IMPACT DEVELOPER & CONTRACTOR SA

Consolidated and unaudited financial statements

as of June 30th 2017

prepared according to International Financial Reporting Standards adopted by the European Union

Content:

Consolidated Statement of Financial Position *on June 30th 2017*

	CONSOLIDATED	CONSOLIDATED
ASSETS	**31-Dec-16**	**30-Jun-17**
Non current assets		
Property, plant and equipment	6,038,745	6,417,397
Intangible assets	245,075	218,932
Investment property	136,736,403	136,736,413
Financial assets	-	(1,391,060)
Long term trade and other receivables	11,215,815	10,946,284
Total Non current Assets	***154,236,038***	***152,927,966***
Current assets		
Inventories	295,687,776	306,235,148
Trade and other receivables	14,874,354	23,205,415
Prepayments	179,397	194,029
Cash and cash equivalents	17,632,043	11,012,393
Total Current Assets	***328,373,570***	***340,646,985***
Total Assets	***482,609,608***	***493,574,951***
Shareholders' Equity		
Share capital	285,330,158	285,330,158
Share premiums	84,175,480	68,760,070
Revaluation reserves	3,137,863	3,137,863
Other reserves	7,627,695	5,599,001
Retained earnings / (Accumulated losses)	(22,300,222)	10,856,816
Result for the year	29,611,815	12,599,626
Total shareholders 'equity	***387,582,789***	***386,283,534***
Loans and borrowings	28,519,089	35,110,429
Trade and other payables	2,863,944	3,554,311
Deferred taxes	13,814,127	13,826,334
Total Non-current liabilities	***45,197,160***	***52,491,074***
Loans and borrowings	28,715,491	25,055,361
Trade and other payables	21,107,550	29,738,364
Provisions for risk and charges	6,618	6,618
Total Current liabilities	***49,829,659***	***54,800,343***
TOTAL Liabilities	***95,026,819***	***107,291,417***
TOTAL Shareholders' Equity and Liabilities	***482,609,608***	***493,574,951***

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bartosz Puzdrowski	Iuliana Mihaela Urda	Bogdan Nicolae Geanta

Consolidated Statement of Comprehensive Result *on June 30th 2017*

	CONSOLIDATED	CONSOLIDATED
	30-Jun-16	**30-Jun-17**
Income from sale of real estate inventories	52,107,621	69,444,573
Book value of sold real estate inventories	(33,744,483)	(45,110,884)
Profit / (loss) from sale of real estate inventories	***18,363,138***	***24,333,689***
Rental income	690,249	310,610
Operating costs charged to tenants	1,102,441	1,679,895
Operating expenses directly related to properties rented	(1,050,424)	(1,591,043)
Net rental income	***52,017***	***88,852***
Income from sale of investment properties	1,434,154	-
Book value of sold investment properties	(1,304,721)	-
Result from sale of investment properties	***129,433***	***-***
Revenues from services rendered	1,147,314	1,342,904
Raw materials and consumables used	(794,092)	(498,620)
Third party services	(3,070,478)	(3,904,739)
Employee benefits expense	(4,052,972)	(5,217,626)
Other operating income	(662,327)	(53,658)
Other operating expense	3,976,834	(2,465,705)
Other operating income / (loss), net	***(3,455,721)***	***(10,797,444)***
Earnings before interest, taxation, depreciation and amortization	***15,779,116***	***13,935,707***
Depreciation and amortisation	(303,148)	(378,320)
Impairment of assets, other than investment properties	(1,098,420)	562,365
Depreciation and related impairment charges / reversals, other than investment properties	***(1,401,568)***	***184,045***
Earnings before interest and taxation	***14,377,548***	***14,119,752***
Financing costs	(493,626)	(957,482)
Financing income	12,722	(117,176)
Foreign exchange result	51,329	11,505
Other financial result	(206,886)	(213,368)
Financial result	***(636,461)***	***(1,276,521)***
Gross profit (EBT)	***13,741,087***	***12,843,231***
Income tax	***-***	***(243,605)***
Net profit / (loss) for the period	***13,741,087***	***12,599,626***

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bartosz Puzdrowski	Iuliana Mihaela Urda	Bogdan Nicolae Geanta

Consolidated Statement of Cash flow *on June 30th 2017*

	30-Jun-17
Cash flows from operating activities	
Profit before income tax	**12,599,577**
Amortization	378,320
Financing costs net	1,276,570
Cash flows before changes in operating activities related assets and liabilities	14,254,467
Decrease / (increase) in trade receivables and other receivables	(8,076,162)
Decrease / (increase) in inventory	(10,547,372)
Decrease / (increase) in trade payables and other payables	(3,158,255)
Net cash used from operating activities	**(7,527,322)**
Cash flows from investment activities	
Net cash used in investing activities	**660,270**
Cash flow from financing activities	
Proceeds /(Payments) from loans	2,931,210
Proceeds /(Payments) from share capital	(1,407,238)
Net finantal costs	(1,407,238)
Net cash used in financing activities	**247,402**
Net increase/(decrease) in cash and in cash equivalents	**(6,619,650)**
Cash and cash equivalents at the beginning of the period	**17,632,043**
Cash and cash equivalents at the end of the period	**11,012,393**

Chief Executive Officer	Chairman of the Board of Directors	Chief Financial Officer
Bartosz Puzdrowski	Iuliana Mihaela Urda	Bogdan Nicolae Geanta

Notes to the financial statements

1. The reporting entity

The stock company IMPACT Developer & Contractor S.A. (the "Company") is a company registered in Romania which offers complete residential solutions.

The Company's seat address is "Construdava" Business Centre, 4C Pipera-Tunari Street, Voluntari City, Ilfov County, Romania.

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.

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

	Country of registration	**Nature of activity**	**2017**	**2016**
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 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 for the first time** in Romania the residential concept 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 2006, Company's shares were promoted to 1st category of the Stock Exchange, becoming **the first** real estate company to achive 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. On March 31st 2017, the company has in progress residential developments located in four cities in the country, each project having different sizes and beeing in various stages of completion. IMPACT 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. Until present, it consists in **Salcamilor Assembly** - 35 blocks of flats with a height regime of GF+5, consisting of 924 apartments with 2, 3 and 4 rooms each, **Platanilor Assembly** respectively - 39 blocks with over 944 apartments, which will be completed in phases. In the first quarter of 2017, 12 blocks were completed, Phases 5 and 6 of the Platanilor Assembly, a number of 476 apartments. Work also started on another 12 blocks in phase 7, 276 apartments with scheduled completion in the last quarter of 2017.

The company's management follows the market trends and it appropriately responds to any changes in demand and very quickly adapts to market changes.

IMPACT makes constantly all the efforts in order to prove that it is customer-oriented, by being in line with the most specific needs of the consumer in this field. Implicitly, IMPACT proves a high level of adaptability to the specific market conditions, by succeeding in managing the existing realities and in identifying exploration resources of new business opportunities. To this end, the company's management continue to follow trends and market evolution and through the urban concepts innovation of the products it offers, will ensure the recognition of IMPACT Developer & Contractor as leader of the local real estate market, with focus on Romania's capital, Bucharest.

2. Affiliates

a) ***Actual Invest House S.R.L***, a company within the Group, 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.

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 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.

c) ***Bergamot Developments S.R.L.,*** a company within the Group shall further develop a residential assembly of approx. built 63,000 sq.m. and a no. of 630 apartments.

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

Transactions with affiliates

	Transactions value as of	**Balance as of**
	30-Jun-17	**30-Jun-17**
Sale of goods and services Affiliates		
Sale of goods and services	76,122	127,502
Clearline Development and Management	4,366	41,317
	80,488	**168,818**

	Transactions value as of	Balance as of
	30-Jun-17	30-Jun-17
Purchase of goods and services		
Affiliates		
Actual Invest House	3,838,137	2,183,109
Clearline Development and Management	0	699
	3,838,137	**2,183,808**

	30-Jun-17		
	Gross value	Depreciation	Book value
Granted loans			
Affiliates			
Clearline Development and Management	1,130,338	1,130,338	0
	1,130,338	**1,130,338**	**0**

3. Events after

1. On July 10th, 2017, the Company offered 120 A series bearer bonds for subscription, each with a face value of EUR 100,000 and a total face value of EUR 12,000,000, issued in a physical form, to two funds of investments managed by Credit Value Investments Sp. Z o. (CVI) which accepted the Offer on the same date. The bonds were initially offered at a price of € 98,400 per Bond (or € 11,808,000 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 mandatory redeem 50% of the nominal value of the Bonds. Bonds bear interest at a fixed rate of 6.00% per annum, payable twice a year.

Income from the Bond Issue was used to fund land acquisition through Bergamot Developments to develop and build residential projects. 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 18,000,000 (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 of the Bonds, which can be exercised from the second interest payment date, provided that the minimum redeemed amount is at least EUR 1,000,000.

2. On 14th pf July 2017, the loan agreement between Bergamot Developments, affiliated party, borrower and Impact Developer & Contractor, lender, was signed. The purpose of this loan agreement is to acquire land plots and build on them a residential complex. The loan amount is 54,000,000 ron with an interest rate of 6.5% / year, with repayment term no later than August 15th, 2017, with the possibility to be converted into share capital.

3. On July 17th, 2017, BERGAMOT DEVELOPMENTS concluded with BLUEROSE RO CORPORATION the sale contract through which it acquired the land in the area of 22,982 sqm located in Bucharest, 1st District, 68 Clabucet Street, in order to develop a residential complex of approximately 63,000 sqm built. The acquisition price was EUR 10,571,720. The price has been paid in full.

4. On July 28th, 2017, a mortgage loan was signed for real estate investments with the purpose of financing the construction, installation and interior design of the collective dwelling ensemble "The Ensemble of the Platanilor", Greenfield II, Phases 7.2 and 7.3, located in 290-296Aleea Teisani, 1st District, Bucharest, consisting of 12 blocks with height regime GF + 4S and GF + 5S. The contract is concluded with PIRAEUS BANK ROMANIA S.A. and has a value of 32,730,000 lei and a maturity of 36 months from the date of signing.

The following securities were set up:

- The first rank estate mortgage on the land and the future constructions representing: The collective dwellings ensemble Greenfield 2, stages 7/2 and 7/3, located in Bucharest, Aleea 290-296Teisani, 1st District.
- Real security guarantee on current receipts and accounts of Impact Developer & Contractor SA. with PIRAEUS BANK ROMANIA SA, at the value of the guarantee.
  Assignment of receivables from the sale of real estates (apartments, parking lots, land share) related to phase 7.2 and 7.3, with registration at AEGRM, at the value of the guarantee.

1. Auditors

By Decision of General Shareholders Assembly in April 2017 the contract with the current external financial auditor of the Company, DELOITTE AUDIT SRL, was extended for a mandate of 1 (one) year.

The Financial Statements Consolidated as of June 30th 2017 **are not audited**.

Chairman of the Board of Directors	Chief Financial Officer
Iuliana Mihaela Urda	Bogdan Nicolae Geanta