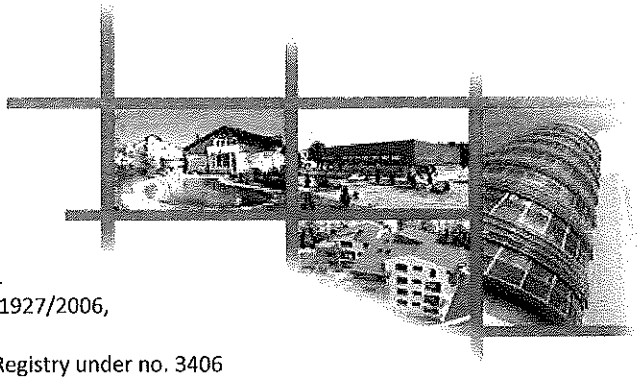
IMPACT DEVELOPER & CONTRACTOR SA
Voluntari, 4C Pipera-Tunari Road,
Construdava Business Center, floors 6,7, Ilfov County
Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobile: 0729.100.001
Registered with the Trade Registry Office within Bucharest Court under no. J 23/1927/2006,
Sole Registration Code RO 1553483
Personal Data Operator, registered with the Personal Data Processing Evidence Registry under no. 3406



Nr ...../ .....

Annual Report
- Financial Exercise 2016 -
Report Date 20.03.2016

Company denomination: "IMPACT DEVELOPER & CONTRACTOR " S.A. („IMPACT" or „Company")

Registration with the Trade Registry Office: J23/1927/2006.
TAV registration code: RO1553483
Registered office: 4C Pipera-Tunari Road, Construdava Business Center, floors 6th, 7th, Ilfov County
Phone: 021/ 230.75.70/71/72, fax: 021/230.75.81/82/83
Subscribed and paid up share capital: RON 277.866.574
The regulated market traded on: Bucharest Stock Exchange, Premium Category

1. Analysis on Company's activity

IMPACT Developer & Contractor had developed in 2016, as main activity the „Real Estate Development (promotion)", pursuant to NACE code 4110.

In 1995, the Company has introduced the concept of residential assembly on the Romanian market and therefore it gradually transformed into a pure real estate developer. Starting in 1996, the company is listed on the Bucharest Stock Exchange (BVB).

In 2006, the company's shares were promoted to the first category of the Stock Exchange, becoming the **first** company in the real estate and construction sector which has done so. Since January 2015, the company is part of the **Premium** category, pursuant to the new segmentation of the Bucharest Stock Exchange.

In the past 25 years IMPACT Developer & Contractor has completed **17 small and medium projects**, which included over **3,000 dwellings** and over **25,000 square meters** of offices and business areas.

On 31st of December 2015, the company was involved in residential developments located in four cities in the country, each project with different sizes and found in different stages of completion. IMPACT activity is dominated by a major project: **GREENFIELD residential assembly** in Bucharest.

2014 represented the year of IMPACT re-launching in the residential development sector.

Thus, in November 2014 the launch of the newest neighborhood in GREENFIELD, **Salcamilor assembly** took place. Today it consists of 35 buildings with GF + 5, 924 apartments respectively with 2, 3 or 4 bedrooms. Salcamilor assembly completes the GREENFIELD complex, joining the five existing districts - Blue, Rubin, Topaz, Onix and Quartz.

Nevertheless, documentation was prepared for the commencement of construction of another 39 blocks, which will represent **Platanior Assembly**, with a total of 944 apartments, out of which a number of 387 apartments were completed (81% in stages 5 and 6), the rest of the apartments following to be completed as of 2017.

Another major goal of the company in 2016 is launching technical documentation for development of a new residential project in Bucharest in the Ghencea Extension - Bd. Timisoara, where the company owns a land area of approximately 26 ha.

Nevertheless, in 2015 it began the analysis, preparation and realization of the project design documentation of Barbu Vacarescu Ave., a project that started in September 2014 with the acquisition of ownership over a land area having an area of 2.6 ha.

Also, the company's activity is focused on preparing the necessary documentation for Greenfield Plaza urban center building, with a total area of 10,400 square meters, which will include a SPA center, business and services areas of approximately 8,000 sq.m. and an administrative headquarters of 2,400 sqm.

The company intends accelerating the production cycles and product standardization, so IMPACT offer to adjust to market demand, these being the main concerns of the management in the current period, in order to achieve sales and profitability objectives.

For the purpose of financing the residential developments, in addition to its own sources of funding - reinvested profit, it is aims to co-finance development costs through bank loans.

During 2015, IMPACT had contracted credit facilities amounting to 78.6 millions RON from Banca Transilvania and Libra Bank, in order to complete the works in the Salcamilor Assembly – stages 2, 3 and 4 and in Platanilor Assembly – stages 5 and 6.

One of the main priorities of the management team was a more efficient adaptation to new market conditions through measures on:

(i) Improvement of the competitiveness of the company by developing apartments concepts tailored on residential market requirements at a very good price / performance ratio;

(ii) the adjustment in portfolio existing housing prices, to respond as well as possible to market needs and ensure cash flows required by the Company;

(iii) viability / allotments of land for further sale, identifying opportunities for portfolio land by attracting partnerships

(iv) employment of loans, an optimum leverage ratios around the value of 20%

2. Elements of company general assessment as of 31 December 2015:

The individual financial statements as presented as from 2012 pursuant to IFRS.

The 2016 afferent individual financial statements have been prepared in accordance with the requirements of Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments.

No.	Indicator	Value	M.U.
a.	Gross loss	29,610,138	RON
b.	Turnover (Operational revenues)	152,181,219	RON
c.	Operational expenses	(115,212,878)	RON
d.	Liquidity (cash at the end of the period)	17,432,180	RON

IMPACT constantly lodges endeavor to prove its customer focus by aligning to its specific needs. Implicitly IMPACT proves a high level of adaptability to the specific conditions of the market, whilst managing existing realities and identifying resources for exploration of new business opportunities. To this end, the company's management continues to follow trends and market evolution and believes in innovation and reinventing work processes, for IMPACT Developer & Contractor to become leader of the real estate market, both locally and regionally.

3. Evolution of sales in 2016

Sale of dwellings completed in Bucharest, Ploiesti, Oradea and Constanta.

A significant influence on the operational revenues had the revenues from the sale of the buildings in the Salcamilor Assembly, approximately RON 139,000,000.

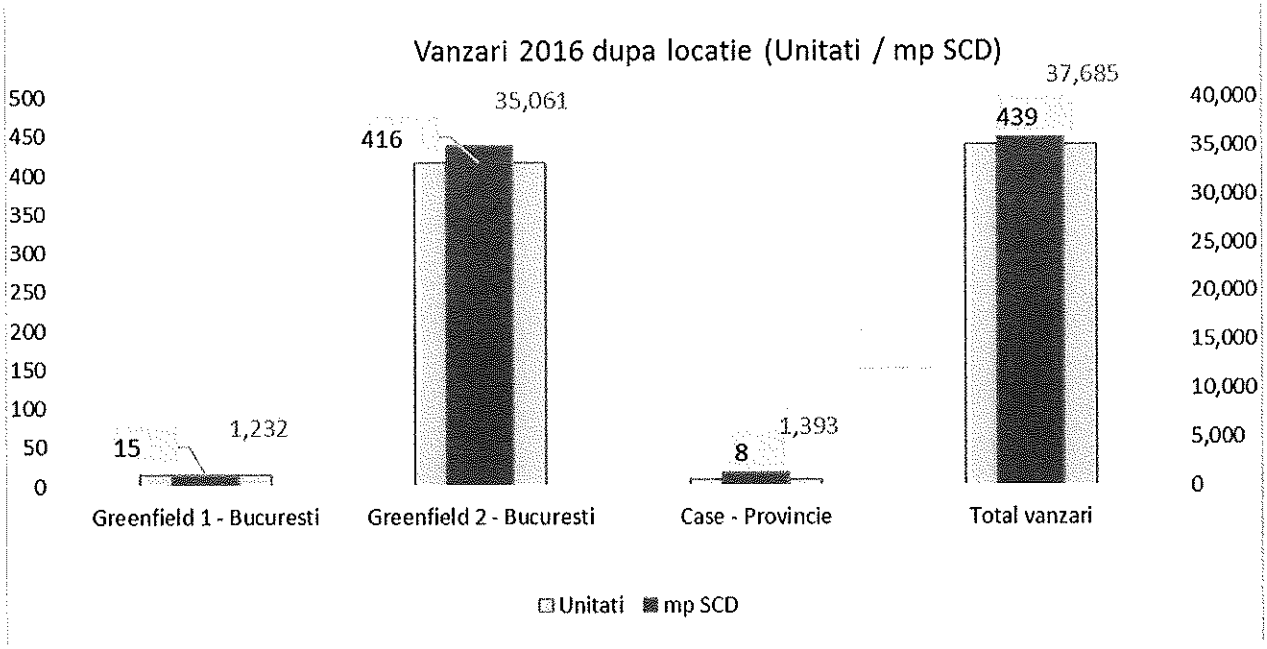
Sales of apartments and houses

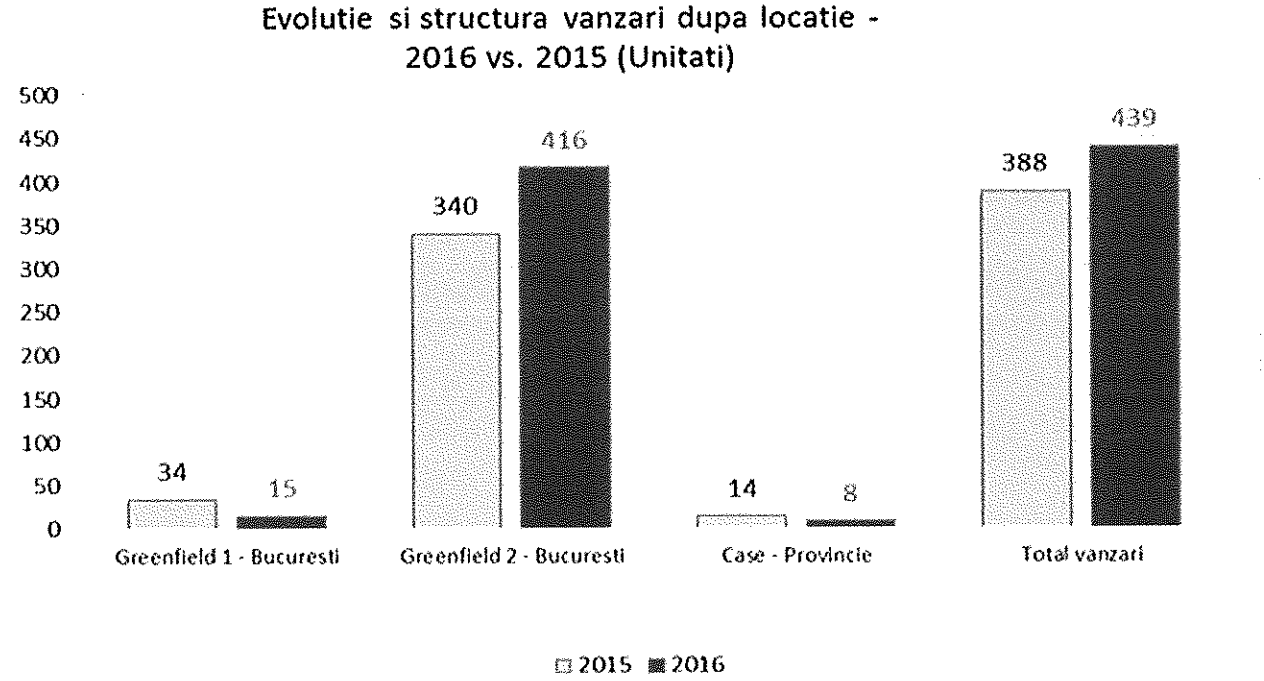
In 2016 the sales reached a number of 439 buildings (apartments and houses) and 530 parking places, totaling a total built area of 37,685 sqm, 19% more compared to the previous year.

Evolution of sales by location is 416 apartments in the Salcamilor Assembly, 15 apartments in Greenfield I, 6 houses in Oradea, 1 house in Ploiesti and 1 house in Constanta.

The new residential development started by IMPACT DEVELOPER & CONTRACTOR SA in the summer of 2014 - Salcamilor Assembly in GREENFIELD, generated the largest contribution to the company's sales - 416 apartments, respectively 35,061 sqm DBA. Growth was both in terms of sold units, namely 22% and value by increase of the average transaction value by over 18%.

Graphic 1 – Sales in 2016 by location (units / sq.m. of DBA)
Graphic 2 – Sales evolution and structure by location (units / sq.m. of DBA) 2016 v. 2015





The increase in apartment sales in GREENFIELD was favored by the quality of the new residential product as well as by the unique advantages offered by the location and the neighborhood, which together created a competitive advantage for the buyer.

Nevertheless, the increase from 1st of January 2016 of the value of buildings benefiting from the reduced VAT rate to 5% has led to an upgrading of buyers' preferences, given that the 4-room apartments have become more attractive.

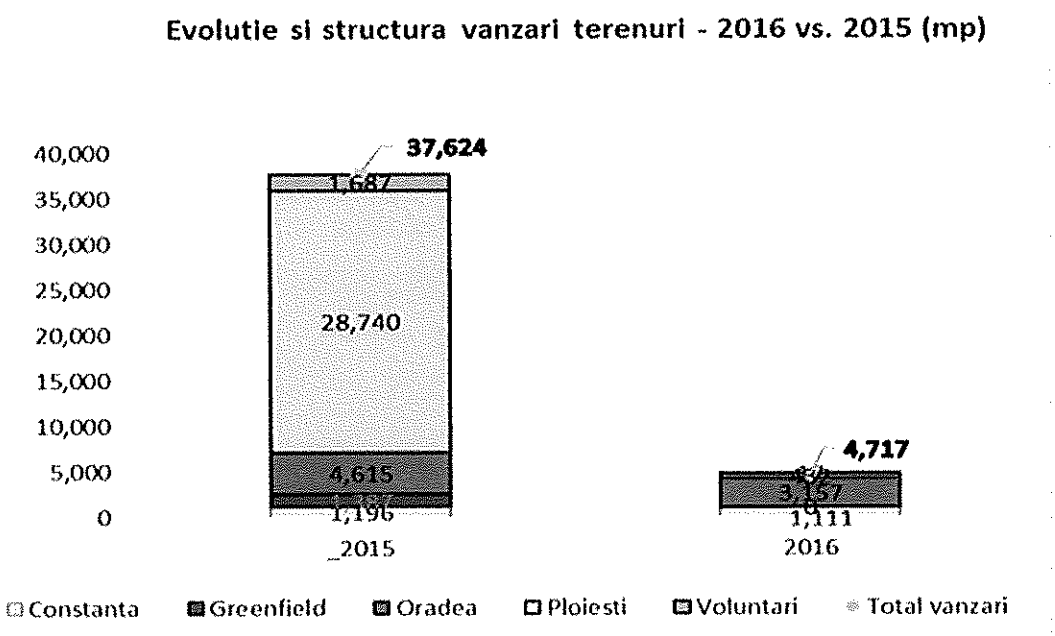
Sales of 2-room apartments have increased far beyond expectations, as a result of the announcement of the cancellation / modification of the First House Loan Program and the Foreclosure Law.

Project	Dwelling type	Number of dwellings available for sale at the end of December 2016	Fully sold dwellings + installments in 2016	Leased dwellings in Q4 2016
EUROPA	Houses	0	4	0
LOTUS	Houses	5	2	0
ROUA	Houses	1	1	0
BOREAL	Houses	3	1	0
GREENFIELD	Apartments	14	15	6
GREENFIELD 2	Apartments	168	416	0
TOTAL		**191**	**439**	**6**

- **Offering for sale of land plots for individuals and legal entities, for the development of houses or small commercial areas.**

In 2016 6 land plots were sold in Oradea with an area of 3,157 sqm, 3 land plots f in Constanta with an area of 1,111 sqm, one land plot in Ploiesti with an area of 432 sqm and one land plot in Voluntari in the surface of 17 square meters. Compared to the same period of the previous year, the area of the sold land plots is 8 times smaller. The decrease in the volume of land sales was accentuated by the low appetite of the buyers for this product, plus the lack of financing.

Land plots sales evolution and structure \9sq.m.)



- **Less lease agreements and sale of leased dwellings**

The activity of renting of apartments is no longer a priority for the Company in recent years. Most dwellings which lease agreements ceased in 2015 have been sold, so the number of leased dwellings has fallen from 21 dwellings at the end of December 2014 to 8 dwellings at the end of December 2015.

At 31st of December 2016 there were only 6 leased dwellings to be sold when the rental contracts were terminated.

Employees structure as of 31.12.2016

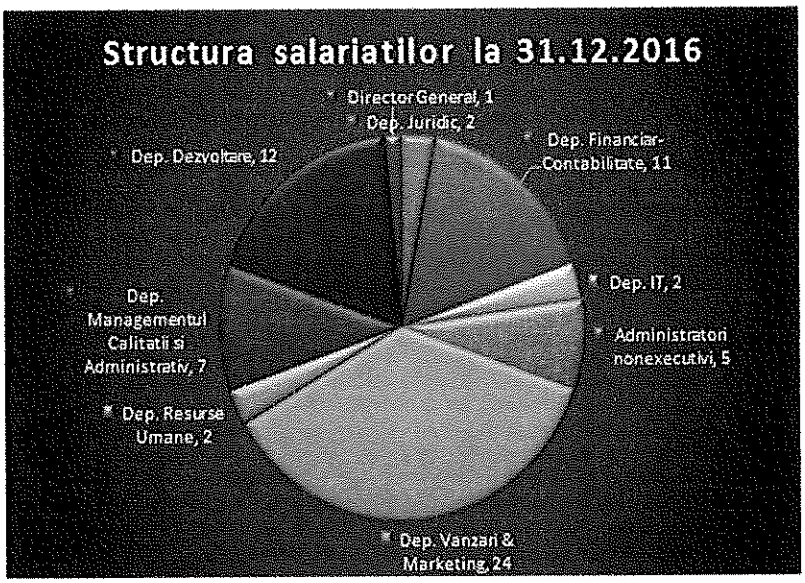
4. Other information on the company:

Structure of employees

The company had at the end of 2016 a total number of 66 employees, the personnel structure being indicated in the attached chart.

There is no union constituted in the Company.

Relations between management and employees are governed by individual employment agreements and job descriptions.



5. Elements of risk management

To prevent liquidity risk, the Company prepares cash flow reports for periods of 5 years, 1 year and on monthly bases; it examines projections done and compares them to the real situation in order to prevent situations where liquidity problems may occur.

Market Risks:

The global financial crisis combined with recession in Europe, exposed Romania to certain risks on the financial market.

Company Internal Control is provided:

- Through Acquisitions Department: Contracts are signed by the Legal Department, Head of Procurement, CFO and General Director;
- Through the Sales Department: Contracts are reviewed by the Department of Prices and Analysis and signed by the General Director;
- Through preventive financial control by which contracts compliance is verified;
- By tracking payments checked by the Preventive Financial Control and approved by the Chief Financial Officer and / or General Director.
- By implementation of essential codes of conduct and business ethics specific procedures are implemented, applicable to all directors, officers, managers, people with a role in control or management, employees, auditors, business partners, collaborators. Thus, IMPACT applies Anticorruption Policy, Code of Conduct, Essential Ethical Values Policy, and Policy for Safety and Health at Work, Employment, Environment, and Reporting Policy.

6. Perspective Elements concerning the company's activity

Regarding the GREENFIELD neighborhood, the management objective is that in 2017 construction works will be finalized at the new residential complex - Platanilor Assembly, which will comprise 39 blocks with 944 apartments, totaling over 100,000 sqm.

Nevertheless, the company's activity is focused on preparing the documentation necessary for the construction of the GREENFIELD PLAZA urban center, with a total area of 10,400 sqm, which will include a SPA center, commercial and service spaces of approximately 8,000 sqm and an administrative headquarters with 2,400 sqm.

The company plans to accelerate the production cycles and product standardization, so that IMPACT's offer meets the market demand, these being the main concerns of the management in the current period, in order to achieve sales targets and profitability.

For the purpose of financing of residential developments, besides its own sources of financing - reinvested profit, it is intended to co-finance development expenditures by bank loans.

In order to sustain the development activity and to finance the mentioned projects, the company has proposed to obtain financing from the capital market through the issuance of corporate bonds up to a maximum of 135 million RON with a maturity of 7 years. In this respect, the Extraordinary General Assembly approved the issuance of the bonds through the decision of EGAS no.1 / 30.01.2017, and the management of the company started the formalities for selecting the consultants.

In line with the strategic vision imposed by the new management team of IMPACT, the permanent adaptation to the real estate market and maintaining the company's efficiency, the company has set for this year, goals that effectively respond to the needs of market, clients, but also partners.

Optimism over the market, but also in terms of the relationship that IMPACT has with its customers is based on both real estate and financial product diversification offered by the company, being able to respond to so difficult access to funding sources, and rising customer expectations on habitat quality.

Specifically, the following sales for **2017** are expected:

1) 500 apartments, out of which:

- 10 units from the property inventory built before 2010

- 490 units from new developments.

The development plan for 2017 envisages completion of construction for another 21 blocks of apartments (Stages 5 and 6 of the Platanilor Assembly), the commencement of works in stage 7 respectively, 18 buildings

- 49.000 mp –will be delivered in March 2017

- 21.000 mp – will be delivered in November 2017

- 21.000 mp - works will begin in March 2017 and they will be delivered during the 1st quarter of 2018.

2) 10.000 sq.m. land plots in Constanta.

3) Preparing the authorization documentation related to the commencement of works for the first 8 buildings in Greenfield Timisoarres assembly in surface of 34,000 sq.m.

Following the implementation of the strategy launched in 2014, the operational revenues in 2016 exceeded EUR 33.5 million and the net profit was in amount of EUR 6.58 million.

In reference to the evolution of EBITDA, the Company's management expects an encouraging evolution that will allow the recovery of losses from previous financial years. Thus, the management estimates continuous and sustained growth on annual bases, in the financial year 2019, the Company being expected to earn an EBITDA of EUR 30 million.

The Company's management believes that it will be able to overcome the losses of the previous financial years and create the premises necessary for granting appreciable dividends.

7. Tangible assets and inventories of the company at 31.12.2015 are shown in the following table:

On 31st of December 20615 and on 31st of December 2015, Company's lands and buildings were revalued by Colliers Valuation and Advisory SRL, external, independent valuators, authorized by the Romanian National Union of Licensed Appraisers ("ANEVAR"), with recent experience in terms of location and category of assessed property.

	Land and buildings	Machinery, equipment and vehicles	Fixtures and fittings	Assets under construction	Total
COST					
1 January 2015	15,605,663	2,337,018	820,384	-	18,763,065
Additions	146,000	259,354	50,726	178,698	634,777
Disposals	(1,555,990)	(19,680)	-	(178,698)	(1,754,368)
Revaluation differences	(52,132)	-	-	-	(52,132)
Offset of accumulated depreciation at revaluation date	**14,143,540**	**2,576,692**	**871,110**	**-**	**17,591,343**
31 December 2015					
DEPRECIATION					
	9,992,017	1,553,869	621,098	-	12,166,984
Balance at 1 January 2015	244,324	170,407	139,135	-	553,865
Depreciation for the year	(691,439)	-	-	-	(691,439)
Impairment losses	(93,714)	(19,680)	-	-	(113,394)
Accumulated depreciation of disposals	(47,449)	-	-	-	(47,449)
Offset of accumulated depreciation at revaluation date	**9,403,738**	**1,704,596**	**760,233**	**-**	**11,868,567**
31 December 2015					
CARRYING AMOUNTS	**5,613,646**	**783,149**	**199,286**	**-**	**6,596,081**
1 January 2015	**4,739,802**	**872,096**	**110,877**	**-**	**5,722,775**
31 December 2015					
	15,605,663	2,337,018	820,384	-	18,763,065

	Land and buildings	Machinery, equipment and vehicles	Fixtures and fittings	Assets under construction	Total
COST					
1 January 2016	14,143,540	2,576,692	871,110	-	17,591,343
Additions	92,198	583,595	136,489	-	812,282
Disposals	(4,766)	-	-	-	(4,766)
Revaluation differences					
31 December 2016	**14,230,973**	**3,160,288**	**1,007,599**	**-**	**18,398,859**
DEPRECIATION					
1 January 2016	9,403,738	1,704,596	760,233	-	11,868,567
Depreciation for the year	238,427	272,889	53,456	-	564,772
Impairment losses	(78,536)	-	-	-	(78,536)
Accumulated depreciation of disposals	-	-	-	-	-
Offset of accumulated depreciation at revaluation date	-	-	-	-	-
31 December 2016	**9,563,630**	**1,977,485**	**813,689**	**-**	**12,354,804**
CARRYING AMOUNTS					
1 January 2016	**4,739,802**	**872,096**	**110,877**	**-**	**5,722,775**
31 December 2016	**4,667,343**	**1,182,803**	**193,909**	**-**	**6,044,055**

Impairment losses

During 2016, following the revaluation reports for land and buildings, no impairment loss was recorded that is recognized as an expense as a result of the current year.

Part of the land classified as property, plant and equipment include land related to the residential property with installed utilities networks attached. Up to 2013, the Company obtained benefits from the use of these assets as mark-up applied to the utilities expenses of the occupants. In 2013, the Company decided to outsource or to discard this activity because of its low return, but also due to the fact that this activity is not one of the main activities of the Company. Thus, the management of the Company considers that these land and buildings will not be able to bring direct and measurable benefits, their value in use being reduced to their recoverable value.

The Company recorded an impairment loss computed as the difference between the net book value and their value in use.

Investment properties

	2016	2015
Balance at 1 January	**214.898.889**	**230.979.061**
Inputa	388.933	-
Transfers from/to inventories, net	(77.125.806)	(13.586.973)
Sales	(1.917.666)	(4.238.327)
Changes in fair value	492.053	1.745.128
Balance at 31 December	**136.736.403**	**214.898.889**

Investment property comprises land and residential properties held with the purpose of capital appreciation. Also, the residential properties included in investment property comprise estates leased to third parties. All contracts related to the leased properties provide a starting period of 1 year, while the annual lease payments are not indexed to consumer prices. Subsequent extensions of the period are negotiated with the occupants, these being, on average, of 1 year. No contingent leased payments are charged.

The land held for capital appreciation, amounting to 134.657.210 lei at 31st of December 20165 (2015: 211.239.458 lei), has a total surface of 429.185 sqm (2015: 686,530) and represents 98% of investment properties in balance (2015: 98%). This land is located in Bucharest (367.163 sq.m.) and in other regions (Constanta, Oradea).

Inventories

	31 December 2016	31 December 2015
Land	154.318.520	87.025.497
Impairment of land	(2.395.642)	(3. 395.642)
Other consumables	238.797	-
Utilities networks and residential properties under development	100.736.289	64.196.449
Impairment of utilities networks and residential properties under development	(15.988.614)	(11.224.254)
Completed residential properties	53.113.644	48.109.366
Impairment of completed residential properties	(7.216.304)	(9.015.568)
Advance payments for acquisition of inventories	6.448	1.191.178
	282.813.138	**177.887.026**

Land with a carrying amount of 151.922.878 Lei as at 31st of December 2016 (2014: 84.629.855 lei) consists of land held by the Company for development of new residential properties, especially in Bucharest, but also land which the Company intends to value through sale of enabled plots of land (Oradea, Constanta, Ploiesti). During the financial year ended 31st of December 2014, the Company acquired a plot of land in Bucharest with the intention to build luxury residential projects.

Utilities networks and residential properties under development with a carrying value of 84.747.675 Lei as at 31st of December 2016 (2015: 52.972.195) relate to the equivalent of the capitalized works and services, rendered by the Company or to the Company by third parties, related to the connection of the properties to utilities, design and feasibility studies.

Completed residential properties with a carrying value of 45.897.340 Lei as at 31st of December 2016 (2015: 39.093.798 Lei) refer entirely to apartments held by the Company for further sale.

In 2016, inventories recognized in the cost of sales amounted to 92,022,102 lei (2015: 72,147,934 lei). In 2016, the losses from the decrease of the value of the inventories to the net realizable value amounted to 4,764,360 lei (2015: 1,430,704 lei). The reversals of losses from impairments amounted to 1,799,265 lei (2015: 3,381,855 lei). Impairment losses and reversals of impairment losses are presented on a straight-line basis and included in "Losses of assets" in the Individual Statement on Profit or Loss and other comprehensive income.

The net achievable value of inventories is based on their market value at December 31st, 2016 and December 31st, 2015, as determined by valuation by Colliers Valuation and Advisory SRL, independent external valuators, authorized by ANEVAR, with recent experience in regard of the location and category of the property being valued.

8. Company issued securities market

IMPACT Developer & Contractor SA has been listed at the Bucharest Stock Exchange since the year of 1996, and starting with the year 2006 its shares, counting **277.866.574** are quoted in the first category of BVB. Since January 2015, IMPACT Developer & Contractor shares are traded on the **Premium** category, according to the new segmentation of Bucharest Stock Exchange.

In April 2014, the General Assembly of Shareholders approved the increase of the Share Capital Social by the amount of RON 80,000,000 by issuance of new stocks, from RON 197,866,574 to RON 277,866,574. Subscription took place during the period 20.06.2014 – 29.07.2014, the 80,000,000 new stocks being integrally subscribed.

All shares are ordinary and rank equally in the Company's residual assets. The nominal value of one share is 1 leu.

Ordinary shares shareholders have the right to receive dividends as they are stated at certain times and the right to 1 vote for 10 shares at the Company's meetings.

The market capitalization of the company at the end of 2016 was of 42.8 mill EUR.
The company did not pay dividends in the past 3 years.

Year	*Situation on dividends*
2014	The company did not pay dividends
2015	The company did not pay dividends
2016	The company did not pay dividends

9. Company management

Pursuant to the legislation in force and the company's Articles of Incorporation, the General Assembly of Shareholders is the managing and decisional body of the company, deciding upon its business.

The company is lead by the Board of Administration, consisting of five administrators, individuals:

- Iuliana Mihaela Urda, Chairman of the Board of Administration;
- Gabriel Vasile, Administrator;
- Liviu Stan, Administrator;
- Konstantinos Tasoulas, Administrator;
- Victor Rachita, Administrator.

Mrs. Iuliana Mihaela Urda was elected as member of the Board of Administration in the General Ordinary Assembly in 26th of April 2013, by cumulative vote method, for a four years mandate, until April 2017.

Mr. Gabriel Vasile was appointed as administrator, member of the Board of Administration, in the General Ordinary Assembly on 16th of September 2013, Mr. Liviu Stan was appointed as administrator, member of the Board of Administration, in the General Ordinary Assembly on 25th of April 2014, and Mr. Konstantinos Tasoulas was appointed as administrator, member of the Board of Administration, in the General Ordinary Assembly that took place on the date of 25.04.2015. and Mr. Victor Rachita was appointed as administrator, member of the Board of Administration, in the General Ordinary Assembly that took place on the date of 22nd of April 2016.

The Board of Administration is structured such as to allow diligently fulfillment of duties. The Board of Administration regularly meets to ensure fulfillment of its duties in an efficient manner.

There is a clear distribution of responsibilities between the Board and the executive management.

Surname and first name	***Date of birth***	***Professional Qualification Professional Experience***	***Position and Seniority in position;***
Iuliana Mihaela Urda	1968	Iuliana Mihaela Urda holds the position of Chief Executive Officer at Octagon Total Management since November 2011, having been promoted from the position of Director of Marketing, which she had held during June 2009 - November 2011. During the period 1995-2009 Iuliana Mihaela Urda held various positions in Altex Romania company, which recorded a turnover of about 300 mill. euro.	Administrator and Chairman of the Board of Administration since 26.04.2013
Gabriel Vasile	1969	Gabriel Vasile graduated from the Academy of Economic Studies - Faculty of Economics in 1994. Gabriel Vasile has over 15 years of experience in leading teams in the administrative department, automotive, asset management, and financial reporting in the real estate industry, transport and telecommunications. Previously, he held positions as Director of Operations for TPG Quintet Asset Management and Advisory Practice in real estate and Head of Fleet & Reporting in Romtelecom SA. Between July 2012 and April 2013 he was a member of the Council of Shareholders Representatives of SIF Muntenia.	Administrator since 16.09.2013

Surname and first name	*Date of birth*	*Professional Qualification Professional Experience*	*Position and Seniority in position;*
Liviu Stan	1957	Liviu Stan graduated in Mechanical Engineering at the Polytechnic Institute of Bucharest. Liviu Stan has an experience of over 20 years in companies with construction materials and rich experience in entrepreneurship occupying the position of Managing Partner of the following companies: DufaTec SRL SC 2010, SC Shop24Automatic SRL in 2007-2010, SC Global real Invest SRL in 2004 - 2005, SC Dufa Romania SRL in 1997 - 2005, SC Ivex International SRL in 1992 - 2003. Since 2007 he developed on his own North Residence real estate project valued at 4.5 million Euros and since 2012 is the business strategy consultant in the real estate project Pipera market.	Administrator since 25.04.2014
Konstantinos Tasoulas	1969	Constantinos Tassoulas worked in the Investment Banking division at Alpha Bank Greece, as Senior Project Manager in Real Estate Investment and Financial sector, geographically focusing on the Balkan region. With a solid experience of over 19 years in banking, he worked in major Greek and foreign banks. Mr. Tassoulas has expertise in Structured Finance and Real Estate Investments, Corporate Banking and also core competencies in areas such as Project Funding, Lending, Distressed Debt, Leasing, Forfeiting, Trade Finance, Corporate Finance, Structured Products and Capital Markets Real Estate Advisory. Mr. Tassoulas is a results oriented manager with a proven track record of success, a good knowledge of the real estate market in Greece and the Balkans and has good contacts with key local and international actors in the Corporate and Real Estate sector.	Temporary Administrator since 02.10.2014
Victor Rachita Minculescu	1974	Victor Rachita Minculescu graduated from the Academy of Economic Studies (A.Ş.) with specialization in Management and has accumulated over 14 years of experience in Real Estate, working since 2002 in several consulting companies in the field.	Temporary Administrator since 15.02.2016

There is no agreement, understanding or family connection between the company's administrators and another person due to whom that person was appointed as administrator;

Regarding the persons listed above, there is no litigation or administrative proceedings that were involved in, in the past 5 years, on their activity in the company, and nor in those concerning the ability of that persons to perform their duties within Impact.

Executive Management of the Company

Starting with September 1st, 2016, the position of Chief Executive Officer of the Company is exercised by Mr. **Bartosz Puzdrowski** for a three-year term mandate.

The Board of Administration decided that Mr. Bartosz Puzdrowski, Chief Executive Officer and Mr. Gabriel Vasile, Administrator, are empowered to represent the company, in accordance with the provisions of art. 1432 paragraph 5 of the Law no. 31/1990, regarding the commercial companies, starting with 02.09.2016.

On the date of 09.01.2017 there was registered with the Trade Registry of the Ilfov Tribunal the termination by the parties' agreement of the mandate contract of Mr. Stan Liviu from the position of Purchasing Manager of Impact Developer & Contractor SA.

The Board of Administration revoked Mr. Bogdan Nicolae Geanta as the authorized person acting jointly with the Chief Executive Officer, starting with 09.01.2017 and appointed Mr. Gabriel Vasile, as the empowered person, according to art. 1432 paragraph 5 of the Law no. 31/1990, regarding the commercial companies, and he shall further exercise his duties together with the Chief Executive Officer.

Surname	First name	Position	Citizenship
Puzdrowski	Bartosz	Chief Executive Officer	Romanian
Geanta	Bogdan Nicolae	Financial Director	Romanian

Bartosz Puzdrowski - Chief Executive Officer – since September 2016

Bartosz Puzdrowski is a successful real estate manager with over 20 years of experience in the field, occupying leading positions in leading residential, office and commercial residential real estate companies. Among other things, he was a board member of ICON Real Estate in Poland and Finland, responsible for residential and office development and renovation projects in Warsaw and Helsinki, general manager of the real estate development department at Marvipol Group and CEO of Polnord SA (top residential developers in Poland listed on the Warsaw Stock Exchange).

He is a graduate of the Faculty of Philosophy and Sociology and he holds a Master in Business and Marketing at the University of Warsaw, as well as of the Executive MBA Program in Warsaw - Illinois, with specialization in business and commerce administration.

Bogdan Nicolae Geanta - Financial Director – since July 2013

Bogdan Geanta graduated from Faculty of Law and Accounting and has over 10 years experience in distribution, retail and real estate.

He is responsible for Business financial planning, daily monitoring of financial operations and responsible for financial reporting and cost management.

Company's Subsidiaries

IMPACT Company holds investments in the following affiliated entities:

	31-Dec-16			
	Ownership title	Gross value	Depreciation	Book value
Clearline Development and Management SRL	100.00%	22,400,000	(8,022,774)	14,377,226
Actual Invest House SRL	6.23%	109,950	(109,950)	-
		22,509,950	**(8,132,724)**	**14,377,226**

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

Clearline Development and Management SRL (formerly Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation amounting to 17,053,000 lei, plus legal interest, a file that is currently being on trial with the Arges Tribunal and it is currently carrying out the expertise (Urban and Construction) as ordered in the case.

Actual Invest House S.R.L, a company within the IMPACT Group, plays an important role in diversification of services related to the sale of homes. ACTUAL INVEST HOUSE collaborates with the leading financial institutions in Romania in order to find solutions for credit facilities in the shortest time possible for the customers that are to buy a home. It also provides management services to new residential development and services for furnishing and interior decoration by partnering with leading suppliers at competitive prices, using high quality materials.

10. The financial-accounting statement

Presentation of the economical-financial statement for year 2016 compared to the previous years:

	Indicators pursuant to IFRS (RON)	2014	2015	2016
Results indicators	**Operational revenues, out of which:**	**32,599,575**	**117,157,155**	**152,181,219**
	Revenues from sale of residential properties inventory	21,171,873	106,484,670	144,550,045
	Revenues from rentals and utilities re-invoiced to customers	4,377,164	4,123,351	4,184,235
	Revenues from sale of Investment properties	6,088,013	4,295,138	2,189,510
	Activity performed and capitalized by the entity	0	0	0
	Other operational revenues	962,525	2,253,996	1,257,429
	Operational expenses, out of which:	0	0	0
	Carrying value of sold residential properties inventory	**(47,586,325)**	**(107,768,695)**	**(115,212,878)**
	Operational costs afferent to rental and sold properties	(22,687,973)	(72,147,934)	(92,022,102)
	Carrying value of Investment properties	(2,778,621)	(2,703,858)	(2,878,913)
	Expenses concerning raw materials and materials	(6,829,995)	(4,238,327)	(1,917,666)
	Services provided by third parties	(3,465,610)	(4,687,171)	(2,528,353)
	Expenses with employee benefits	(1,705,169)	(9,843,405)	(9,201,795)
	Other operational expenses	(4,374,609)	(8,162,218)	(8,312,244)
	Provisions	(5,744,348)	(5,985,782)	1,648,195
	Operational Result (EBITDA)	**(14,986,750)**	**9,388,460**	**36,968,341**
	Expenses with depreciation	(522,975)	(625,588)	(664,545)
	Assets value loss, other than Investment properties	4,543,299	3,721,254	(5,643,512)
	Earnings / (losses) at fair value of Investment properties	16,967,592	1,745,128	492,053
	Operational Result (EBIT)	**6,001,166**	**14,229,254**	**31,152,337**
	Net financial cost	(1,774,771)	(1,488,663)	(1,542,199)
	Gross Profit / Loss (EBT)	**4,226,395**	**12,740,591**	**29,610,138**
	Income tax	(135,252)	0	0
	Net Profit/ (loss) of the period	**4,091,143**	**12,740,591**	**29,610,138**

	Indicators pursuant to IFRS (RON)	2014	2015	2016
Patrimony indicators	Tangible assets	6,596,081	5,722,775	6,044,055
	Investment properties	230,979,061	214,898,889	136,736,403
	Intangible assets	154,405	117,491	232,663
	Financial assets	14,377,276	14,377,226	14,377,226
	Receivables	19,300,941	11,367,047	11,215,815
	Total fixed assets	**271,407,764**	**246,483,428**	**168,606,162**
	Inventories	158,125,501	177,887,026	282,813,138
	Total current assets	**170,749,931**	**221,491,153**	**316,029,353**
	Total assets	***442,157,695***	***467,974,581***	***484,635,515***
	Share Capital	277,866,574	277,866,574	277,866,574
	Equity	**365,579,741**	**361,140,518**	**390,776,564**
	Total debt	**76,577,954**	**106,834,063**	**93,858,951**
	Total liabilities	***442,157,695***	***467,974,581***	***484,635,515***

	Indicators pursuant to IFRS (RON)	2014	2015	2016
Cash flows	**Cash and cash equivalents on 1st of January**	**4,543,781**	**3,464,726**	**17,080,822**
	Net cash from operational activities	(65,739,669)	7,883,080	(11,636,824)
	Net cash from investment activities	7,174,009	2,080,546	542,578
	Net cash from (used in) financing activities	57,743,170	3,652,470	11,445,577
	Effect of currency exchange rate variation on cash	(256,565)	-	-
	Cash and cash equivalents on *31st of December*	***3,464,726***	***17,080,822***	***17,432,153***

PROFITABILITY SOLVENCY AND LIQUIDITY	31-Dec-15	31-Dec-16
Returns on employed capital		
Profit before interests and tax (A)	-2,970,746	31,152,337
Employed Capital (B)	390,201,880	435,159,913
A/B	**-0.8%**	**7.2%**
Returns on Assets		
Net Profit (A)	-4,459,409	29,610,138
Total assets (B)	467,974,581	484,635,515
A/B	**-1.0%**	**6.1%**
Return on Equities		
Net Profit (A)	-4,459,409	29,610,138
Equity (B)	361,140,518	390,776,564
A/B	**-1.2%**	**7.6%**
Debt ratio		
Total Debt (A)	106,834,063	93,858,951
Total Assets (B)	467,974,581	484,635,515
A/B	**22.8%**	**19.4%**
Debt ratio (loans)		
Total loans (A)	45,789,003	57,234,580
Total assets (B)	467,974,581	484,635,515
A/B	**9.8%**	**11.8%**
Indebtedness ration (Loans vs. Equities)		
Total loans (A)	45,789,003	57,234,580
Equities (B)	361,140,518	390,776,564
A/B	**12.68%**	**14.65%**
Indebtedness ration (Loans vs. Permanent Capital)		
Total loans (A)	45,789,003	57,234,580
Equities (B)	361,140,518	390,776,564
A/(A+B)	**11.25%**	**12.78%**
Current ration Indicator		
Current Assets (A)	221,491,153	316,029,353
Current Debts (B)	77,772,701	49,475,602
A/B	**285%**	**639%**
Quick Ratio Indicator		
Current Assets (A)	221,491,153	316,029,353
Inventories (B)	177,887,026	282,813,138
Current Debts (C)	77,772,701	49,475,602
(A - B)/ C	**56%**	**67%**

11. 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 Developer & Contractor SA is managed under unitary system, its management being provided by the General Director, under surveillance of the Board of Administration.

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 2007, with implementation term as from the annual report of 2010.

IMPACT Developer & Contractor SA submitted and shall further submit all professional, legal and administrative efforts, necessary to ensure alignment with the provisions of the Code and transparent presentation of such outcomes.

IMPACT Developer & Contractor SA publishes in a dedicated section of its own website details on GAS development, namely convocation notices, materials/documents afferent to agenda, special power fo attorney forms, correspondence voting forms, decision drafts.

Nevertheless, the company ensures information of all shareholders immediately after GAS taking place, through its own website dedicated section, on decisions adopted in General Assemblies of Shareholders and the voting detailed result. The Company also makes available for the shareholders / investors current reports, notices, the financial schedule, annual, half-year, quarterly reports. Direct relation with the investors is provided by an appointed person, dedicated to informing the shareholders depending on their questions addressed in writing or by phone.

Information on corporate governance are periodically reported through corporative governance statement in the annual report and permanently updated through current reports and internet page.

Since 2014 Impact adopted the following documents grounding corporate governance:

- Code on anticorruption
- Code of conduct
- Ethical values of the Company
- Policy on security and health at the place of work, labor, environment law
- Reporting Policy

In September 2015, BVB issued a new Code of Corporate Governance. The provisions of the Code are carefully examined by the Company, and the status of compliance with its provisions is properly assessed by the Company.

Along the years, the company complied with the provisions of CCG and at the moment it carries out arrangements to comply with the provisions of the New Code as well.

Chairman of BoA	**Chief Executive Officer**	**Financial Director**
Iuliana Mihaela Urda	Bartosz Puzdrowski	Bogdan Geanta