

Operational

- 232 dwellings sold (21,988 sqm)
- 197 pre-sale agreements and reservations on December 31, 2018 estimated as sales in 2019 and 2020
- Delivery of 276 apartments (28,000 sqm) for Greenfield Baneasa Residence (“Greenfield”)
- Further development of 192 apartments built in the Greenfield project, to be delivered during the second half of 2019
- Starting works for the Luxuria Domenii Residence project (“Luxuria”)
- Initiation of the procedure for obtaining the new Zonal Urban Plan (PUZ) for Greenfield IV, which includes Greenfield Plaza (a commercial and leisure centre)
- Initiation of the procedure for obtaining the Zonal Urban Plan (PUZ) for the residential projects to be developed in Constanta
- Further actions for updating the technical documentation related to the residential project to be developed in Timisoara Blvd. – Prelungirea Ghencea (Bucharest)
- Active and sustained involvement in sport events and Corporate Social Responsibility (“CSR”) actions
- Identifying locations/plots of land in Bucharest and other cities throughout the country for future developments
- Participation in the public tender initiated by the Bucharest City Hall with the view of acquiring apartments. The public tender was won by Impact early 2019 (70 apartments in Greenfield).

Financial

IFRS NAV

446.8 mLEI

+ 19.3 mLEI (2017: 427.5 mLEI)

EPRA NAV

720 mLEI

+ 120 mLEI (2017: 600 mLEI)

Sales

101.5 mLEI

- 10.2 mLEI (2017: 111.7 mLEI)

Pre-sales and reservations as at 31 December 2018

96.1 mLEI

+ 90.2 mLEI (2017: 5.9 mLEI)

IMPACT, OVERVIEW

- 27 years of leadership, innovation and excellence in real estate

- Since its establishment in 1991, Impact ranked on the Romanian real estate market as an innovative company.

- Impact is the first real estate developer after the communist era, established with 100% Romanian capital.

- In 1996 the company was listed on the Bucharest Stock Exchange ("BSE"), whereby Impact has become the first representative of the real estate development and construction sector listed on the Stock Exchange.

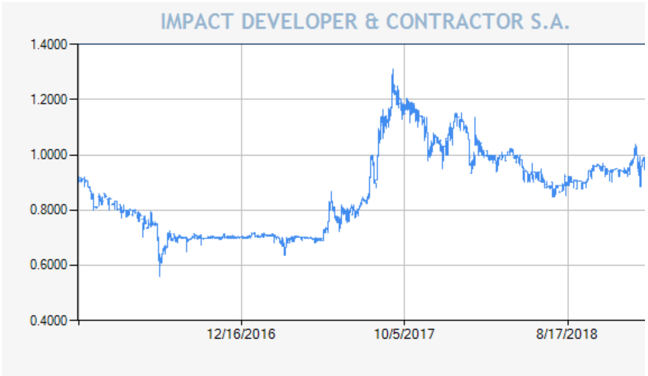
- In 2006 the shares of the company were promoted to Category I of the Stock Exchange and in 2015 to the Premium category.

- Over 10,000 inhabitants
- Over 4,000 dwellings built
- Investments exceeding EUR 400 m
- Over 450,000 sqm built
- 16 residential compounds developed
- Expansion at national level
- Over 100 distinctions obtained

IMPACT ON THE CAPITAL MARKET

Impact Developer & Contractor is listed on the Bucharest Stock Exchange since 1996. As of 2006, its shares, currently amounting to 277,866,574, are listed in the 1st category of the Bucharest Stock Exchange, and since January 2015, Impact's shares are traded in the Premium category, according to the new segmentation of the Bucharest Stock Exchange.
There are no restrictions for the security transfer, there are no restrictions for the voting rights, and there are no holders of securities with special control rights.

Evolution of Impact share price ("IMP") 2016 – 2018



Shares held by the members of the Board of Directors on December 31, 2018

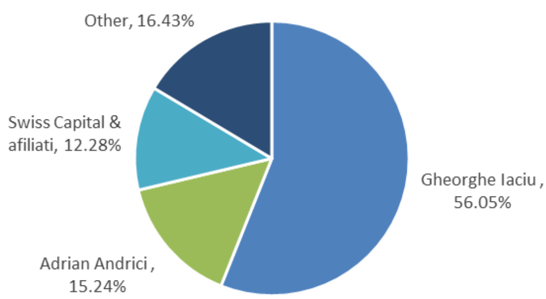
- Mr. Beze Laviniu-Dumitru holds 0.82% of Impact's shares (0.25% as natural person and 0.57% through Beze Business Consulting), specifically a total number of 2,287,972 shares;
- Mr. Pandele Daniel holds 1.27% of Impact's shares (0.01% as natural person and 1.26% through Danielis Star Company), specifically a total number of 3,507,104 shares;
- Mrs. Scarlat Ruxandra-Alina holds c. 0.01% of Impact's shares, specifically a number of 28,500 shares;
- Mr. Gabriel Vasile holds c. 0.01% of Impact's shares, specifically a number of 35,500 shares;
- Mrs. Urda Iuliana-Mihaela holds c. 0.01% of Impact's shares, specifically a number of 28,500 shares.

Relative evolution of IMP vs. BET Index 2016 – 2018

Status of shares redeemed as at December 31, 2018

- Shares redemption program: maximum 7,000,000 shares according to the Decision of the General Meeting of Shareholders No. 3 dated June 15, 2017
- Total redeemed shares: 3,391,007 shares
- Shares redeemed in 2018: 2,697,090 shares
- Shares left to be redeemed on December 31, 2018: 3,608,993 shares
- Shares redeemed until December 31, 2018 shall be cancelled and therefore, the share capital of Impact Developer & Contractor shall be reduced.

Shareholders' structure - Impact Developer & Contractor as at 31 Dec 2018



As per the information provided by the Central Repository, on December 31, 2018, 84.24% of the shares were held by natural persons and 15.76% of the shares were held by legal entities

Dividends granted in the past 3 years

In 2017 the granting of dividends for 2016 was decided, at 0.0404 LEI / share, amounting to a total of 11.23 mLEI (according to the Decision of the General Meeting of Shareholders dated April 28, 2017)

IMPACT ON THE CAPITAL MARKET

METRICS	31-Dec-17	31-Dec-18
Price per share (RON)	1.05	0.99
Number of shares (Impact Developer & Contractor)	277,866,574	277,866,574
Market capitalization (RON)	291,759,903	275,087,908
IFRS (consolidated)		
Net profit (LEI)	51,098,000	20,828,000
Net asset value ("NAV")	427,450,000	446,808,000
Profit per share (LEI)	0.18	0.07
NAV/Share (LEI)	1.54	1.61
EPRA* (consolidated)		
Net asset value ("NAV")	599,972,909	720,021,945
NAV/Share (LEI)	2.16	2.59

**European Public Real Estate Association*

The reconciliation between the Net Asset Value according to the IFRS consolidated financial statements and the EPRA standard is as follows:

LEI	31-Dec-17	31-Dec-18
NAV per the IFRS financial statements	**427,450,000**	**446,808,000**
Include:		
i) Revaluation of property developed for sale	77,743,519	32,208,675
ii) Revaluation of land held as inventory	68,574,389	203,296,632
iii) Revaluation of land held as fixed assets	-	7,760,639
Exclude:		
iv) Deferred tax	26,205,000	29,948,000
EPRA NAV	**599,972,909**	**720,021,945**

i) Revaluation of property developed for sale

The inventories/finished goods (apartments) were revaluated at market value on December 31, 2017 and December 31, 2018 by Colliers Valuation and Advisory. The increase / difference between the market value resulted after the revaluation and the book value (the lowest value between the cost and the net realisable value) has been included in the Net Asset Value according to EPRA.

ii) & iii) Revaluation of land held as inventory and as fixed assets

The land (included in investment properties, inventories and fixed assets) was revaluated on December 31, 2017 and December 31, 2018 by Colliers Valuation and Advisory. The adjustment was done to reflect the market value of the lands included in inventories and fixed assets. Land included in inventory were valuated in the IFRS financial statements at the lowest value between the cost and the net realisable value. Land included in fixed assets is valued in the IFRS financial statements at cost. The revaluation of the lands included as investment properties is reflected in the IFRS financial statements at the market value.

iv) The deferred tax recorded in the IFRS financial statements resulted from the difference between the book value and the tax value of the investment properties (lands).

PROJECTS PORTFOLIO

Ongoing projects

RESIDENTIAL COMPOUND
GREENFIELD BANEASA

Unique location

District 1, framed on two sides by 900 ha of woodland: Baneasa Forest and Tunari Forest

Easy access

The National Road DN1 and the Ring Road are just a few minutes away. The underground stations Washington and Paris on Line 6 that will connect the current network to the Otopeni Airport shall be located near GREENFIELD

Facilities

Current: public transport, private school, parks and playgrounds, restaurant, medical centre and supermarket

Future: State school, kindergarten, buses, Greenfield Plaza community center including SPA, pool, sports courts, restaurant, supermarket, bank.

Development in stages

3 Completed: Greenfield I, Greenfield II (Salcamilor Assembly), Greenfield III (Platanilor Assembly)

2 Future: Greenfield IV, Greenfield V

Greenfield I	
Development	2007 - 2010
No. of Ap. & houses	680
No. of parking spots	680
Gross area (sqm)	59,602
% Sold	100%

Greenfield II (Salcamilor Assembly)	
Development	2014 - 2016
No. of apartments	924
No. of parking spots	1,044
Gross area (sqm)	85,076
% Sold*	99.7%

** Including 5 pre-sale contracts and reservations as on December 31, 2018*

PROJECTS PORTFOLIO

Ongoing projects (continued)

RESIDENTIAL COMPOUND
GREENFIELD BANEASA

Greenfield III (Platanilor Assembly)	
Development	2016 - 2019
No. of apartments*	944
No. of parking spots	1,162
Gross area (sqm)	89,950
% Sold**	44.7%

** Last 192 apartments will be completed in the second half of 2019*

*** Including 74 pre-sale agreements and reservations as at December 31, 2018, of which 52 for the 192 apartments that will be completed in 2019*

Greenfield IV & Greenfield V	
Development	2019 - 2026
No. of apartments	4,399
No. of parking spots	5,275
Gross area (sqm)	401,146
Value (mEUR)	495.3

2,548 completed dwellings

Including the 192 apartments that are to be completed in 2019

Greenfield first 3 phased completed

2,023 sold dwellings

Including the 78 pre-sale agreements and reservations as at December 31, 2018

PROJECTS PORTFOLIO

Ongoing projects (continued)

RESIDENTIAL COMPOUND
LUXURIA DOMENII

Top-rated location

District 1, the Northern area of Bucharest

Macro-layout - between Kiseleff Boulevard and Ion Mihalache Boulevard

Direct layout - between Expozitiei Boulevard and Aviator Popisteanu Street

Technological solutions

Since 2018, Impact is more and more preoccupied with State-of-the-Art technological solutions designed to add value to the built residences. Thus, Impact has initiated endeavours to implement solutions such as Smart Home and Smart City in Luxuria Domenii Residence.

Easy access

5 minutes away from 1 Mai underground station

2 minutes to multiple public transport options

Direct access to DN1 Ploiesti DN3/ Piata Victoriei/ Pod Grand - DN2/ Ring Road – Mogosoaia

Area reputation

The future pole of office buildings, after the Floreasca area.

Operating – Unicredit, OCPI, Ubisoft, Tiriac Holding, World Trade Center, City Gate, CNC. Under development – Portland, GTC offices, the new headquarters of ING Bank, SAB Romania, Skanska Romania

Development in phases

Luxuria Domenii Residence is a new development concept of Impact and is addressed to the premium segment of the residential market.

The Luxuria Domenii Residence project was started in 2018, shall be developed on an area of approximately 2.25 ha and shall bring on the market 630 apartments, estimated to be delivered as follows: 232 apartments during the first half of 2020, 268 apartments during the second half of 2020 and 130 apartments during the second half of 2021.

Luxuria Domenii Rezidence (3 phases)	
Development	2018 - 2021
No. of apartments	630
No. of parking spots	720
Gross area (sqm)	66,499
% Sold in the first phase (232 ap.) at Dec 31, 18	48%

PROJECTS PORTFOLIO

Future developments 2019 – 2028
(other than Greenfield Baneasa and Luxuria Domenii Residence)

Barbu Vacarescu (Bucharest)	
Development	2020 - 2026
Project type	Residential
No. of apartments	898
No. of parking spots	1,257
Gross area (sqm)	96,330
Value (mEUR)	170.7

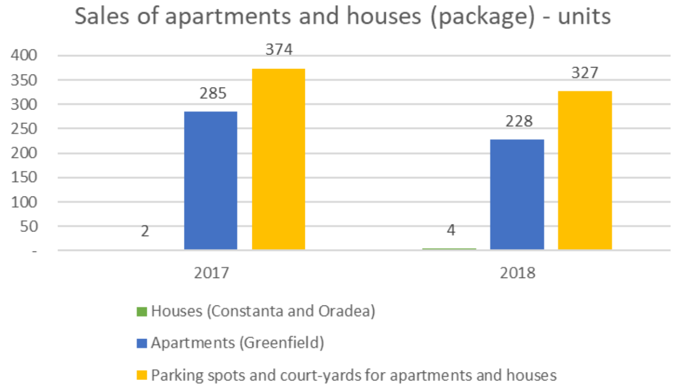
Constanta (Constanta)	
Development	2019 - 2024
Project type	Residential
No. of apartments	660
No. of parking spots	640
Gross area (sqm)	58,554
Value (mEUR)	56.5

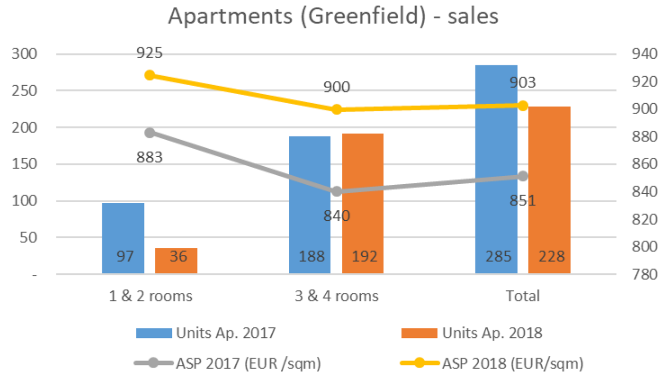
Ghencea (Bucharest)	
Development	2020 - 2028
Project type	Residential
No. of apartments	1,437
No. of parking spots	1,722
Gross area (sqm)	138,020
Value (mEUR)	114.6

ACTIVITY OF IMPACT IN 2018

Sale of dwellings

In 2018, sales have reached a number of 232 residences (apartments and houses, plus ancillary parking places), 9 parking places and 2 plots of land (one in Constanta - 410 sq. m. and one in Voluntari – 71 sq. m.). The residences sold in 2018 totalized an area of 21,988 sq. m., 14.6% less than the area of the residences sold in 2017 (287 residences, 25,741 sq. m.).





From the total number of residences sold in 2018, 46 apartments (4,843 sq. m.) were sold in Salcamilor Assembly (Greenfield Baneasa) and 181 apartments (16,259 sq. m.) in Platanilor Assembly (Greenfield Baneasa). In 2017, from the total number of residences sold, 115 apartments (10,803 sq. m.) were sold in Salcamilor Assembly and 165 apartments (14,173 sq. m.) were sold in Platanilor Assembly.

The evolution of sales in 2018 compared to 2017 was influenced by the mix of property inventories available for sale (completed), specifically mainly 3 and 4-room apartments in Salcamilor and Platanilor Assemblies.

This is also reflected in the sales structure, whereas 3 and 4-room apartments represented 83% of the total number of units sold in 2018 (66% in 2017). The inventory of 1 and 2-room apartments shall be completed in quarter III of 2019, when the apartments due in phase 7.1 of Greenfield shall be delivered.

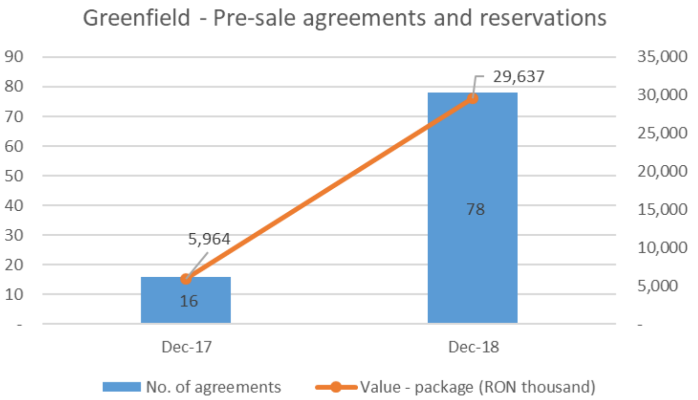
The average value of a transaction has increased by app. 12%, from app. 83.787 EUR in 2017, to 93.609 EUR in 2018, while the sales volume has dropped 19%, from 287 units in 2017, to 232 units in 2018.

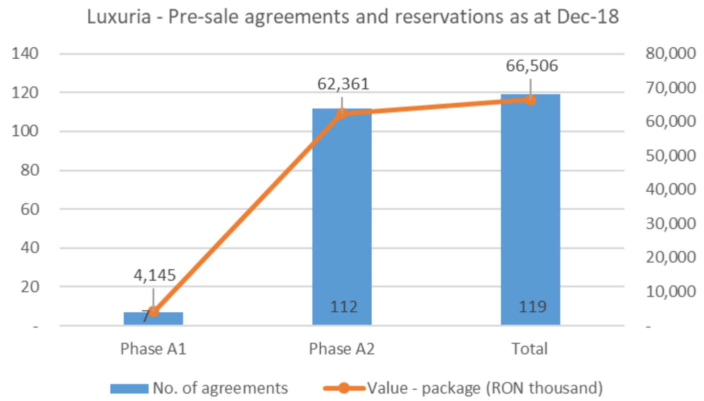
The drop in the sale of residences was caused also by the closure of one of the access roads to the compound and intense unfavourable media coverage. Anticipating the situation, the Company has identified in 2016 other 3 alternative access solutions, related to which it has completed the procedures for the acquisition of the plots of land, while the permitting and approvals are still pending.

The access road was reopened in November 2018. In order to reopen the road, Impact has donated a plot of land of 6,000 sq. m. to the Bucharest Municipality to be granted as compensation to Romsilva S.A.

ACTIVITY OF IMPACT IN 2018

Sale of dwellings (continued)





In addition to the sale agreements, whose value is reflected in the income, on December 31, 2018 pre-sale contracts and reservations for 197 apartments in Greenfield and Luxuria were signed, with a value of app. 96 mLEI, estimated as income in 2019 and 2020.
52 of the 197 pre-sale contracts and reservations were for the 192 apartments of the Platanilor Assembly to be delivered during the second half of 2019.

Dwellings rental and sale of lands

The rental of apartments was not deemed a priority for the Company during the last years. Most of the residences with tenancies expired in 2015 were sold, so that at the end of 2018 only one residence was still rented out.
Impact offers for sale plots of land to natural persons and legal entities for the development of houses or small trading premises. The sale of lands is influenced by the customer's low appetite for this product cumulated with the lack of financial products designed for land acquisition.

Land bank as at 31 December 2018

Location	City	Surface (ha)	IFRS book value (mRON)	IFRS book value (mEUR)	EPRA value (mRON)	EPRA value (mEUR)	Investment value (mRON)	Investment value (mEUR)
Greenfield Baneasa	Bucharest	38.2	211.8	45.4	253.2	54.3	295.9	63.5
Luxuria Domenii	Bucharest (Expozitiei Blvd.)	2.4	51.0	10.9	133.8	28.7	133.8	28.7
Ghencea	Bucharest	25.9	71.3	15.3	86.9	18.6	86.9	18.6
Barbu Vacarescu	Bucharest	2.6	42.4	9.1	95.8	20.5	95.8	20.5
Zenit, Neptun, Boreal	Constanta	10.9	18.5	4.0	36.3	7.8	36.3	7.8
Other	Bucharest, Oradea	8.4	11.7	2.5	11.7	2.5	11.7	2.5
Total		**88.4**	**406.8**	**87.2**	**617.7**	**132.4**	**660.4**	**141.6**

The EPRA value represents the market value on December 31, 2018 according to the revaluations performed by Colliers Valuation and Advisory.
The investment value differs from EPRA value only for Greenfield, where the land value was determined by using the residual technique of the income approach for the land related to 6 Phases of Greenfield already started or that are to be started in 2019/2020. Both investment and market value were estimated by Colliers (i.e. 166 EUR/sqm for the investment value vs. 142 EUR/sqm for the market value considered for EPRA).

ACTIVITY OF IMPACT IN 2018

Apartments delivery

Impact's activity in 2018 was dominated by the development of two residential projects in Bucharest, specifically Greenfield Residence Baneasa and Luxuria Domenii Residence.

Greenfield: In 2018, the works for 12 buildings of the Platanilor Assembly were completed, specifically 276 apartments (~28,000 sq. m. built). Platanilor Assembly shall be completed during the second half of 2019, when the 6 buildings that are under construction shall be delivered (192 apartments with 1, 2 and 3 rooms, app. 14,500 sq. m. built).

Luxuria: In 2018 the construction for the first two stages of the project was started, estimating the delivery of the apartments as follows: 232 apartments during the first half of 2020, 268 apartments during the second half of 2020.

Other development-related aspects

Preparation of the documentation and initiation of the procedures for obtaining the Zonal Urban Planning (PUZ) for the fourth phase of the Greenfield project (Greenfield IV), including for the Greenfield Plaza community centre.

Further actions for updating the technical documentation related to the residential project to be developed on the land with an area of approximately 26 ha owned by the Company and located in Bucharest, in the area Timisoara Blvd. – Prelungirea Ghencea.

Initiation of the process required for obtaining the Zonal Urban Planning (PUZ) for the residential projects to be developed in Constanta (apartments).

Financing sources

- Self-financing from the sale and pre-sale of residences;
- Bank financing and from bonds issues;
- In 2018, Impact has obtained, by its branch Bergamot Development, crediting of approximately 16mEUR from UniCredit Bank for financing the first phase of the Luxuria Domenii Residence project (the first 232 apartments of the project).

CSR and sport events

In 2018 Impact, acting as partner, sponsor or organizer, was actively and constantly involved in sports events and CSR actions. Thus, we have attended, supported or organized:

- 4 running events acting as sponsor: Baneasa Forest Run (2 editions), Baneasa Race (1 edition), Bucharest Half Maraton (1 edition);
- A cleaning action of Baneasa Forest: Big Cleaning II, an event organized by the Greenfield residents community, with Impact's support;
- 2 tree planting events acting as organizer: in Spring we have planted over 300 trees, shrubs and ornamental plants, and in December 1,000 oak saplings in Baneasa Forest. We have planted during the last 5 years a total number of over 2,500 trees and shrubs;
- 1 "Houses for Birds" event in Baneasa Forest. We have built 100 bird houses and we have provided the logistics required for their placement in the forest by the residents of the Greenfield neighbourhood.

New technologies

Since 2018, the Company is more and more preoccupied with State-of-the-Art technological solutions adding value to the built residences. Thus, the Company has initiated actions for the implementation of solutions such as Smart Home and Smart City in Luxuria Domenii Residence.

ACTIVITY OF IMPACT IN 2018

Legal matters

Impact was and still is involved in several lawsuits, one of them settled in 2018.

Litigation with Brooklyn Property Management SRL

In 2018, the Company has signed a transaction whereby it has agreed, upon mutual concessions, to settle finally and irrevocably the disputes with Brooklyn Property Management, in which it was involved both as defendant and plaintiff.

In exchange of the agreed mutual concessions, Impact has paid to Brooklyn the RON equivalent of 880 thousand EUR.

The object of the lawsuits was the performance of and payment for the construction works for one of the developed projects developed by Impact in 2007 (Topaz). Brooklyn Property Management was the general contractor in the project, and Impact was the beneficiary.

Litigation with the Local Council of Cluj

Impact Developer & Contractor and Clearline Development & Management (one of its branches) have filed a lawsuit, as plaintiffs, against the Local Council of Cluj.

Impact Developer & Contractor and the Local Council of Cluj were supposed to develop a residential neighbourhood in Cluj (by the project company Clearline Development & Management, where Impact Developer & Contractor had to bear the development costs and the Local Council of Cluj had to bring a contribution in kind, specifically the land on which the residential project was to be developed.

While Impact Developer & Contractor has fulfilled its contractual obligations, the Local Council of Cluj has failed to fulfil its project-related obligation, namely to bring the contribution in kind, specifically the land on which the residential project was to be developed. Therefore, Impact Developer & Contractor and Clearline Development & Management have requested the courts to terminate the agreement concluded with the Local Council of Cluj and a material indemnity for the investments made in the project development.

Thus, on December 31, 2018, two lawsuits v. Cluj Local Council were pending as follows:

- At the Cluj Commercial Court case 79/1285/2012 was filed, whereby Impact requests the termination of the master agreement No. 55423/04.07.2007 concluded between Cluj Local Council and Impact. Moreover, the Company requests an indemnity, temporarily evaluated at 4,008,222 lei plus related interest, calculated since the occurrence of the damages, until the actual payment of the due amounts. The next hearing is set for March 27, 2019.
- At the Arges Commercial Court case 1032/1259/2012 was filed, whereby the Company's branch, Clearline Development and Management SRL, requests the Local Council of Cluj the payment of an indemnity, temporarily estimated at 17,053,000 lei plus related interest, calculated since the occurrence of the damages, until filing the lawsuit, with an estimated amount of 500,000 lei. The next hearing is set for April 18, 2019.

Litigation related to the land located in Barbu Vacarescu

Impact has filed a lawsuit against Cefin Real Estate Dezvoltare BV ("Cefin") for the separation and identification in the land book of the land owned by Impact in Barbu Vacarescu (2.6 ha). Impact and Cefin are the co-owners of a land of app. 10.5 ha, whereof 2.6 ha are owned by Impact and the rest by Cefin. In the file, the Court has approved only the evidence by topographic expert's report, as requested by Cefin.
The next hearing is set for April 4, 2019.

Litigation related to the land located in Prelungirea Ghencea

The object of Case No. 5737/3/2018 filed with the Bucharest Court is a declaratory judgment, against the Romanian State and the Bucharest Council, in order to declare the existence of the ownership right over the land with an area of 258,925.36 sq. m. located in Bucharest, 402-412 Prelungirea Ghencea, district 6.
The first hearing in the case is set for April 24, 2019.

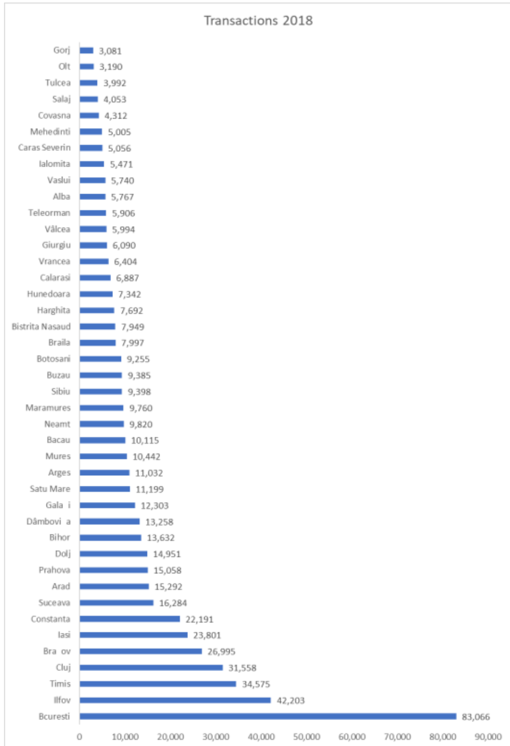
RESIDENTIAL REAL ESTATE MARKET

According to the data published by the National Agency for Cadastral Survey and Real Estate Publicity (ANCPI), last year, a number of 563,501 real estate sales were concluded at national level, which shows a decrease of 10.2% compared to the previous year, when 627,802 transactions were recorded. This decrease trend of the transactions number occurred only in the second part of 2018, when a decline of 23.7% took place. Thus, the first half was marked by an increase of 6.2%. In 2018, most sale agreements were concluded in Bucharest (83,066 transactions), while the following positions were occupied by the counties Ilfov (with 42,203 contracts), Timis (34,575), Cluj (31,558 acquisitions), Brasov (26,995), Iasi (23,801) and Constanta (22,191).

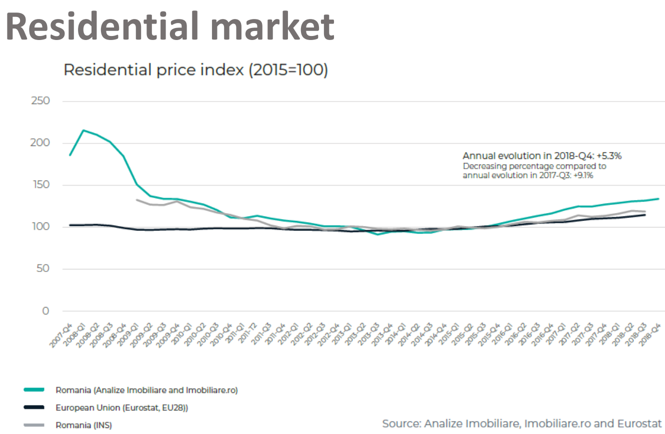
According to the market report published by Analize Imobiliare, during the fourth quarter of last year, residential properties in Romania have grown 1.6% compared to the previous three months. Thus, the quarterly Index of demanded prices has reached the value of 133.9, a level similar to the one valid during the third quarter of 2009 (calculation basis, i.e. 100, being applicable for 2015).

As an overall, the prices demanded for residential properties in Romania have grown 5.3% last year. This figure shows that the increase mitigation trend on the residential market has obviously increased last year, considering that prices have grown 9.1% in 2017 and 12.4% in 2016.

Despite the reduced increased pace recorded during the last year, the price difference at ten years continued to decrease. Thus, during the last quarter of 2018, the prices demanded at national level for residential properties (houses and apartments) were 27.6% below the level achieved during the similar period in 2008. As a comparison, in Q4 2017 the price difference at ten years (versus Q4 2007) was 31.5%.



Source: Q4 2018 Residential Market Report – Analize Imobiliare, Imobiliare.ro

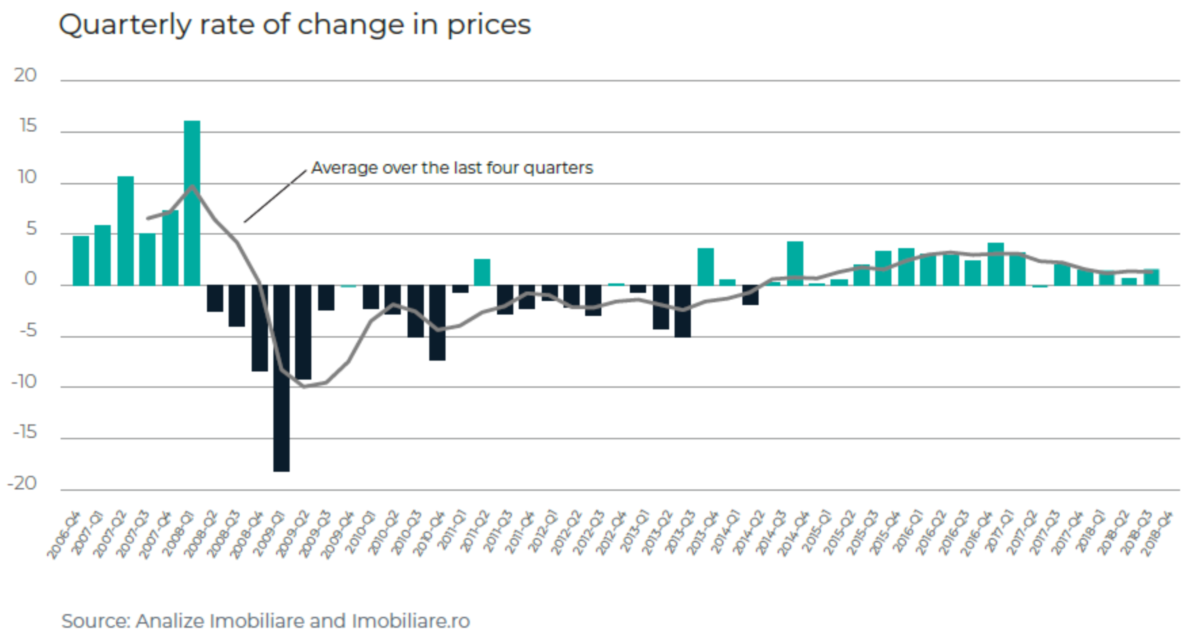


According to the data published by the National Statistics Institute and Eurostat for the third quarter of last year, the sale prices of residences at national level have shown an increase of 5.7% compared to the similar period of 2017, considerably higher compared to the increase of 4.3% recorded in the European Union.

"The quarterly average of price variations for the residential segment was, according to the data provided by Analize Imobiliare, 1.2% in 2018, dropping from 2.2% in 2017 and respectively 2.9% in 2016." (Source: Analize Imobiliare)

RESIDENTIAL REAL ESTATE MARKET

Price evolution compared to the previous quarter



During the last quarter of last year, in Bucharest, the price of apartments has grown 1.1%, while the yearly growth was 5.8%, according to the analysis performed based on the advertisements published on the imobiliare.ro portal by Analize Imobiliare.

In Q4 2018, the most important increase in the price of apartments located in Bucharest was noticed in the semi-central area and in the Northern part of the city. As a percentage, variations were a bit higher than the ones recorded during the previous three months, in a range between 3.6% and 7.6%. The first position in the ranking of price increases is occupied by the Herastrau-Nordului area, with a plus of 7.6%, being followed by Grivitei-Gara de Nord (+4.9%), Pipera (+4.6%), Stefan cel Mare (+3.9%), and also Ferdinand (+3.6%).

The top of the most exclusive areas of the Capital consists of the following areas:

1. Herastrau- Nordului with 2,550 EUR per net sqm
2. Kiseleff – Aviatorilor with 2,100 EUR per net sqm
3. Dorobanti – Floreasca with 2,000 EUR per net sqm
4. Aviatiei with 1,910 EUR per net sqm
5. Unirii with 1,700 EUR per net sqm

STRATEGY HIGHLIGHTS

- The development of Greenfield Baneasa Residence and Luxuria Domenii Residence
- The development of new residential projects in Bucharest (Barbu Vacarescu, Ghencea) and Constanta
- Minimization of production and sales cycles for the erected buildings in order to maximize the profitability of the invested capital and to minimize the investment payback period
- Enhancement of the urban planning concepts for the offered products and continuous adjustment to the market requirements
- Analysing and identifying new investment opportunities matching the models established by Impact
- Identification of plots of land located in Bucharest and in cities with a population of over 250,000 inhabitants for developing projects of 700 – 2,000 apartments.
- Attracting funds from banking institutions and/or by bonds issues to finance future developments
- Involvement in activities and events promoting sports in open air, in corporate social responsibility actions designed to protect nature and the environment
- Implementing Smart Home and Smart City solutions
- Standardizing products by using State-of-the-Art materials and technologies
- Optimization of operational and management costs for the Greenfield residential compound
- Value maximization and clearance of the portfolio of lands located in Oradea and Constanta for which no future developments are planned

Strategic objectives	Progress 2018	Plan 2019
Development Greenfield	• 267 apartments delivered • Initiation of the process for obtaining the permits for Greenfield IV	• 192 apartments to be delivered • Obtaining permits for Greenfield IV • Starting construction works for Greenfield IV • Starting construction works for Greenfield Plaza
Development Luxuria	• Starting the construction works for the first two phases (out of three) of the project	• Continuing construction works for the first two phases • Starting construction works for the third phase of the project
Attracting financing for developments	• Obtaining financing for the first phase of Luxuria project • Analyzing the options for financing Greenfield IV	• Obtaining financing for phases 2 and 3 of Luxuria project • Obtaining financing for the phases to be started in Greenfield IV
Identifying new locations for developments	• Market research for lands located in Bucharest and throughout the country	• Land acquisition for developments in Bucharest and in new cities throughout the country

FINANCIAL PERFORMANCE

Financial performance

LEI thousands	**2017**	**2018**	**Variatie %**
Revenue from real estate inventories	111,708	101,534	(9.1%)
Costs of real estate inventories	(66,109)	(61,484)	(7.0%)
Gross profit	**45,599**	**40,050**	**(16.1%)**
Operating expenses/income, net	(29,833)	(22,316)	(25.2%)
Depreciation and amortization	(801)	(895)	11.7%
Gains on investment property	56,763	23,394	(58.8%)
Adjusted operating profit before exceptional items and impairment of other long term assets	**71,728**	**40,233**	**(88.4%)**
Impairment of other long term assets	(5,404)	(2,207)	(59.2%)
Other gains and losses (exceptional)	-	(3,676)	n.a.
Operating profit	**66,324**	**34,350**	**(147.5%)**
Finance costs, net	(5,419)	(5,943)	9.7%
Profit before income tax	**60,905**	**28,407**	**(137.8%)**
Income tax credit/(charge)	(9,807)	(7,579)	(22.7%)
Profit for the period	**51,098**	**20,828**	**(160.6%)**

Source: Audited IFRS financial statements as at 31 December 2018

In 2018 the apartments sales structure has changed in favour of 3 and 4-room apartments, while in 2017 the sales of 1 and 2-room apartments have had a higher share of the total sales. The inventory of 1 and 2-room apartments shall be supplemented in quarter III of 2019 when the apartments from the last phase of Platanilor Assembly (Greenfield) shall be delivered.

On December 31, 2018, in addition to the signed sale agreements, other pre-sale agreements and reservations were concluded, whose value is not reflected in the income of 2018, amounting to 96 mLEI.

The net results of 2018 are influenced by recurring costs, e.g. amicable settlement of the dispute between Impact and Brooklyn Property Management (net loss of 3.4 mLEI).

In 2018, Impact had donated a 6,000 sqm plot of land to the Bucharest Municipality in order to compensate Romsilva, with the possibility of opening the public access between Aleea Privighetorilor and Pusnicu Padurea Road.

The financing costs include interest expenses, which have increased due to the attraction of funds by bonds issue for future developments of residential projects and the use of bank loans for financing / building the last three stages of Platanilor Assembly and the first phase of the Luxuria Domenii Residence project.

Revenues have dropped app. 9% in 2018 compared to 2017 as a result of the decrease of the number of sold apartments, while the sale price has had a positive contribution.

FINANCIAL PERFORMANCE

Financial position

LEI thousands	31-Dec-17	31-Dec-18	Variatie %
Non-current assets, of which	**208,637**	**225,241**	**8.0%**
Investment property	193,343	217,113	12.3%
Property, plant and equipment	8,917	6,855	(23.1%)
Current assets, of which	**418,340**	**422,310**	**0.9%**
Inventories	363,623	365,753	0.6%
Cash and cash equivalents	47,476	30,740	(35.3%)
Total assets	**626,977**	**647,551**	**3.3%**
Liabilities, of which	**199,527**	**200,745**	**0.6%**
Loans and borrowings	163,553	148,994	(8.9%)
Equity	**427,450**	**446,808**	**4.5%**
Total equity and liabilities	**626,977**	**647,553**	**3.3%**

Source: Audited IFRS financial statements as at 31 December 2018

Investment properties have grown app. 12% on December 31, 2018 compared to December 31, 2017, as a result of the increase of the lands' market value. The lands were revaluated by Colliers Valuation and Advisory SRL both on December 31, 2018 and on December 31, 2017. These lands represent app. 99% of the Investment Properties (429,185 sqm) and are located in Bucharest (367,163 sqm) and throughout the country (Constanta, Oradea).

Propery, plant and equipment dropped by app. 23% due to impairment provisions recorded in relation to long term assets.

Variations of inventories of app. 1% on December 31, 2018 compared to December 31, 2017 is the mixed result between the reduction of inventories further to the sale of apartments from Greenfield and the increase due to the capitalization for the Greenfield and Luxuria projects.

The Company's liabilities have decreased by 8.9% on December 31, 2018 compared to December 31, 2017, mainly due to the repayment of the loans taken for developing the Greenfield Baneasa Residence project.

Cash flow

LEI thousands	2017	2018	Variatie %
Cash and cash equivalents as at 1 Jan 2018	**17,632**	**47,476**	**169.3%**
Net cash from operations	(60,365)	(879)	(98.5%)
Net cash from investing activities	(3,659)	(1,082)	(70.4%)
Net cash from financing activities	93,868	(14,773)	(115.7%)
Cash and cash equivalents as at 31 Dec 2018	**47,476**	**30,742**	**(35.2%)**

Source: Audited IFRS financial statements as at 31 December 2018

In 2018, the Company has had an intensive cash flow. On one hand, significant entries were recorded from the sale of residences from Greenfield, the payment of outstanding interest related to the bonds issue, loan repayments and payments related to the investments for the completion of Platanilor Assembly from Greenfield.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors

The Board of Directors represents the decision-making body with regard to all matters that are significant for the Company in its entirety, due to their strategic, financial or reputational consequences. The Board of Directors shall delegate the Company management competences under the terms and to the extent provided for by law and by the Articles of Association.

The Board of Directors shall perform all acts that are necessary and useful in order to achieve the Company's business object, except for the ones provided for by law in the competence area of the General Meeting of Shareholders and the ones delegated to the chief executive officer.

The Board of Directors is structured in such manner as to allow its duties to be fulfilled with due diligence. The Board of Directors shall meet on a regular basis in order to ensure the fulfilment of its duties in an efficient manner. There is a clear distribution of responsibilities between the Board of Directors and the executive management.

The Board of Directors has 5 members:

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

Mr. Gabriel Vasile presented to the Board of Directors, on January 4, 2019, his resignation from the position of company Director.

The agenda of the Ordinary General Meeting summoned for April 24/25, 2019 includes an issue related to the election of a member of the Board of Directors, further to the resignation of Mr. Gabriel Vasile, for a mandate until 27.04.2021.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Executive Management

The Board of Directors has decided that Mr. Bartosz Puzdrowski, Chief Executive Officer, and Mr. Gabriel Vasile, Director, are empowered to represent the Company according to the provisions of art. 143 index 2 paragraph 5 of the Company Law No. 31/1990, as of January 9, 2017.

On January 19, 2018, Impact's Board of Directors decided to appoint Mr. Bogdan Oslobeanu as Chief Executive Officer of the Company, for a four-year mandate, starting March 1, 2018 until February 28, 2022. He replaced Mr. Bartosz Puzdrowski, who asked the Company to terminate his mandate for personal reasons, starting March 1, 2018. Mr. Bartosz Puzdrowski has occupied the position of chief executive officer of the Company from September 1, 2016 to February 28, 2018.

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

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

In the summer of 2018, Impact has recruited Mr. Giani Kacic for the position of Chief Financial Officer, with expertise of over 21 years in the financial and accounting sector, gained in multinational companies, in order to lead the financial department of the company, who shall fulfil his duties jointly with the Chief Executive Officer.

The Board of Directors has decided to replace the person empowered to represent the Company according to the art. 1432 paragraph 5 of the Company Law No. 31/1990. Mr. Gabriel Vasile, the empowered person that has acted jointly with the Chief Executive Officer, was replaced on 14.11.2018, and the Board of Directors has appointed Mr. Kacic Giani-Iulian, Chief Financial Officer, as empowered person, according to the art. 1432 paragraph 5 of the Company Law No. 31/1990, who shall fulfil his duties jointly with the Chief Executive Officer.

MAIN RISKS AND UNCERTAINTIES

Risk	Management
Market conditions	• The global and local economic instability might have a negative effect upon the Company's cash holdings. This issue is closely monitored and necessary actions are taken to ensure the Company's stability. • The slowdown of the economic growth and consumption in Romania might have a negative effect upon the Company's activity. The company takes necessary actions to make sure that its products remain attractive and are adjusted to the market requirements.
Legal environment	• The legal changes, the amendments to the permit obtaining procedure might have negative effects upon the Company's activity. Such changes and the effects upon the Company's activity are constantly monitored by the Company.
Credit risks	• As a real estate developer, the Company relies on funding obtained from third parties for the projects development. The limitation of access to financing might have negative effects upon the Company's capacity to develop new project. The Company management constantly monitors this issue and strives to diversify the Company's financing sources. • A significant share of the Company's clients resort to bank loans for the acquisition of residences. Any strengthening of the conditions for the bank loans might have negative effects upon the apartment sales. This is also the case occurred at the end of 2018, when the maximum indebtedness ratio was reduced by the National Bank of Romania down to 40% of the net income for bank loans in RON and 20% for bank loans in foreign currency. The Company takes all necessary measures to mitigate the negative effects of such regulatory changes upon its activity.
Currency risks	• A significant increase of the foreign exchange rate for EUR might result in higher payments for loans, bonds and acquisitions made in relation to the construction works expressed in EUR. The main liabilities expressed in EUR are the CVI and BVB bonds, the loan obtained for financing the first phase of the Luxuria project and the construction agreements with the general contractor.
Geographic risks	• The Company's activity is concentrated in Bucharest and proximity. Although this issue represents a certain risk, the Company trusts that it will benefit from its experience in order to mitigate it.

CORPORATE GOVERNANCE

Corporate governance complies with the Romanian legislation in force, aiming to ensure both accuracy and transparency in terms of company's outcomes, and equal access of all shareholders to relevant information on the company.

Impact is managed under unitary system, its management being provided by the Chief Executive Officer, Bogdan Ionut Oslobeanu, along with the Chief Financial Officer, Mr. Giani Iulian Kacic under surveillance of the Board of Directors.

Corporate governance elements are implemented within the Company, pursuant to the Code of Corporate Governance adopted by the Board of the Stock Exchange in December 2016.
Impact has made and shall make all professional, legal and administrative endeavours required in order to ensure alignment with the provisions of the Code of Corporate Governance and the transparent presentation of such results.

Impact publishes in a dedicated section of its website details on the sessions of the General Meeting of Shareholders, specifically summons, materials/documents on the agenda, special power-of-attorney forms, correspondence voting forms, decision drafts.

Moreover, the company informs all shareholders immediately after a session of the General Meeting of Shareholders, via its website dedicated section, about the decisions adopted in the General Meeting of Shareholders and the detailed result of the voting. The Company also makes available for the shareholders / investors current reports, releases, the financial schedule, annual, half-yearly, quarterly reports. Direct relation with the investors is ensured by an appointed person, dedicated to informing the shareholders depending on their questions addressed in writing or by telephone.

Information on corporate governance are reported from time to time in the corporative governance statement included in the annual report and permanently updated by current reports and the website.

Along the years, the company complied with the provisions of Corporate Governance Code and currently carries out arrangements to comply with the provisions of the New Corporate Governance Code as well.

The Board of Directors met 35 times in 2018.

Independent members of the Board of Directors
- Alina Scarlat
- Laviniu Beze
- Pandele Daniel

Nomination Committee
- Laviniu Beze
- Pandele Daniel
- Gabriel Vasile (pana spre finalul anului 2018)

Codes and policies - since 2014, Impact has adopted the following documents on which corporate governance is based:

- Anticorruption Code
- Code of Conduct
- Company's ethical values
- Health and Safety Policy
- Reporting Policy

The Company's internal control is performed:
- Via the Procurement Department: the agreements shall be signed by the Legal Department, Procurement Manager, Chief Financial Officer and Chief Executive Officer;
- by the verification of the sale agreements by the Legal and Finance Departments; the agreements shall be signed by the Chief Executive Officer and the Chief Financial Officer;
- by preventive financial control, whereby the agreements' compliance is checked;
- by following up the payments to be checked by Preventive Financial Control and approved by the Chief Financial Officer and the Chief Executive Officer;
- by the implementation of the codes of conduct and ethics that are required in business, specific procedures are enforced, applicable to all directors, managers, administrators, persons having control or management roles, employees, auditors, business partners, collaborators. Thus, Impact applies the Anticorruption Policy, the Code of Conduct, the Essential Ethic Values Policy, the Health and Safety Policy, the Labour Law, the Environment Protection, the Reporting Policy.

Auditor of Impact
Deloitte Audit S.R.L. was appointed by the decision of the General Meeting of Shareholders dated April 26, 2018, to audit the financial statements for 2018, drafted under the responsibility of the Company management according to the international standards – IFRS (including the consolidated financial statements). The auditors' liability towards the Company and the General Meeting of Shareholders shall be determined and limited according to the law and the agreement concluded with them.

ANNEX 1

Implementation stage of the Corporate Governance Code

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2018	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
Section A – Responsibilities		
A.1. All companies must have an internal Council regulation that includes the terms of reference / responsibilities of the Council and the key management functions of the company and which applies, inter alia, the General Principles of Section A.	YES	
A.2. The internal regulation of the Board of Directors should contain provisions on conflict of interest for individuals holding management / management functions.	YES	
A.3. The Board of Directors should have at least 5 members.	YES	
A.4. Most members of the Board of Directors should not have executive functions. Not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors shall make a declaration at the time of his nomination for election or re-election, and when any change of his status occurs, indicating the elements on the basis of which he is deemed to be independent in character and his judgment.	YES	
A.5. Other relatively permanent occupational duties and obligations of a Board member, including executive and non-executive positions in the Board of Companies and Non-Profit Institutions, must be disclosed to potential shareholders and investors prior to and during the term of the mandate.	YES	
A.6. Any member of the Council should report to the Council on any report with a shareholder holding directly or indirectly shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the member's position on matters decided by the Council.	YES	
A.7. The company must designate a Council Secretary responsible for supporting the work of the Council.	NO	The Board of Directors manages the documents / activities with the support of the secretariat and the legal department, which provides logistical support for the organization and conduct of the Board meetings

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2018	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
A.8. The Corporate Governance Statement will inform whether an evaluation of the Board has taken place under the chairmanship of the Chaireman or the nomination committee and, if so, summarize the key measures and the resulting changes. The company must have a policy / guidance on the Council's assessment of the purpose, criteria and frequency of the evaluation process.	Partially compliant	Members of the Board of Directors are assessed annually in accordance with performance indicators defined in their internal policies and mandate contracts. The Board will re-examine the A8 requirements in 2019, mainly with regard to the Board of Directors's assessment policy.
A.9. The corporate governance statement should contain information on the number of meetings of the Council and committees over the past year, the participation of the directors (in person and in the absence) and a report of the Council and committees on their activities.	YES	
A.10. The Corporate Governance Statement should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.	YES	
A.11. The Board of Companies in Premium category must set up a nomination committee made up of non-executive members, who will direct the nomination of new members to the Council and make recommendations to the Council. Most members of the nomination committee must be independent.	YES	
Section B - Risk management and internal control system		
B.1. The Board should set up an audit committee in which at least one member should be an independent non-executive. In the case of Premium Category companies, the audit committee must consist of at least three members and the majority of audit committee members must be independent.	YES	
B.2. The chairman of the audit committee shall be an independent non-executive member.	YES	
B.3. Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.	Partially compliant	The evaluation of the internal control system for 2018 is ongoing. Not later than the end on the second half of 2019, the evaluation committee will present the conclusion, recommendations and the related action plan (if the case).

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2018	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
B.4. The assessment should take into account the effectiveness and coverage of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council's audit committee, the promptness and effectiveness with which executive management addresses the deficiencies or weaknesses identified in the internal audit reports and the submission of relevant reports to the Council.	YES	
B.5. The Audit Committee should assess conflicts of interest in relation to the transactions of the company and its subsidiaries with affiliated parties.	YES	
B.6. The audit committee must assess the effectiveness of the internal control system and risk management system.	YES	
B.7. The Audit Committee is required to monitor the application of generally accepted standards and legal standards. The Audit Committee should receive and evaluate internal audit team reports.	YES	
B.8. Whenever the Code mentions reports or analyses initiated by the Audit Committee, they should be followed by regular reports (at least annually) or ad hoc reports to be further submitted to the Board.	YES	
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	YES	
B.10. The Board should adopt a policy to ensure that any company transaction with any of the companies with which it has close relationships with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Board following a binding opinion of the Board's audit committee.	YES	
B.11. Internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	YES	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2018	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
B.12. In order to ensure the main functions of the internal audit department, it must report functionally to the Board through the audit committee. For administrative purposes and within the management's responsibility to monitor and mitigate risks, it must report directly to the General Director.	YES	
Section C- Fair reward and motivation		
C.1. The company must publish its remuneration policy on its website and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review. Any major change in remuneration policy should be published in time on the company's website.	YES	
Section D- Adding Value through Investor Relations		
D.1. The company must organize an Investor Relations Service- indicating to the general public the responsible person (s) or organizational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	YES	
D.1.1. Main corporate regulations: Articles of Incorporation, procedures for general shareholders' meetings;	YES	
D.1.2. Professional CVs of members of the governing bodies of the company;	YES	
D.1.3. Current reports and periodical reports (quarterly, half year and annual);	YES	
D.1.4. Information on general shareholders' meetings;	YES	
D.1.5. Corporate Events Information;	YES	
D.1.6. Name and contact details of a person who will be able to provide relevant information upon request;	YES	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2018	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
D.1.7. Presentations of the company (e.g. presentations to investors, presentations on quarterly outcomes) financial statements (quarterly, annually) audit reports and annual reports.	YES	
D.2. The company will have a policy on the annual distribution of dividends or other benefits to shareholders. The principles of annual distribution policy to shareholders will be published on the company's website.	YES	
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The principles of annual distribution policy to shareholders will be published on the company's website.	YES	
D.4. The rules of general shareholders' meetings should not limit the participation of shareholders in general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders' meeting.	YES	
D.8. The quarterly and half-yearly financial reports will include both Romanian and English information on key factors that affect changes in sales, operating profit, net profit and other relevant financial ratios from quarter to quarter, as well as from one year to another.	YES	

ANNEX 2

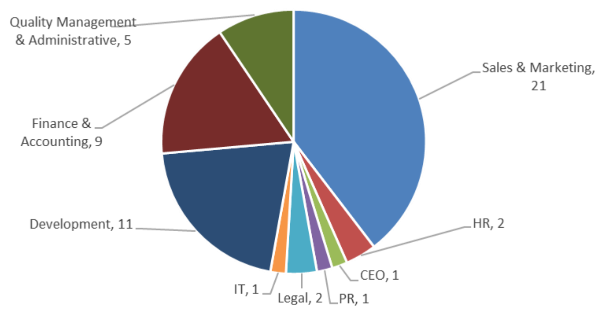
Other information
Employees structure

At the end of 2018, the Company had 53 employees. The structure of the personnel in each department is presented in the graphic image on the right side.

At the same time, Actual Invest House and Impact Finance had at the end of 2018 8, and respectively 2 employees. The other companies of the group did not have any employees.

The Company has not established any trade union. The relationship between the management and the employees are regulated under the Individual Employment Agreement and the job descriptions.

Employees structure as at 31 Dec 2018 (Impact Developer & Contractor)



Note: 5 employees were on maternity leave (1 person from the Sales and Marketing department, 2 persons from the Finance-Accounting department and 2 persons from the Development department).

Financial ratios (consolidated)

LEI in thousands		31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
Net profit	A	(4,732)	29,612	51,098	20,828
Inventories	B	190,759	295,688	363,623	365,753
Current assets	C	233,741	328,374	418,340	422,310
Current liabilities	D	78,044	49,829	156,458	141,074
Total assets	E	465,866	482,610	626,977	647,551
Total liabilities	F	107,931	95,027	199,527	200,745
Equity	G	357,935	387,583	427,450	446,808
Loans and borrowings	H	45,789	49,626	163,553	148,994
Loans and borrowings, short term	*I*	*32,561*	*21,107*	*30,152*	*34,894*
Loans and borrowings, long term	*J*	*13,228*	*28,519*	*133,401*	*114,100*
Cash and cash equivalents	K	17,267	17,632	47,476	30,740
Net debt	L (G-K)	28,522	31,994	116,077	118,254
EBITDA	M	(7,721)	37,010	15,766	17,734
Interest paid	N	1,348	1,386	2,195	5,494
Ratios					
Loans and borrowings / EBITDA	H/M	n.a.	1.34	10.37	8.40
Net debt / EBITDA	L/M	n.a.	0.86	7.36	6.67
EBITDA / Interest paid	M/N	n.a.	26.70	7.18	3.23
Return on Assets	A/E	(1.02%)	6.14%	8.15%	3.22%
Return on Equity	A/G	(1.32%)	7.64%	11.95%	4.66%
Gearing ratio	H/G	12.79%	12.80%	38.26%	33.35%
Current ratio	C/D	3.00	6.59	2.67	2.99
Quick ratio	(C-B)/D	0.55	0.66	0.35	0.40

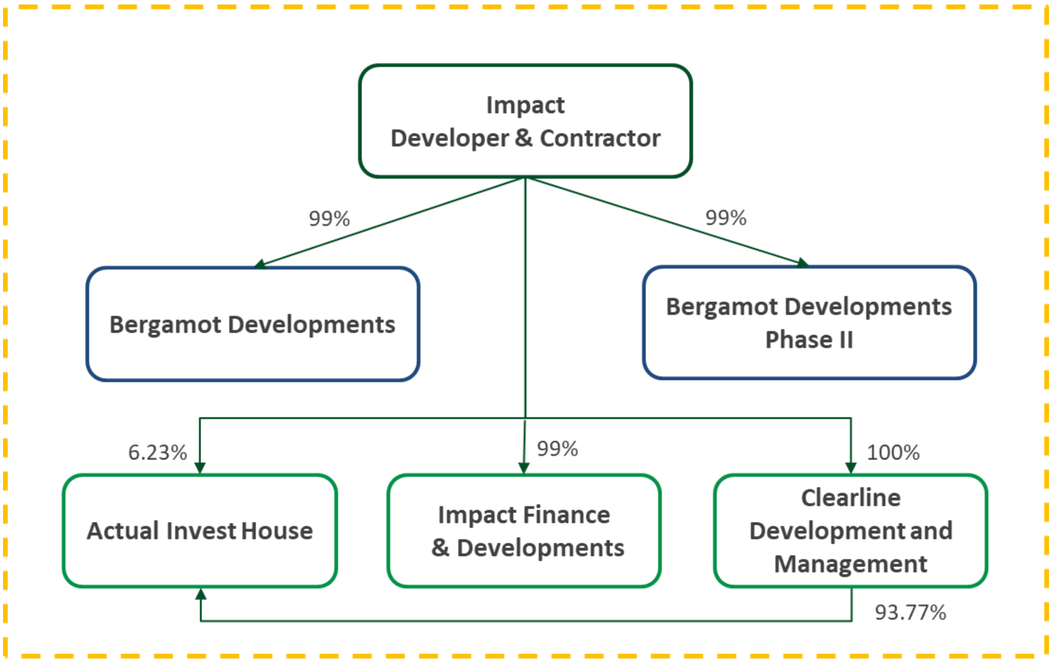
Stock exchange metrics – Impact Developer & Contractor

Metrics	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
Price per share	0.94	0.70	1.05	0.99
No. of shares	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (LEI)	261,194,580	194,506,602	291,759,903	275,087,908
Exchange rate (LEI/EUR)	4.5245	4.5411	4.6597	4.6639
Market capitalization (EUR)	57,728,938	42,832,486	62,613,452	58,982,377
Neat assets (LEI, book value)	357,934,861	387,583,000	427,450,000	446,808,000
Neat assets (EUR, book value)	79,110,368	85,350,025	91,733,373	95,801,368
Net profit (LEI)	(4,732,000)	29,611,815	51,098,000	20,828,000
Net profit (EUR)	(1,045,861)	6,520,846	10,965,942	4,465,790
Earnings per share (LEI)	(0.017)	0.107	0.184	0.075
Earnings per share (EUR)	(0.004)	0.023	0.039	0.016
NAV/Share (LEI)	1.288	1.395	1.538	1.608
NAV/Share (EUR)	0.285	0.307	0.330	0.345

ANNEX 3

Impact Group

Impact Group structure as at 31 December 2018



Impact Developer & Contractor SA - one of the first companies acting in the real estate development sector in Romania, being established in 1991 by public subscripion.

During the past 28 years, Impact has completed 17 small and medium-sized projects, comprising over 4,000 residences and over 13,000 square meters of office and trade premises.

As at December 31, 2018, the Company has ongoing residential developments in four cities throughout the country, whereas the main project is Greenfield Residence Baneasa located in Bucharest.

Bergamot Developments SRL and Bergamot Developments Phase II SRL
The companies' business object is real estate development and is developing the Luxuria Domenii Residence project since 2017.

Actual Invest House SRL - offers management services for residential developments of Impact Group.

Impact Finance & Developments SRL plays a significant role in the diversification of the service range related to the sale of residences. Impact Finance & Developments collaborates with the most important Romanian financial institutions in order to provide favourable crediting solutions to the clients that acquire residences.

Clearline Development and Management (formerly Lomb SA) is the project company whereby Impact was about to develop a residential project in Cluj-Napoca, in partnership with the local authorities.

IMPACT DEVELOPER & CONTRACTOR S.A.

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

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

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONTENTS: **PAGE:**

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, 2018, 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, 2018 are identified as follows:

• Net assets/Equity	kRON 446,808
• Net profit for the financial year	kRON 20,827

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, 2018, 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.

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 217,113 thousand as of December 31, 2018. Investment properties primarily represent land plots. The Group applies the fair value model after initial measurement. Fair value of investment property is determined on the basis of a valuation performed by an independent appraiser, with experience in this industry. Any changes in fair value are recognized in profit or loss account. The valuation method used by the independent appraiser includes inputs and data from various sources, based on the type of the asset and involves judgements and a high degree of estimates. Because of the significance of estimates and judgements involved in assessing this area and considering the significant value of Investment Property, we consider that the Valuation of Investment Property is a key audit matter.	Our procedures in relation to management's valuation of investment properties include: - Evaluation of the independent external valuers' competence, capabilities and objectivity; - Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry and using our in-house valuation experts; - Performing sensitivity analysis of market prices of similar assets in the same area; and - Checking the appropriate recognition in the financial statements of the fair value adjustments and the proper disclosures in the financial statements in according with the relevant IFRS framework. The land values are determined based on the comparables approach. Our discussions with management have focussed upon the choice of comparable assets and adjustments applied. The valuation is highly sensitive to the choice of comparables as well as the application of adjustments. The key assumptions and changes in the year are disclosed in note 9 and we are satisfied that the valuation of investment properties is supported.
Litigations Please refer to Note 29 'Contingencies' to the consolidated financial statements. As disclosed in this note, the Group is involved in various litigation both as plaintiff and defendant. The management of the Group performs regular analysis of the status of pending litigations and, based on the consultations with its legal representatives, decides upon the necessity of recognizing provisions or their disclosure in the Financial Statements. The most significant matter arises from a dispute involving a subsidiary company and Cluj City Council.	Our audit procedures related to management assessment of litigations included the following: - Sending confirmation letters to all the external lawyers which represent the 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; We consider that the uncertainties with regard to this case are sufficiently disclosed.

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, 2018, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

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

7. Management is responsible for the preparation and fair presentation of the 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.

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

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

Report on Other Legal and Regulatory Requirements

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

We confirm that:

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

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

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

Steve Openshaw, Audit Partner

For signature, please refer to the original Romanian version.

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

On behalf of:

DELOITTE AUDIT S.R.L.

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

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

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

	Note	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	**7**	6,855	8,917
Intangible assets	**8**	95	193
Investment property	**9**	217,113	193,343
Long term trade and other receivables	**11**	1,178	6,184
Total non-current assets		**225,241**	**208,637**
Current assets			
Inventories	**10**	365,753	363,623
Trade and other receivables	**11**	25,817	7,241
Cash and cash equivalents	**12**	30,740	47,476
Total current assets		**422,310**	**418,340**
Total assets		**647,551**	**626,977**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	**13**	285,330	285,330
Share premium		68,760	68,760
Revaluation reserve		3,072	3,032
Other reserves		3,462	10,409
Own shares	**14**	(3,038)	
Retained earnings		89,222	59,919
Total equity		**446,808**	**427,450**
Non-current liabilities			
Loans and borrowings	**15**	114,100	133,401
Trade and other payables	**16**	1,151	1,033
Deferred tax liability	**23**	25,823	22,024
Total non-current liabilities		**141,074**	**156,458**

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

	Note	31 December 2018	31 December 2017
Current liabilities			
Loans and borrowings	15	34,894	30,152
Trade and other payables	16	24,176	12,593
Provisions for risks and charges	17	601	324
Total current liabilities		**59,671**	**43,069**
Total liabilities		**200,745**	**199,527**
Total shareholders' equity and liabilities		**647,553**	**626,977**

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

Bogdan Oslobeanu,
Chief Executive Officer

Iuliana Mihaela Urda,
President BOD

Giani Kacic
Chief Financial Officer

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

	Note	31-Dec-18	31-Dec-17
Revenue from real estate inventories	**18**	101,534	111,708
Costs of real estate inventories		(61,484)	(66,109)
Gross profit		***40,050***	***45,599***
Net rental income		3,083	706
General and administrative expenses	**19**	(18,416)	(22,187)
Marketing expenses		(1,776)	(1,861)
Other income/expenses	**20**	(5,207)	(6,491)
Depreciation and amortization	**7,8**	(895)	(801)
Total other income / expenses		**(23,211)**	**(30,364)**
Gains on investment property	**9**	23,394	56,763
Adjusted operating profit before exceptional items and impairment of other long term assets		***40,233***	***71,728***
Impairment of other long term assets	**22**	(2,207)	(5,404)
Other gains and losses (exceptional)	**23**	(3,676)	-
Operating profit		***34,350***	***66,324***
Finance costs, net	**21**	(5,943)	(5,419)
Profit before income tax		***28,406***	***60,905***
Income tax credit/(charge)	**24**	(7,579)	(9,807)
Profit for the period		***20,827***	**51,098**
Total comprehensive income attributable to:			
Owners of the Company		20,827	51,098
Total comprehensive income for the period		***20,827***	**51,098**
Result per share			
Basic result per share (RON/share)	31	0.09	0.18

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Chief Financial Officer

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

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2018		**285,330**	**68,760**	**3,032**	**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 aquired in the year	**14**	-	-	-	-	(3,353)	-	(3,353)
Credit to equity for equity-settled share-based payments	**26**	-	-	-	-	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)	-
Revalution 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**

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IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2017		**285,330**	**84,175**	**3,138**	**7,628**		**7,312**	**387,583**
Comprehensive income								
Profit for the year		-	-	-	-	-	51,098	51,098
Other comprehensive income		-	-	-	-	-	15,415	15,415
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**66,513**	**66,513**
Transactions with owners of the Company								
Dividends to the owners of the Company	13	-	-	-	-	-	(11,226)	(11,226)
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**-**	**(11,226)**	**(11,226)**
Other changes in equity								
Reclassifications		-	(15,415)	(113)	110	-	-	(15,418)
Set up of legal reserves	13	-	-	-	2,678	-	(2,678)	**-**
Balance at 31 December 2017		**285,330**	**68,760**	**3,032**	**10,632**	**-**	**59,655**	**427,449**

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President BOD

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

	Note	2018	2017
Cash flows from operating activities:			
Profit for the period		**20,827**	**51,098**
Adjustments for:			
Depreciation of tangible non-current assets	**7**	780	664
Amortization of intangible non-current assets	**8**	115	138
Impairment of tangible non-current assets, net	**7**	1,226	-
Result from disposal of assets, net	**20**	1,023	31
Impairment of inventories, net	**21**	1,028	6,247
Impairment of trade and other receivables, net	**21**	(47)	351
Write-offs, net	**22**	3,676	-
Changes in fair value of investment property	**9**	(23,394)	(56,606)
Income tax	**23**	7,579	9,807
Net changes in provisions for risks and charges	**17**	6	318
Interest expenses		6,140	4,085
Interest income		(152)	(110)
Foreign exchange differences, net		(44)	1,225
		18,764	**17,246**
Changes in:			
Inventories		(3,158)	(74,182)
Trade and other receivables		(19,173)	12,489
Trade and other payables		11,466	(13,125)
Net cash generated from operations		**7,899**	**(57,570)**
Income tax paid		(3,284)	(598)
Interest paid		(5,494)	(2,195)
Net cash from / (used in) operating activities		**(879)**	**(60,365)**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(1,445)	(4,413)
Purchases of intangible assets		(17)	(86)
Proceeds from sale of property, plant and equipment		400	840
Net cash from investing activities		**(1,082)**	**(3,659)**

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

	Note	2018	2017
Cash flows from financing activities:			
Dividends paid		(20)	(11,226)
Repayments of borrowings		(25,939)	(59,638)
Proceeds from borrowings		14,244	164,732
Acquisitions of own shares		(3,353)	-
Shares utilizations		315	-
Net cash used in financing activities		**(14,773)**	**93,868**
Net increase / (decrease) of cash and equivalents		**(16,736)**	**29,844**
Cash and equivalents at 1 January	**15**	**47,476**	**17,632**
Cash and equivalents as at 31 December	**15**	**30,740**	**47,476**

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

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Chief Executive Officer

Iuliana Mihaela Urda,
President BOD

Giani Kacic
Chief Financial Officer

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

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 2018.

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

The shareholding structure as at 31 December 2018 and 31 December 2017 is disclosed in Note 17.

The Consolidated Financial Statements of the Company for the year ended 31 December 2018 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 2018**	**% 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%

The Company is one of the first companies active in real estate development sector in Romania, being constituted in 1991 through public subscription. Initially, its first activities were renting and maintenance of deluxe villas in Bucharest area. In 1995, the Company introduced the residential concept on the Romanian market and, consequently, it changed into a pure real estate developer. Starting 1996, the Company's securities are publicly traded in Bucharest Stock Exchange (BVB).

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

In 2017 and 2018 the business of Bergamot Development revolves around 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 gaoing concern basis and under the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

The 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.

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

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

Freehold land is not depreciated.

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

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

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

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

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

(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.

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

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

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

(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. Information about the Group’s accounting policies relating to contracts with customers and also the effect of the initial application of IFRS 15 are described in Note 6.

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 satified and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable for certain rebates to be granted, and their value can be measured reliably, then these are recognised as a reduction of the revenues when the sale revenues are recognised. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the payment is almost always less than one year, the company has also instalments payments over a period more than one year but those are not significant.

(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) Operating leases

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

(t) 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 recognised because:

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

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

Contingent liabilities are not recognized in the 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.

(u) Contingent liabilities

Events occurring after the reporting date 31 December 2018, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the 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.

(v) 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.

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

(i) Fair value measurements and valuation processes

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

The 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, property developed for sale and property, plant and equipment in their current state as at 31 December 2018. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation was based on the assumption as to the best use of each property by a third party developer.

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

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

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

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

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

(ii) 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 2018, the balance sheet includes inventories of RON 12,896 thousand (2017: RON 12,896 thousand) which represent costs incurred in respect of a project entered into with Cluj Municipality. The company is seeking reimbursement of costs amounting to RON 17 million plus expenses. Based on advice from the Groups lawyers, management believes that the outcome of the case will not result in an adverse outcome in these financial statements. However the matter is judgemental and in the event that recoveries are less than the carrying value of the asset then a financial loss will result.

(iii) Cost allocation

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

– IFRS 9 'Financial Instruments'

– IFRS 15 'Revenue from Contracts with Customers'

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

IFRS 9 'Financial Instruments'

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

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

Classification and measurement of financial assets

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

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

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

Impairment of financial assets

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

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

IFRS 15 'Revenue from Contracts with Customers'

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

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

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

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

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

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

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

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

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

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

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 1,2018	**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)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
Cost / Valuation					
Balance at 1 January 2017	**14,244**	**3,158**	**1,071**	**-**	**18,473**
Additions	3,397	100	275	1,770	5,542
Disposals	2,823	601	5	1,129	4,559
Balance at 31 December 2017	**14,818**	**2,657**	**1,341**	**641**	**19,456**
Accumulated depreciation and impairment losses					
Balance at 1 January 2017	**9,568**	**1,998**	**869**	**-**	**12,434**
Depreciation for the year	227	355	82	-	664
Impairment losses / (reversals)	1,699				
Accumulated depreciation of disposals	305	551	3	-	2,559
Balance at 31 December 2017	**7,791**	**1,802**	**947**	**-**	**10,540**
Carrying amounts					
at 1 January 2017	**4,676**	**1,160**	**202,355**	**-**	**6,039**
at 31 December 2017	**7,026**	**855**	**393,853**	**641**	**8,917**

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

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of land and buildings

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

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

8. INTANGIBLE ASSETS

Reconciliation of carrying amount

	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)

8. INTANGIBLE ASSETS (continued)

	Note	Software	Other intangible assets	Total
Cost				
Balance at 1 January 2017		**1,878**	**42**	**1,920**
Additions		-	86	86
Balance at 31 December 2017		**1,878**	**128**	**2,006**
Accumulated depreciation and impairment losses				
Balance at 1 January 2017		**1.644**	**31**	**1,675**
Charge for the period		129	9	138
Amortization for the year		-	-	-
Balance at 31 December 2017		**1,772**	**40**	**1,813**
Carrying amounts				
at 1 January 2017		**234**	**11**	**245**
at 31 December 2017		**105**	**88**	**193**

9. INVESTMENT PROPERTY

Reconciliation of carrying amount

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

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

Valuation processes

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

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

The land held for capital appreciation, amounting to 214,438 RON as at 31 December 2018 (2017: 191,005 RON), has a total surface of 429.185 sqm (2017: 429.185 sqm). This land is located in Bucharest (367,163 sqm) and in other regions (Constanta, Oradea).

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

9. INVESTMENT PROPERTY (continued)

Fair value hierarchy

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

Valuation techniques

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

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

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

10. INVENTORIES

	31 December 2018	**31 December 2017**
Finished goods and goods for resale	103,612	92,016
Residential developments:		
- Land	180,588	190,2230
- Development and construction costs	81,553	81,377
	365,753	**363,623**

Inventories are represented by:

	31 December 2018	**31 December 2017**
Greenfield residential project		
Luxuria residential project	140,421	177,939
Ghencea land	76,567	55,117
Barbu Vacarescu land	43,018	42,618
Constanta land	48,338	45,966
Other inventory	21,469	18,449
	35,940	23,533
	365,753	**363,623**

As at December 31, 2018, included within residential properties under development are inventories of 12,897 RON (31 December 2016: 12,897 RON) 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 31,2018 of the inventories pleadged is of 44,222 thousand RON.

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

11. TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	31-Dec-17	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**
Trade receivables	3,897	5,170	6,184	1,169
Receivables from affiliates	-	-	-	-
Sundry debtors	199	1,406	-	10
Receivables from State	2,000	6,191	-	-
Advance payments to suppliers (for services)	1,145	12,351	-	-
	7,241	**25,817**	**6,184**	**1,178**

An allowance has been made for estimated irrecoverable amounts from trade receivables of RON 3,876 million (2017: 7,257 million).

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

12. CASH AND CASH EQUIVALENTS

	31 December 2018	**31 December 2017**
Current accounts	30,726	47,469
Petty cash	11	8
Cash advances	4	-
	30,740	**47,476**

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 8,610 thousand RON is restricted cash, representing amounts advanced by clients and amounts held in respect of VAT and loan repayments.

13. SHARE CAPITAL

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

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

	31 December 2018		**31 December 2017**	
	No of shares	**%**	**No of shares**	**%**
Gheorghe Iaciu	155,744,450	56.05%	137,500,000	49.48%
Andrici Adrian	42,346,930	15.24%	42,543,472	15.24%
SWISS CAPITAL	34,122,070	12.28%	32,753,573	10.96%
Alti actionari	45,653,550	16.43%	65,069,529	24.32%
	277,866,574	**100%**	**277,866,574**	**100%**

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

13. SHARE CAPITAL (continued)

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.

Dividends

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

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

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 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.The maximum shares to be purchased will be of 7,000 thousand shares representing 2.52% out of the total share capital at the approval date.

As at December 31,2018 the Group has in balance 3,041 thousand own shares at an average price of 0.9 RON/share (3,038 thousand RON). During 2018 the Group has granted 350 thousand shares to employees.

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 27.

	31 December 2018	31 December 2017
Non-current liabilities		
Secured bank loans	-	19,141
Issued bonds	114,100	114,260
	142,332	**133,401**
Current liabilities		
Current portion of secured bank loans	32,895	25,470
Short-term borrowings	1,998	4,682
	34,893	**30,152**

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

15. LOANS AND BORROWINGS (continuare)

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 2018	Balance at 31 December 2017
Secured bank loans					
Piraeus Bank	RON	28.07.2020	32,730	16,103	15,368
Banca Transilvania	RON	28.02.2020	24,183	12,683	33,925
Unicredit	EUR	30.04.2021	17,841	6,107	-

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

On 16 August 2018, Bergamot Devlopment has concluded a loan agreement with Unicredit Bank having 2 facilities with the following destination:

a) Facility 1 represents a development loan which shall be used by the beneficiar for financing/refinancing of maximum 65% from Project's development net cost. This facility is not a revolving credit.

b) Facility 2 represents a Revolving Type Credit which shall be used by the beneficiary 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 € 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.

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

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

16. TRADE AND OTHER PAYABLES

	31 December 2018	31 December 2017
Non-current liabilities		
Guarantees	1,151	1,033
	1,151	**1,033**
Current liabilities		
Trade payables	10,190	7,814
Customer deposits	10,612	1,347
Divides payable	98	119
Payable to affiliates	-	958
Other payables	3,276	2,354
	24,176	**12,593**
	25,328	**13,626**

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

Revenue recognized in the current year that was included in the customer deposit balance carried forward at the beginning of the period was 1,347 (2017: 5,403). 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 2018	**-**	**324**	**324**
Provisions made during the year	271	325	596
Provisions used during the year	-	318	318
Balance at 31 December 2018	**271**	**330**	**601**

18. REVENUE

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

	2018	2017
Privates sales	101,232	109,491
Others	302	2,217
	101,534	**111,708**

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

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Consumables	1,080	4,457
Administration expenses	4,920	6,048
Staff costs	12,416	11,682
	18,416	**22,187**

20. OTHER OPERATING EXPENSES/INCOME

	2018	2017
Other operating income	(1,764)	(788)
Rent expenses	2,473	2,524
(Profit) / Loss on disposal of property, plant and equipment	1,023	1,738
Fines and penalities (income)/expenses	378	(484)
Other operating expenses	2,771	-
Revalution result	326	-
Losses from disposal of financial assets	-	3,501
	5,207	**6,491**

21. FINANCE COST/INCOME

	2018	2017
Interest expense	5,898	3,747
Interest income	(152)	-
Foreign exchange result	(44)	1,225
Other financial reserves	241	447
	5,943	**5,419**

22. IMPAIRMENT OF OTHER LONG TERM ASSETS

	2018	2017
Impairment of trade receivables, net	(47)	1,267
Impairment of tangible non-current assets, net	1,226	602
Impairment of financial assets, net	-	199
Other writeoffs	1,028	3,019
Other provisions	-	318
	2,207	**5,404**

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

23. OTHER INCOME/EXPENSE - EXCEPTIONAL

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

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

24. TAXATION

(i) Amounts recognised in profit or loss

	2018	2017
Deferred tax income / (expense)	3,780	8,210
Tax on profit	3,799	1,597
Total expense related to tax	**7,579**	**9,807**

(ii) Reconciliation of effective tax rate

	2018		2017	
Profit before taxation		**28,406**		**60,905**
Tax using the Company's domestic tax rate	-16%	(4,545)	-16%	(10,068)
Non-deductible expenses and adjustments	13%	3,688	- 6%	3,909
Tax-exempt income	30%	(6,827)	-13%	(8,210)
Recognition of tax effect of previous years tax losses		-	4%	9,865
	9%	**(7,579)**	**-8%**	**(9,807)**

(iii) Unrecognised deferred tax assets

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

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

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

24. TAXATION (continued)

(iv) Cumulative temporary differences generating deferred tax

	31 December 2018		31 December 2017	
	Cumulative temporary differences	**Deferred tax liabilities / (assets)**	**Cumulative temporary differences**	**Deferred tax liabilities / (assets)**
Property, plant and equipment	(1,479)	(237)	(1,191)	(191)
Investment property	187,174	29,948	163,780	26,205
Inventories	(15,196)	(2,431)	(14,168)	(2,267)
Trade and other receivables	(5,005)	(801)	(6,669)	(1,067)
	165,494	**26,479**	**141,752**	**22,680**
Fiscal losses which generated deferred tax	(4,101)	**(656)**	(4,101)	(656)
	(161,394)	**25,823**	**137,651**	**22,024**

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

24. TAXATION (continued)

(v) Deferred tax balance movements

				Balance at 31 December		
	Net balance as at 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Net**	**Assets**	**Liabilities**
2018						
Property, plant and equipment	(191)	(46)	-	(237)	(237)	-
Investment property	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**

				Balance at 31 December		
	Net balance as at 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Net**	**Assets**	**Liabilities**
2017						
Property, plant and equipment	(209)	18	-	(191)	(190)	
Investment property	17,156	9,049	-	26,205		26,205
Financial Assets	-	(814)	-	(814)	(814)	
Trade and other receivables	(1,001)	(66)	-	(1,067)	(1,067)	
Inventories	(1,453)	-	-	(1,453)	(1,453)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	
Fiscal (assets) / liabilities, net	**13,837**	**8,210**	**-**	**22,024**	**(4,181)**	**26,205**

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

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:

	Nota	31 December 2018	31 December 2017
Trade and other receivables	11	26,995	13,280
Cash and cash equivalents	12	30,740	47,476
		57,735	**60,756**

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)

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

	31 December 2018	31 December 2017
Romania	25,302	13,280
	25,302	**13,280**

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

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

(a) Credit Risk (continued)

Impairment losses

The receivables' ageing at reporting date was:

	31 December 2018			31 December 2017		
	Gross	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Not yet due	14,072	-	14,072	291	-	291
Past due 1-30 days	2,378	-	2,378	1,074	-	1,074
Past due 31–90 days	89	-	89	243	-	243
Past due 91–120 days	31	-	31	492	-	492
Past due 121–365 days	606	(393)	213	5,556	-	5,556
Past due more than 1 year	5,633	(3,876)	2,061	10,843	(7,219)	3,624
	22,809	**(3,572)**	**18,844**	**18,499**	**(7,219)**	**11,280**

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

The 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 2018, the Group held cash and cash equivalents in amount of 30,740 RON (31 December 2017: 47,476 RON), representing the maximum exposure to credit risk arising from these assets. The cash and cash equivalents are held at banks and financial institutions in Romania.

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

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 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**	**-**	**-**

	Carrying value	Total	Less than 1 year	between 1 and 2 years	between 2 and 5 years	More than 5 years
31 December 2017						
Loans and borrowings	163,553	163,553	20,037	19,255	114,260	-
Trade and other payables	13,626	13,626	13,626	-	-	-
	177,179	**177,179**	**33,663**	**19,255**	**114,26**	**-**

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:

In thousands of RON	
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)**
31 December 2017	
Monetary assets	
Trade and other receivables	-
Cash and cash equivalents	41,043
	41,043
Monetary liabilities	
Loans and borrowings	116,040
Trade and other payables	-
	116,040
Net exposure	**(74,997)**

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

Sensitivity analysis

A strengtheting / (weakening) of Leu by 10% against the following foreign currencies as at 31 December 2018 and 31 December 2017 would have increased the profits by the amounts indicated below. This analysis was realised based on the variations of the exchange rates considered reasonably possible by the 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 2018			31 December 2017		
	Carrying value	**Weakening**	**Strengthening**	**Carrying value**	**Weakening**	**Strengthening**
Monetary assets and liabilities						
EUR	(98,983)	(9,893)	9,893	(74,997)	(7,500)	7,500
Impact	**(9,893)**	**(9,893)**	**9,893**	**(74,997)**	**(7,500)**	**7,500**

(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 2018				31 December 2017			
	Carrying value	**Variable interest**	**Fixed interest**	**Non-interest bearing**	**Carrying value**	**Variable interest**	**Fixed interest**	**Non-interest bearing**
Monetary assets								
Trade and other receivables	25,302	-	-	25,302	13,280	-	-	13,280
Cash and cash equivalents	30,740	-	-	30,740	47,476	-	-	47,476
	56,042	**-**	**-**	**56,042**	**60,756**	**-**	**-**	**60,756**
Monetary liabilities								
Loans and borrowings	142,332	28,231	114,100	-	163,553	49,293	114,260	-
Trade and other payables	25,326	-	-	25,326	13,626	-	-	13,626
	167,657	**28,231**	**114,100**	**25,326**	**177,179**	**49,293**	**114,260**	**13,626**

(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 2018	**31 December 2017**
Fixed rate instruments		
Financial assets	15,002	-
Financial liabilities	(114,100)	(114,260)
	(99,098)	**-**
Variable rate instruments		
Financial liabilities	(28,231)	(49,263)
	(28,231)	**(163,553)**

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

	Profit / (Loss)	
31-Dec-18	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(282)	282

	Profit / (Loss)	
31-Dec-17	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(1,635)	1,635

26. OPERATING LEASES

Leasing as a lessee

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

Leasing as a lessor

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

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

27. SHARE-BASED PAYMENTS

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.

28. CAPITAL COMMITMENTS

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

29. 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 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.

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. Refer to note 10 for details of the investment.

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 thousand RON.

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

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

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

29. CONTINGENCIES (continued)

b) Barbu Vacarescu

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

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

c) Ghencea

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

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

Letter of guarantees

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

30. 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 2018, 31 December 2017 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 2018 is 2.276 thousand RON.

31. EARNINGS PER SHARE

	2018	2017
Profit for the period for the period	20,827	51,098
Number of ordinary shares at the beginning and at the end of the period	277,867	277,867
Basic earnings per share (RON/share)	0.09	0.18

32. SUBSEQUENT EVENTS

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

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

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

IMPACT DEVELOPER & CONTRACTOR S.A.

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

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

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Individual Financial Statements

Opinion

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

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

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

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

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the matter</th></tr>
<tr><td>Valuation of Investment Property

As disclosed in Note 10 to the consolidated financial statements, investment property held by the Group is recorded at RON 217,113 thousand as of December 31, 2018. Investment properties primarily represent land plots.

The Group applies the fair value model after initial measurement. Fair value of investment property is determined on the basis of a valuation performed by an independent appraiser, with experience in this industry. Any changes in fair value are recognized in profit or loss account. The valuation method used by the independent appraiser includes inputs and data from various sources, based on the type of the asset and involves judgements and a high degree of estimates. Because of the significance of estimates and judgements involved in assessing this area and considering the significant value of Investment Property, we consider that the Valuation of Investment Property is a key audit matter.</td><td>Our procedures in relation to management's valuation of investment properties include:
- Evaluation of the independent external valuers' competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry and using our in-house valuation experts;
- Performing sensitivity analysis of market prices of similar assets in the same area; and
- Checking the appropriate recognition in the financial statements of the fair value adjustments and the proper disclosures in the financial statements in according with the relevant IFRS framework.
The land values are determined based on the comparables approach. Our discussions with management have focussed upon the choice of comparable assets and adjustments applied. The valuation is highly sensitive to the choice of comparables as well as the application of adjustments. The key assumptions and changes in the year are disclosed in note 10 and we are satisfied that the valuation of investment properties is supported.</td></tr>
<tr><td>Litigations

Please refer to Note 31 'Contingencies' to the consolidated financial statements. As disclosed in this note, the Group is involved in various litigation both as plaintiff and defendant.

The management of the Group performs regular analysis of the status of pending litigations and, based on the consultations with its legal representatives, decides upon the necessity of recognizing provisions or their disclosure in the Financial Statements.

The most significant matter arises from a dispute involving a subsidiary company and Cluj City Council.</td><td>Our audit procedures related to management assessment of litigations included the following:
- Sending confirmation letters to all the external lawyers which represent the Company in the Court trials, in order to confirm the status of each litigation and the chance of success;
- For each significant litigation, we had discussions with the in-house lawyer and external lawyers in charge with the litigations and assessed the impact on the financial statements and corroborated it with the client's assessment in this respect;
- Discussions with the management regarding their involvement in the periodical assessment of the pending litigations and whether they have performed regular consultation meetings with the legal counsels;
We consider that the uncertainties with regard to this case are sufficiently disclosed.</td></tr>
</table>

Other information – Administrators' Report

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

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

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

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

We confirm that:

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

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

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

Steve Openshaw, Audit Partner

For signature, please refer to the original Romanian version.

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

On behalf of:

DELOITTE AUDIT S.R.L.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. REPORTING ENTITY

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

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

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

The Company controls several other entities and prepares consolidated financial statements. According to the provisions of Law no. 24/2017, such entities have to prepare individual financial statements also.

The Company is one of the first companies active in real estate development sector in Romania, being constituted in 1991 through public subscription. Initially, its first activities were renting and maintenance of deluxe villas in Bucharest area. In 1995, the Company introduced the residential concept on the Romanian market and, consequently, it changed into a pure real estate developer. Starting 1996, the Company's securities are publicly traded in Bucharest Stock Exchange (BVB).

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

2. The Board of Administration

The Board of Administration represents the decision-making body on all significant aspects for the Company as a whole due to its strategic, financial or reputational implications. The Board delegates the management powers of the Company, under the conditions and limits provided by the law and by the Articles of Incorporation.

The Board of Administration consists of 5 members:

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

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

Executive Management of the Company

The board of Administration decided that Mr. Bartosz Puzdrowski, General Director and Mr. Gabriel Vasile, Administrator, to be empowered to represent the company, pursuant to provisions under art.143^2 par. 5 in Law 31/1990, on trading companies, as from the date of 09.01.2017.

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

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

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

3. BASIS OF PREPARATION

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

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

Going concern

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

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

Below is presented the summary of the significant accounting policies.

(a) Foreign currency

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment

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

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

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

Freehold land is not depreciated.

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

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

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

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

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

(c) Intangible assets acquired separately

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

(d) Investment property

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment property (continued)

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

(e) Inventories

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

(f) Trade and other receivables

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

Derecognition of financial assets

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

(g) Cash and cash equivalents

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

(h) Share capital

Ordinary shares

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

Repurchase and reissue of ordinary shares (treasury shares)

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Dividends

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

(j) Own shares

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

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

(k) Borrowings

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

Borrowing costs

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

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

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

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

(l) Trade payables and other payables

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

Derecognition of financial liabilities

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions

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

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

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

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

(n) Revenue

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

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

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

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

(i) Revenue from sale of residential properties

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue (continued)

(ii) Rental revenues

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

(iii) Revenues from re-charging utilities

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

(o) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share-based payments

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

(q) Financial instruments – fair values and risk management

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

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

(r) Operating leases

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

(s) Contingent liabilities

A contingent liability is:

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

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

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

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

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

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

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

(t) Contingent liabilities

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Segmental reporting

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

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(i) Fair value measurements and valuation processes

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

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

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

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

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

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

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

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

(ii) Legal issues

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

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

(iii) Cost allocation

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

7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

– IFRS 9 'Financial Instruments'

– IFRS 15 'Revenue from Contracts with Customers'

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

IFRS 9 'Financial Instruments'

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

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

Classification and measurement of financial assets

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

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

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

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

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

IFRS 9 'Financial Instruments' (continued)

Impairment of financial assets

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

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

IFRS 15 'Revenue from Contracts with Customers'

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

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

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

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

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

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

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

8. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of land and buildings

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

Changes in revaluation reserve

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

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

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

9. INTANGIBLE ASSETS

Reconciliation of carrying amount

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

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

9. INTANGIBLE ASSETS (continued)

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

10. INVESTMENT PROPERTY

Reconciliation of carrying amount

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

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

Valuation processes

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

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

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

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

10. INVESTMENT PROPERTY (continued)

Fair value hierarchy

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

Valuation techniques

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

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

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

11. INVENTORIES

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

Inventories are represented by:

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

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

11. INVENTORIES (continued)

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

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

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

12. FINANCIAL ASSETS

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

The Company holds interests in the following affiliates:

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

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

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

12. FINANCIAL ASSETS (continued)

Clearline Development and Management SRL owns the remaining 93.77% of investments in Actual Invest House SRL.

a) Actual Invest House S.R.L, a company that provides management services for new residential developments.

b) Clearline Development and Management S.R.L. (former Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca, in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation amounting to 17,053 thousand RON , plus legal interest, a file that is currently being tried at the Arges Tribunal and is currently carrying out the expertise (Urban and Construction) in the file. On September 11, 2017 through the decision of the Board of Directors of Impact, the share capital of Clearline was increased by new cash contributions of 20 thousand RON..

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

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

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

13. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

14. CASH AND CASH EQUIVALENTS

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

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

15. SHARE CAPITAL

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

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

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

All shares are ordinary and have equal ranking related to the Company’s residual assets, The nominal value of one share is 0,001 thousand RON. The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 10 shares during the meetings of the Company.

Dividends

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

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

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

16. OWN SHARES

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

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

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

17. LOANS AND BORROWINGS

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

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

Terms and repayment schedules

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

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

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

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

17. LOANS AND BORROWINGS

Terms and repayment schedules (continued)

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

On July 10th, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100 thousand and a total face value of EUR 12,000 thousand issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o, (CVI). The bonds were issued on 11th of July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will repurchase 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per annum, payable twice a year.

The bonds will be mainly secured by a first-rate mortgage covering the obligations arising from the Bonds up to the guaranteed maximum amount of EUR 18,000 thousand (eighteen million) on nine plots of land with a total area of 196,407 sqm located in Bucharest, 1st District, Romania, which are the exclusive property of the Company, as well as their accessories. The Company has an early redemption option for the Bonds, which can be exercised from the second interest payment date, provided that the minimum redeemed amount is at least EUR 1,000 thousand.

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

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

18. TRADE AND OTHER PAYABLES

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

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

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

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

19. PROVISIONS FOR RISKS AND CHARGES

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

20. REVENUE

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

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

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

21. GENERAL AND ADMINISTRATIVE EXPENSES

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

22. OTHER OPERATING EXPENSES/INCOME

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

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

23. FINANCE COST/INCOME

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

24. IMPAIRMENT OF ASSETS

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

25. OTHER INCOME/EXPENSE - EXCEPTIONAL

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

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

26. TAXATION

(i) Amounts recognised in profit or loss

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

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

26. TAXATION (continued)

(ii) Reconciliation of effective tax rate

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

(iii) Unrecognised deferred tax assets

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

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

(iv) Cumulative temporary differences generating deferred tax

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

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

26. TAXATION (continued)

(v) Deferred tax balance movements

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

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

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

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

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

(a) Credit Risk

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

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

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

Trade and other receivables

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

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

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

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

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

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

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

(a) Credit Risk (continued)

Impairment losses

The receivables' ageing at reporting date was:

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

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

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

Cash and cash equivalents

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

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

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

(b) Liquidity risk

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

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

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

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

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

(c) Market risk

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

Currency risk

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

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

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

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

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

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

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

(c) Market risk (continued)

Currency risk (continued)

The main exchange rates used during the year were:

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

Sensitivity analysis

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

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

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

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

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

(c) Market risk (continued)

Interest risk

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

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

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

(c) Market risk (continued)

Interest risk (continued)

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

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

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

28. OPERATING LEASES

Leasing as a lessee

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

Leasing as a lessor

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

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

29. SHARE-BASED PAYMENTS

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

30. CAPITAL COMMITMENTS

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

31. CONTINGENCIES

Litigations

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

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

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

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

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

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

31. CONTINGENCIES (continued)

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

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

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

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

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

b) Barbu Vacarescu

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

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

c) Ghencea

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

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

Letter of guarantees

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

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

32. RELATED PARTIES

Company subsidiaries

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

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

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

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

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

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

32. RELATED PARTIES (continued)

Company subsidiaries (continued)

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

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

Transactions with key management personnel

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

33. EARNINGS PER SHARE

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

34. SUBSEQUENT EVENTS

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

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

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

IMPACT DEVELOPER & CONTRACTOR SA
Registered office: Willbrook Platinum Business & Convention Center,
172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District,
Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobile: 0729.100.001
Subscribed and paid up share capital: RON 277,866,.574
Registered with the Trade Registry Office within Bucharest Court under no. J40/7228/2018,
Sole Registration Code RO 1553483
Personal Data Operator, registered with the Personal Data Processing Evidence Registry under no. 3406

AFFIDAVIT

The undersigned, Mihaela Iuliana Urda, in capacity of Chairman of the Board of Directors, Bogdan Ionut Oslobeanu, in capacity of General Manager and Giani Iulian Kacic, in capacity of Chief Financial Officer of Impact Developer & Contractor S.A. (hereinafter referred to as the „Company"), in consideration of the provisions of art. 63 of Law no. 24/2017 regarding issuers of financial instruments and market operations and art. 223 of the ASF Regulation no. 5/2018 regarding issuers and securities related operations,

hereby declare that, to the best of our knowledge, the annual (individual and consolidated) financial statements on December 31, 2018, prepared in compliance with the applicable accounting standards offer an accurate and true image of the assets, liabilities, financial standing, profit and loss account of the Company and, respectively, of its subsidiaries included in the process of consolidation of the financial statements, and the Reports of the Board of Directors (on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards as laid down by the Order of the Ministry of Public Finance no. 2844/2016 with all subsequent ammendments) comprise a correct analysis of the Company's and its subsidiaries development and performance, as well as a description of the main risks and uncertainties specific to the performed activity.

Presidend of the Board of Directors
Mihaela Iulia Urda

General Manager
Bogdan Ionut Oslobeanu

Chief Financial Officer
Giani Iulian Kacic

Translation from Romanian

STATEMENT

pursuant to provisions under art.31 in Accounting Law no.82/1991

the annual financial statements had been drafted on 31/12/2018 for :

Entity: IMPACT DEVELOPER CONTRACTOR SA

County: 40--BUCHAREST

Address: Willbrook Platinum Business & Convention Center,172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District, phone no. 0212307570

Trade Registry order number: J40/7228/2018

Ownership: 34—Stock company

Main activity (NACE code and class denomination): 4110—Real Estate Development(promotion)

Sole Registration Code: 1553483

The undersigned, Mihaela Iuliana Urda,

pursuant to art.10 par.(1)in Accounting Law no.82/1991, holding the position of President of the Board of Directors of SC Impact Developer& Contractor hereby take responsibility for the preparation of the annual individual financial statements as of 31/12/2018 and hereby confirm the following:

a) The accounting policies used in the preparation of the annual financial statements are compliant with the applicable accounting regulations.

b) The annual financial statements provide an accurate overview on the financial position, financial performance and the other information relating to the carried out activity.

c) The legal entity carries out its activity under continuity conditions.

Signature

Translation from Romanian

STATEMENT

pursuant to provisions under art.30 in Accounting Law no.82/1991

the annual financial statements had been drafted on 31/12/2018 for :

Entity: IMPACT DEVELOPER CONTRACTOR SA

County: 40--BUCHAREST

Address: Willbrook Platinum Business & Convention Center,172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District, phone no. 0212307570

Trade Registry order number: J40/7228/2018

Ownership: 34—Stock company

Main activity (NACE code and class denomination): 4110—Real Estate Development(promotion)

Sole Registration Code: 1553483

The undersigned, Mihaela Iuliana Urda,

pursuant to art.10 par.(1)in Accounting Law no.82/1991, holding the position of President of the Board of Directors of SC Impact Developer& Contractor hereby take responsibility for the preparation of the annual individual financial statements as of 31/12/2018 and hereby confirm the following:

a) The accounting policies used in the preparation of the annual financial statements are compliant with the applicable accounting regulations.

b) The annual financial statements provide an accurate overview on the financial position, financial performance and the other information relating to the carried out activity.

c) The legal entity carries out its activity under continuity conditions.

Signature