IMPACT DEVELOPER & CONTRACTOR SA

Consolidated and unaudited financial statements
as of June 30th 2018

CONTENT:

Statement of financial position *on June 30th 2018*

	CONSOLIDATED	CONSOLIDATED
ASSETS	**31-Dec-17**	**30-Jun-18**
Tangible assets	8,916,883	9,105,701
Intangible assets	193,238	138,895
Investment property	193,342,626	193,342,626
Financial assets	-	-
Non-current receivables	6,183,956	9,852,698
Total non-current assets	***208,636,703***	***212,439,920***
Inventories	363,622,778	356,588,364
Trade and other receivables	7,095,796	16,019,600
Prepayments	145,223	191,280
Cash and cash equivalents	47,476,223	45,254,729
Total current assets	***418,340,019***	***418,053,973***
Total assets	***626,976,721***	***630,493,893***
Share capital	285,330,158	285,330,158
Share capital premiums	68,760,070	68,445,070
Revaluation reserves	3,031,970	3,024,548
Other reserves	10,408,663	8,709,043
Result for the previous year	59,918,595	65,604,522
Net profit for the period		58,705
Total shareholders' equity	***427,449,455***	***431,172,046***
Loans and borrowings	133,401,233	130,465,272
Trade and other payables	1,032,684	1,572,526
Deferred taxes	22,024,185	21,210,871
Total long-term liabilities	***156,458,102***	***153,248,669***
Loans and borrowings	12,592,951	15,952,413
Trade and other payables	30,152,062	30,114,809
Provisions for risk and charges	324,152	5,956
Total current liabilities	***43,069,165***	***46,073,178***
Total liabilities	***199,527,266***	***199,321,847***
Total shareholders' equity and liabilities	***626,976,221***	***630,493,893***

Chief Executive Officer
Bogdan Oslobeanu,

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Giani Iulian Kacic

Statement of the comprehensive result *on June 30th 2018*

	CONSOLIDATED	CONSOLIDATED
	30-Jun-17	30-Jun-18
Income from sale of real estate inventories	69,444,573	41,891,699
Book value of sold residential real estate inventories	(45,110,884)	(22,546,149)
Profit/loss from the sale of residential real estate	***24,333,689***	***19,345,551***
Rental income	310,610	708,204
Operating costs re-charged to the tenants	1,679,895	1,794,257
Operating expenses related to the properties rented	(1,591,043)	(1,795,484)
Net rental income	***88,852***	***(1,226)***
Income from sale of investment properties	-	-
Book value of investment properties	-	-
Profit/loss from the sale of investment properties	***-***	***-***
Revenues from service rendered	1,342,904	(58,746)
Raw materials and consumables used	(498,620)	(617,282)
Third party services	(3,904,739)	(4,033,481)
Employee benefit expenses	(5,217,626)	(5,969,773)
Other operating income	(53,658)	1,495,713
Other operating expenses	(2,465,705)	(4,524,913)
Other operating income / (expenses), net	***(10,797,444)***	***(13,708,482)***
Profit before interest, taxation, depreciation and amortization	***13,935,707***	***6,344,046***
Depreciation and amortization expenses	(378,320)	(453,987)
Impairment of assets, other than investment properties	562,365	(644,490)
Depreciation and related impairment charges / reversals, other than related to investment properties	***184,045***	***(1,098,477)***
Profit before interest and taxation	***14,119,752***	***5,245,571***
Financing costs	(957,482)	(3,300,617)
Financial income	(117,176)	58,934
Foreign exchange differences	11,505	(98,220)
Other financial items, net	(213,368)	(77,731)
Financial result	***(1,276,521)***	***(3,417,633)***
Gross profit	***12,843,231***	***1,827,937***
Profit tax	***(243,605)***	***(1,769,232)***
Net profit / (loss) for the period	***12,599,626***	***58,705***

Chief Executive Officer
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IMPACT DEVELOPER & CONTRACTOR S.A. * BUCURESTI * ROMANIA * 2

Statement of the cash flow *on June 30th 2018*

	30-Iun -2018
Cash flows from operating activities:	
Loss for the period	**58,705**
Adjustments for:	
Amortization expenses for tangible non-current assets	4,718,602
Amortization expenses for intangible non-current assets	76,461
Loss from depreciation of tangible non-current assets, net	-
Net changes in provisions for risk and charges	(318,196)
Loss from results of investments in shareholders and affiliated parties	-
Loss from transfer of tangible non-current assets	1,973,652
(Profit) / Loss from transfer of investment properties	-
Loss from inventory depreciation	2,148,988
Loss / (loss reversal) from depreciation of trade and other receivables	(51,696)
Changes in the fair value of investment properties	
Income from deferred profit tax	2,257,202
Expenses for provisions for litigation	
Financing costs	3,378,500
Interest income	(58,934)
Foreign exchange differences	(3,088)
	14,180,196
Changes in:	
Inventories	4,885,425
Trade and other receivables	(30,085,636)
Trade and other payables	19,124,702
Cash from operating activities	**(6,075,509)**
Taxes paid	(923,995)
Interest paid	(3,378,500)
Net cash from operating activities	**3,802,192**
Cash flow from investing activities:	
Acquisition of tangible non-current assets	(2,976,255)
Acquisition of intangible non-current assets	(22,118)
Acquisition of investment properties	-
Proceeds from sale of financial assets, net	
Proceeds from sale of investment properties	
Interest collected	(58,934)
Proceeds from sale of tangible non-current assets	6,834

	30-Iun -2018
Net cash used in investing activities	**(3,050,473)**
Cash flow from financing activities:	
Increase in share capital and share capital premiums	-
Dividends paid	-
Loan reimbursements	-
Loan drawdowns	(2,973,214)
Net cash from (used in) financing activities	**(2,973,214)**
Net increase/ (decrease) in cash and cash equivalent	**(2,221,495)**
Cash and cash equivalents on January 1st	**47,476,223**
Effect of foreign exchange variations upon cash	-
Cash and cash equivalent on June 30th 2018	**45,254,729**

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bogdan Oslobeanu,	Iuliana Mihaela Urda	Giani Iulian Kacic

IMPACT DEVELOPER & CONTRACTOR S.A. * 2 * BUCURESTI * ROMANIA * 2 *

Notes to the financial statements

1. The reporting entity

The joint stock company Impact Developer & Contractor S.A. (the "Company") is a company registered in Romania, whose basic activity is the development of real estate projects.

The address of the Company's registered office is: Willbrook Platinum Business & Convention Center, 172-176 Sos. Bucuresti – Ploiesti, Building A, 1st Floor, Bucharest, District 1, postal code 015016

The Company's consolidated financial statements for the first semester of 2018 include the Company and its subsidiaries (hereinafter referred to jointly with the Company the "Group") and the Group's interest in associated entities and partnerships.

The Company's Subsidiaries (the "Subsidiaries") and the nature of their activity are as follows:

	Country of registration	Nature of activity	2018	2017
Clearline Development and Management SRL	Romania	Real estate development	√	√
Actual Invest House SRL	Romania	Real estate development	√	√
Bergamot Developments SRL	Romania	Real estate development	√	√
Impact Finance & Developments SRL	Romania	Activities auxiliary to financial intermediation	√	√

The Company is **the first company** active in real estate development sector in Romania, being established in 1991 through public subscription. Initially, its first activities were renting and maintenance of deluxe villas in Bucharest area. In 1995, the Company **introduced for the first time** in Romania the residential concept and, consequently, it gradually changed into a pure real estate developer. Starting 1996, the Company's securities are publicly traded in Bucharest Stock Exchange (BVB). In 2006, Company's shares were promoted to 1st category of the Stock Exchange, becoming **the first** company in the real estate development and construction sector to achieve this. Since January 2015 the company shares are traded on **Premium** category according with the new local capital market segmentation.

Until 2013 IMPACT Developer & Contractor finalized **17 small and medium projects**, which comprised over **3,000 residences** and over 25,000 square meters of office and commercial spaces. Since March 31st 2017, the company has in progress residential developments located in four cities in the country, each project having different sizes and being in various stages of completion. IMPACT's activity is dominated by a major project: **GREENFIELD residential complex** in Bucharest.

On 6th of November 2014 the launch of the new development stage of GREENFIELD neighborhood took place. Until present, it consists in **Salcamilor Assembly** - 35 buildings of flats with a height regime of GF+5, consisting of 924 apartments with 2, 3 and 4 rooms each, **Platanilor Assembly** respectively - 39 buildings with over 944 apartments, which will be completed in phases. In the first quarter of 2017, 12 buildings were completed, Phases 5 and 6 of the Platanilor Assembly, a number of 476 apartments. Work also started on another 12 buildings in phase 7, 276 apartments with scheduled completion in the third quarter of 2018.

Also in 2017, the basic concept was completed and the project **Luxuria Domenii Residence** was launched, being designed for the premium segment, for which Impact, via its branch Bergamot Developments S.R.L., has acquired in 2017 a plot of land with an area of 2.25 ha in Bucharest, in the Expozitiei-Domenii neighborhood; the residential complex shall comprise 9 buildings of 630 apartments each.

The project shall be continued in 2018 by starting the construction of the first 232 apartments.

In line with the strategic vison of Impact's management team, of continuous adjustment to the evolution of the real estate market and retaining efficiency, the Company has set for this year certain objectives, whereby it responds to the demands of the market, its customers and partners.

The optimistic views to the market, but also to the relationship between Impact and its customers is based on the diversification of both the real estate products and the financial ones, whereas the Company succeeds in managing the difficult access to financing sources and the higher and higher expectations of its customers in regard of the habitat's quality.

2. Affiliates

a) ***Actual Invest House S.R.L,*** a company within the Group, providing management services to new residential developments and services for furnishing and interior decoration by partnering with leading suppliers at competitive prices, using high quality materials.

b) ***Clearline Development and Management S.R.L.*** (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 development 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 on trial with the Arges Court and it is currently carrying out the expertise (Urban Planning and Construction) as ordered in the case.

c) **Bergamot Developments S.R.L.,** a company within the Group, whose main business object is in real estate development, and starting 2018 shall develop a residential complex of approximately 52,262 sq. m. gross, namely 500 apartments on a land of approximately 16,776 sq. m., which is the first phase of the residential project Luxuria Domenii Residence. The total gross area including basements is approximately 74,852 sq. m., located in the Expozitiei-Domenii area.

d) **Bergamot Developments Phase II S.R.L.,** a company within the Group, whose main business object is in real estate development, about to develop phase B (130 apartments) of the residential project Luxuria Domenii Residence, with a gross area of 14,136 sq. m., built on a land of 5,769 sq. m. The total gross area including basements is approximately 20,100 sq. m., in the Expozitiei-Domenii area.

e) ***Impact Finance & Developments S.R.L.,*** has an important role in the diversification of services related to the sale of dwellings. Impact Finance&Developments collaborates with major financial institutions from Romania in order to provide solutions for attractive credit facilities in the shortest time possible for customers who intend to purchase a dwelling.

Transactions with affiliates

	Transactions value as of	Balance as of
Sale of goods and services	**30-Iun-18**	**30-Iun-18**
Subsidiaries		
Actual Invest House	6,201	47,820
Clearline Development and Management	3,772	50,425
Bergamot Developments	2,794	5,328,659
Bergamot Developments Phase II	2,794	895
Impact Finance	22,834	11,883
Total	**38,394**	**5,439,681**

	Transactions value as of	Balance as of
	30-Iun-18	**30-Iun-18**
Purchase of goods and services		
Subsidiaries		
Actual Invest House	704,003	1,710,741
Clearline Development and Management	-	-
Bergamot Developments	-	-
Bergamot Developments Phase II	-	-
Impact Finance	-	-
Total	**704,003**	**1,710,741**

	Transactions value as of 30-Iun-18	Balance as of 30-Iun-18
Interest income		
Subsidiaries		
Actual Invest House	-	-
Clearline Development and Management	-	-
Bergamot Developments	396,828	1,355,249
Bergamot Developments Phase II	36,497	36,572
Impact Finance	568	568
Total	**433,893**	**1,392,389**

	Transactions value as of 30-Iun-18	Balance as of 30-Iun-18
Granted loans		
Subsidiaries		
Actual Invest House	0	0
Clearline Development and Management	0	0
Bergamot Developments	0	12,210,000
Bergamot Developments Phase II	15,787,000	15,787,000
Impact Finance	0	10,000
Total	**15,787,000**	**28,007,000**

3. Subsequent Events

No subsequent events to be reported.

4. Auditors

By the Decision of the General Meeting of Shareholders dated April 26th 2018, the contract with the current external financial auditor of the Company, DELOITTE AUDIT SRL, was extended for a one-year mandate.

The consolidated financial statements as of June 30th 2018 **are not audited**.

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bogdan Oslobeanu,	Iuliana Mihaela Urda	Giani Iulian Kacic

IMPACT DEVELOPER & CONTRACTOR S.A. * BUCUREŞTI * ROMANIA * 2