



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

Subscribed and paid up share capital: RON 274,443,532.

Registered with the Trade Registry Office within Bucharest Court under no. J40/7228/2018, S.R.C. RO 1553483



Quarterly Report 3rd Quarter 2019

Report date: 14.11.2019

Name of the issuing company: **IMPACT DEVELOPER & CONTRACTOR SA**

Registered office: Willbrook Platinum Business & Convention Center,

172-176 Sos. Bucuresti – Ploesti, Building A, 1st Floor, Bucharest, District 1, postal code 015016

Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83

Fully subscribed and paid up capital: 274,443,532 RON

Regulated market where the issued securities are traded: Bucharest Stock Exchange

THE FIRST 9 MONTHS OF 2019 ("9M 2019") – HIGHLIGHTS

- 334 pre-sale agreements and reservations on September 30, 2019 expected to be translated into sales in 2019 and 2020
- 210 dwellings sold (19,397 sq. m. gross area, of which 19,172 sq. m. for apartments and 225 sq. m. for a house)
- 192 apartments finalized in Greenfield in August 2019 (the last phase of Platanilor Assembly)
- Continuing the procedures for obtaining the new Zonal Urban Plan (PUZ) for Greenfield IV (Teilor Assembly) and Greenfield V; Greenfield IV shall include Greenfield Plaza, a trade and leisure center
- Identifying solutions for framing the next stages of Greenfield development in green buildings category and identifying the appropriate funding sources
- Signing of the first rental contracts for the commercial spaces to be built in the Greenfield Plaza commercial area
- Continuing the construction works for the 1st phase of the Luxuria Domenil Residence ("Luxuria") project, specifically 232 apartments estimated to be completed in the 4th quarter of 2019 and delivered to buyers in the first quarter of 2020
- Starting the development for the 2nd phase of the Luxuria project, namely 268 apartments estimated to be completed in the 3rd quarter of 2020
- Financing for the 2nd phase of the Luxuria project from UniCredit Bank (20.7 mil EUR representing 65% of the phase development costs); the loan agreement was signed in October 2019
- Market prospecting for financing the 3rd phase of the Luxuria project
- Obtaining the PUZ and starting the procedures for obtaining the building permit for the residential projects to be developed in Constanta
- Identifying locations/plots of land in Bucharest and in other cities throughout the country for future developments (e.g. Timisoara, Cluj, Iasi)
- Active and sustained involvement in sport events and Corporate Social Responsibility ("CSR") actions

MAIN FINANCIAL PERFORMANCE INDICATORS - CONSOLIDATED

LEI thousand	9M 2019	9M 2018	Var %	Q3 2019	Q3 2018	Var %
Revenue from real estate inventories	100,550	61,865	63%	21,019	19,974	5%
Gross profit	47,509	28,919	64%	10,325	9,573	8%
Gross margin %	47%	47%	1%	49%	48%	2%
Operating expenses	(19,733)	(19,769)	(0%)	(6,862)	(6,315)	9%
Operating expenses % of revenue	20%	32%	(39%)	33%	32%	3%
EBITDA	28,398	9,827	189%	3,649	3,481	5%
EBITDA margin %	28%	16%	78%	17%	17%	(0%)
EBIT	27,682	8,644	220%	3,664	3,397	8%
EBIT margin %	28%	14%	97%	17%	17%	3%
Net result	18,494	561	3195%	2,018	501	302%
Net result margin %	18%	1%	1927%	10%	3%	282%

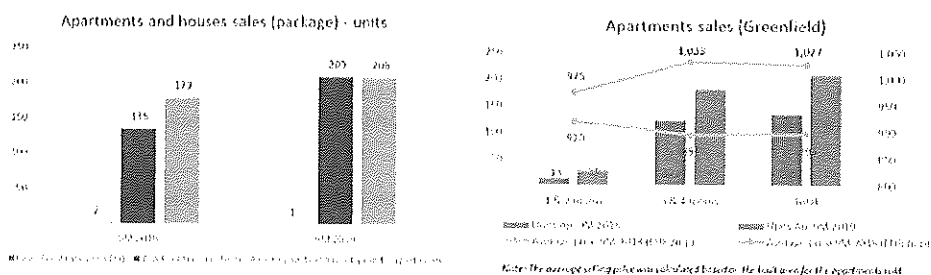
The results registered in 9M 2019 were supported by the volume increase of apartment sales related to the Greenfield Baneasa Residence („Greenfield”) project, which led to an improvement of the financial Indicators compared to 9M 2018 given the structure of the operating costs that is mainly fixed.

In September 2019, the pre-sales and reservations related to the last phase of Greenfield III started to be reflected in revenues as final sales are made (18 of the 192 apartments completed in August 2019).

In 9M 2019, a negative influence over the net result was exercised by the financial costs due to an increase in unrealized foreign exchange losses, particularly related to the revaluation of bonds (c. 24.5 mEUR) at the end of January 2019, when the exchange rate has risen to 4.7348 RON/EUR from 4.6639 as on December 31, 2018 (c. 1.7 mLEI). Moreover, the Company has registered and paid in 9M 2019 income taxes of 4.84 mLEI (9M 2018: 2.43 mLEI).

SALE OF DWELLINGS

In 9M 2019, sales have reached a number of 210 dwellings – apartments and houses, plus parking spots and court yards included in the packages (137 in 9M 2018) and 20 parking spots (6 in 9M 2018). The apartments sold in 9M 2019 totalized a gross area of 19,172 sq. m., 45% higher than the apartments sold in 9M 2018 (13,201 sq. m.).



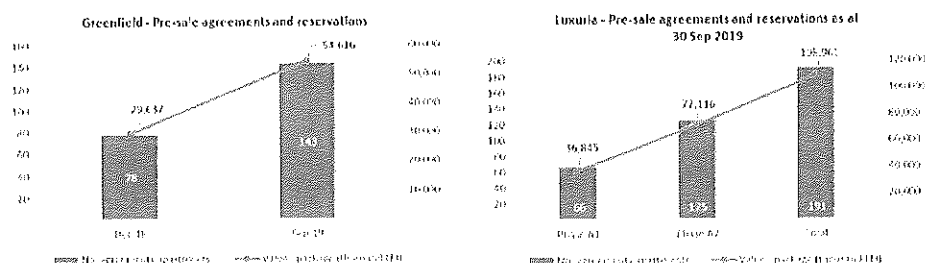
From the total number of apartments sold in Greenfield, in 9M 2019, 5 apartments (590 sq. m.) were sold in Salcamilor Assembly, 204 apartments (18,582 sq. m.) in Platanilor Assembly and one house in Constanta. In 9M 2018, from the total number of sold apartments, 39 apartments (4,157 sq. m.) were sold in Salcamilor Assembly, 95 apartments (8,913 sq. m.) were sold in Platanilor Assembly, one in Greenfield I, one house in Oradea and one house in Constanta.

Both the volume and the sale price had a positive influence upon sales. The average value of a transaction (including the value of the parking spots and related court yards) has grown around 3.8%, from approximately 96,721 EUR in 9M 2018, to 100,353 EUR in 9M 2019.

Pre-sales of apartments

In addition to the 210 sale agreements, whose value is reflected in the revenues booked in 9M 2019, on September 30, 2019, there were opened pre-sale agreements and reservations for 334 apartments located in Greenfield and Luxuria, with a value of approximately 163.5 mLEI, estimated to be transformed into revenues as follows:

- Last quarter of 2019 and first quarter of 2020: c. 54.6 mLEI related to 143 pre-sale agreements and reservations for finalized apartments (Greenfield II and Greenfield III), of which 105 pre-sale agreements and reservations concluded for the last construction phase of Greenfield III that was delivered by the end of the period (192 apartments in total, for 18 flats being concluded sale agreements in 9M 2019);
- First half of 2020: c. 72.1 mLEI for the first phase of Luxuria;
- Second half of 2020: c. 36.8 mLEI for the second phase of Luxuria.



In addition to the pre-sale agreements and the reservations presented above, on September 30, 2019, there were concluded pre-sale agreements for 28 apartments related to the Luxuria project with a total package value of c. 17.5 mLEI (14 apartments and the related parking for each of the first two phases of the Luxuria project). These contracts entered into force at the beginning of October 2019.

Greenfield (the first three phases completed) – dwellings sold until September 30, 2019

On September 30, 2019, 2,297 apartments (app. 90%) were signed, out of the 2,548 apartments already built in the Greenfield project. [NB: Including pre-sale agreements and reservations as at September 30, 2019]

- **Greenfield I:** 680 apartments completed and fully sold (except for 3 apartments that are rented out);
- **Greenfield II (Salcamilor Assembly):** for the 924 completed apartments, 922 agreements were concluded (99.8%), whereof 920 sale agreements and 2 pre-sale agreements and reservations;
- **Greenfield III (Platanilor Assembly):** for the 944 apartments completed, 691 agreements were concluded (app. 73.2%), whereof 550 sale agreements and 141 pre-sale agreements and reservations.

MAIN INDICATORS OF THE FINANCIAL POSITION – CONSOLIDATED

LEI thousand	30-Sep-2019	31-Dec-2018	Var %
Non-current assets, of which	235,938	225,241	5%
Investment property	223,792	217,113	3%
Property, plant and equipment	6,562	6,855	(4%)
Current assets, of which	482,768	422,310	14%
Inventories	417,642	365,753	14%
Trade and other receivables	28,497	25,817	10%
Cash and cash equivalents	36,628	30,740	19%
Total assets	718,706	647,551	11%
Liabilities, of which	266,078	200,745	33%
Loans and borrowings	188,359	148,993	26%
Equity	452,628	446,807	1%
Total equity and liabilities	718,706	647,551	11%

The Company's net assets were 1% higher on September 30, 2019 compared to December 31, 2018, particularly due to the sales performed in 9M 2019.

The 14% increase in inventories as at September 30, 2019 compared to December 31, 2018 is due to the construction works related to the first two phases of Luxuria and to the last phase of Greenfield III.

The Company has registered and paid taxes and contributions to the Romanian State Budget amounting to over 18.2 mLEI in 9M 2019 (VAT, income tax, etc.).

In 9M 2019, the Company has contracted and used a working capital credit facility of 19.7 mLEI from Libra Internet Bank that was 84% utilized as at September 30, 2019. This and the drawings made from the loan granted by UniCredit Bank for the financing of the first phase of Luxuria are the main reasons for the 26% increase in the outstanding balance of bank loans as at September 30, 2019 compared to December 31, 2018.

LAND PORTFOLIO AS AT September 30, 2019

At the end of September 2019, the Company owned 89.5 ha of land with a book value of 410.4 mil LEI, land Intended for sale and the development of new projects.

In 9M 2019, Impact's land portfolio was not subject to significant changes compared to December 31, 2018, except for the acquisition of several plots of land in Greenfield (one plot of land of 5,000 sq. m. in Baneasa – Aleea Teisani and another 26 plots of land adding up to 18,974 sq. m.).

Location	City	Surface (ha)	IFRS book value (mLEI)	IFRS book value (mEUR)	EPRA value (mLEI)	EPRA value (mEUR)	Investment value (mLEI)	Investment value (mEUR)
Greenfield Baneasa	Bucharest	39.3	215.5	46.2	260.2	55.8	304.0	65.2
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
		89.5	410.4	88.0	624.7	130.9	638.6	138.3

Note 1: The EPRA value was determined based on the market value according to the recalculations performed by Colliers' Valuations and Advisory as at 31 Dec 2018.

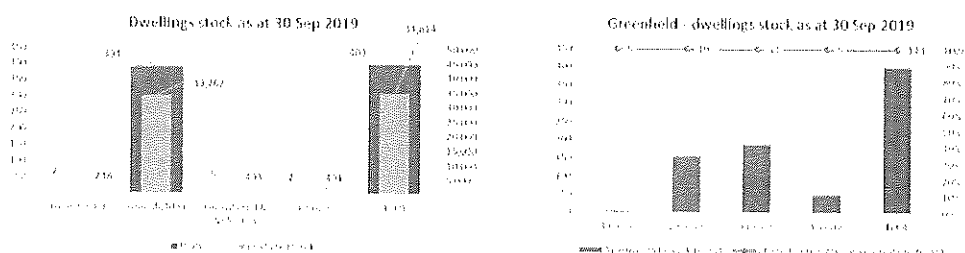
Note 2: The investment value differs from EPRA value only for Greenfield, where the land value was determined by using the residual technique of the margin approach for the land related to 6 Phases of Greenfield which started or that are to be started in 2019/2020. Both investment and market value were estimated by Colliers for 16th EUR from the investment value vs. 142 EUR/m² for the market value (used for EPRA).

Note 3: The 15% rate used to translate the RON denominated amounts in EUR. See Financials.

DWELLINGS INVENTORY AS AT September 30, 2019

As at September 30, 2019, the inventory included 403 apartments and houses fully completed, with a built area of 34,814 sq. m. and a book value of app. 88.2 mLEI.

The detailed status of the inventory of apartments and houses as at September 30, 2019 is the following:



PROJECTS UNDER DEVELOPMENT

Impact's activity during the first 9 months of 2019 was dominated by the development of two residential projects located in Bucharest, specifically **Greenfield Residence Baneasa** and **Luxuria Domenii Residence**.

Luxuria Domenii Residence (Bucharest)

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 commenced in 2018, shall be developed on an area of app. 2.25 ha and shall bring to the market 630 apartments, estimated for delivery as follows: 232 apartments during the 4th quarter of 2019, 268 apartments during the 3rd quarter of 2020 and 130 apartments during the second half of 2021.

In 9M 2019, the development/construction works for the first two phases of the project estimated for delivery in 2019/2020 continued (i.e. 232 apartments – fourth quarter of 2019; 268 apartments – in the third quarter of 2020).

Greenfield Baneasa Residence (Bucharest)

In 9M 2019, the construction works for the last 192 apartments of Greenfield III (Platanilor Assembly, 14,500 sq. m.) were continued and the apartments were finalized in August 2019.

Furthermore, the procedure for obtaining the PUZ for Greenfield IV (to include 1,900 apartments) and Greenfield V (to include over 2,400 apartments) were continued. Greenfield IV shall include the Greenfield Plaza, to incorporate a Strip Mall, an office area, a SPA area and a gym/sports hall. These phases will be designed to include Smart City facilities and buildings that meet the design principles of green buildings, minimizing energy consumption and using energy from renewable sources to minimize the carbon footprint of these phases.

Other projects

Constanta – obtaining the PUZ and start the procedures for obtaining the building permit for the residential project Boreal Plus to be developed in Constanta (to include over 640 apartments and 19 houses).

Bucharest - continuing the procedures for updating the technical documentation for the residential project to be developed on the plot of land with an area of approximately 26 ha owned by the Company and located in Bucharest, in Timisoara Blvd. - Prelungirea Ghencea neighborhood. The project shall include over 1,400 apartments.

CSR ACTIVITIES

2019 meant for Impact the intensification of the efforts to support the actions of social responsibility mainly by adopting causes that have as objectives the protection of the environment and the promotion of a healthy lifestyle.

Under the umbrella of Greenfield brand, Impact has intensified its maintenance and environmental actions in the Baneasa Forest area. In 2019, together with Greenfield community, it was organized the plantation of 1000 oaks, attended by over 100 parents and children, guided by specialists from Romsilva, who explained both the planting procedure, but also the beneficial impact of these activities. Also, Impact continued the cleaning actions on Baneasa Forest area, within the "Great Cleaning" Initiative.

Willing to motivate parents and children to do more outdoor sports, Impact has resumed campaigns to raise responsibility and awareness of the importance of sport for a healthy life by continuing to position Greenfield brand in the segment of brands associated with protecting the environment and healthy lifestyle. With the help of three key opinion leaders from the parental sphere, Greenfield's message reached as many parents, interested in the health of their children and willing to get involved in activities meant to improve both their physical condition and their mental state.

In the summer of this year, Greenfield organized Birdwatching Clubs to educate small residents and help them to realize that the nearby forest is an invaluable treasure. The analysis of the fauna in Baneasa Forest is a necessary exercise for the children, in order to know and understand better the ecosystem, the life right of all creatures and the responsibility of the citizens to protect and care for nature.

In the autumn, Greenfield launched a manifesto event: Clean and Run, the largest Running and Cleaning Initiative in Baneasa Forest, which gives participants the opportunity to do nature sports and, at the same time, be responsible for the environment through a civic action, collecting garbage from nature.

Clean and Run means movement and care for the environment, empowerment and civic spirit. Greenfield wants plogging to become a popular concept in Romania, practiced as often as possible, for added health and a clean, normal nature.

Promoter of sport and a healthy lifestyle

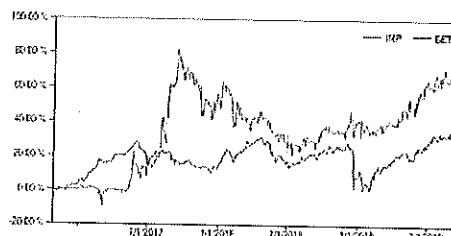
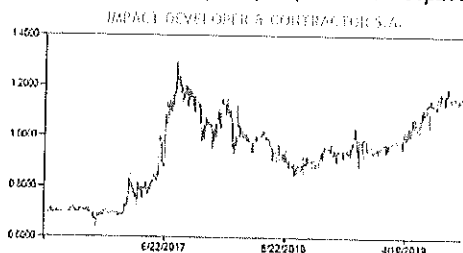
The Greenfield brand promotes a healthy, active lifestyle, encourages outdoor movement, supports sports and proudly participates in sports competitions. In 2019, Greenfield was the main sponsor of Baneasa Forest Run, which reached its 4th edition and enjoyed the presence of 1500 people. Another sports competition that Greenfield holds is Baneasa Race, which already has 5 editions, the last event gathering over 1200 competitors.

The most popular competition in which Greenfield had a dedicated race, Greenfield Relay, was in the Bucharest Half Marathon, which had 18,000 participants. In 2019 Greenfield launched a duathlon sports competition along with the Road Grand Tour, the first edition of GREENFIELD DUO CHALLENGE being a real success.

IMPACT ON THE CAPITAL MARKET

Impact Developer & Contractor is listed at the Bucharest Stock Exchange since 1996. As of 2006, its shares are traded 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. In August 2019, following the decision of the General Shareholders' Meeting of April 24, 2019, the share capital was reduced by 3,423 thousand LEI as a result of the cancellation of a number of 3,423,042 own shares acquired by the Company. Thus, the total number of shares of Impact Developer & Contractor was reduced from 277,866,574 shares to 274,443,532 shares.

Evolution of Impact share price (IMP) Oct2016 – Sep2019 Relative evolution of IMP vs. BET index Oct2016 – Sep2019



There are no restrictions related to the transfer of securities, there are no restrictions related to the voting rights, there are no holders of securities with special control rights.

METRICS	31-Dec-17	31-Dec-18	30-Sep-19
Price per share (RON)	1.05	0.99	1.16
Number of Shares (Impact Developer & Contractor)	277,866,574	277,866,574	274,443,542
Market capitalization (RON)	291,759,903	275,087,908	318,354,509
IFRS (consolidated)			
Net profit (LEI)	51,098,000	20,828,000	18,494,028
Net asset value ("NAV")	427,450,000	446,807,255	452,628,323
Profit per share (LEI)	0.18	0.07	0.07
NAV/Share (LEI)	1.54	1.61	1.65
EPRA* (consolidated)			
Net asset value ("NAV")	599,972,909	720,021,200	739,715,706
NAV/Share (LEI)	2.16	2.59	2.70

*European Public Real Estate Association

The reconciliation between the Net Book Assets according to the IFRS consolidated financial statements and the EPRA standard is the following:

LEI	31-Dec-17	31-Dec-18	30-Sep-19
NAV per the IFRS financial statements	427,450,000	446,807,255	452,628,323
Include:			
i) Revaluation of property developed for sale	77,743,519	32,208,675	42,831,217
ii) Revaluation of land held as inventory	68,574,389	203,296,632	206,554,456
iii) Revaluation of land held as fixed assets	-	7,760,639	7,753,710
Exclude:			
iv) Deferred tax	26,205,000	29,948,000	29,948,000
EPRA NAV	599,972,909	720,021,200	739,715,706

i) Revaluation of property developed for sale.

The inventories of finished products (finalized apartments) were revaluated at their market value on December 31, 2017 and on December 31, 2018 by Colliers Valuation and Advisory. The increase / difference between the market value resulted from the revaluation and the book value (the lowest value between the cost and the net realizable value) was included in the value of the Net Book Assets according to EPRA. For finalized apartments at the end of 2018, on September 30, 2019, the values from the valuation report drafted by Colliers on December 31, 2018 were used – the most recent valuation report drafted by an external evaluator. For the apartments completed in August 2019 (the last phase of Greenfield III - Platanilor Assembly) and in stock on September 30, 2019, the estimated sales values were used.

ii) & iii) Revaluation of lands included in inventories and fixed assets

The lands (both those included in investment properties and those included in the inventories and fixed assets) were revaluated on December 31, 2017 and on December 31, 2018 by Colliers Valuation and Advisory. The adjustment was made in order to reflect the market value of the lands included in inventories and fixed assets. The lands included in inventories are valued in the IFRS financial statements at the lowest value between the cost and the net realizable value. The lands included in fixed assets are valued in the IFRS financial statements at their cost. The revaluation of the lands included in investment properties is reflected in the IFRS financial statements, whereas they are valued at their market value. On September 30, 2019, the values from the valuation report drafted by Colliers on December 31, 2018 were used – the most recent valuation report drafted by an external evaluator.

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

PERSPECTIVES FOR Q4 2019

- Estimation of completion of the first phase of the Luxuria project in Q IV (232 apartments);
- Estimation of obtaining the PUZ for Greenfield IV;
- Start of the procedures for starting in Q IV the construction works for the new assembly in Boreal Plus Constanta (over 640 flats and 19 houses);
- Starting the negotiation for obtaining financing for the third phase of the Luxuria project.

CONSOLIDATED ENTITIES

The financial statements of Impact group include the results of Impact Developer & Contractor SA and the results of its subsidiaries: Bergamot Developments SRL, Bergamot Developments Phase II SRL, Actual Invest House SRL, Impact Finance & Developments SRL and Clearline Development and Management.

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board
Iuliana Mihaela Urda

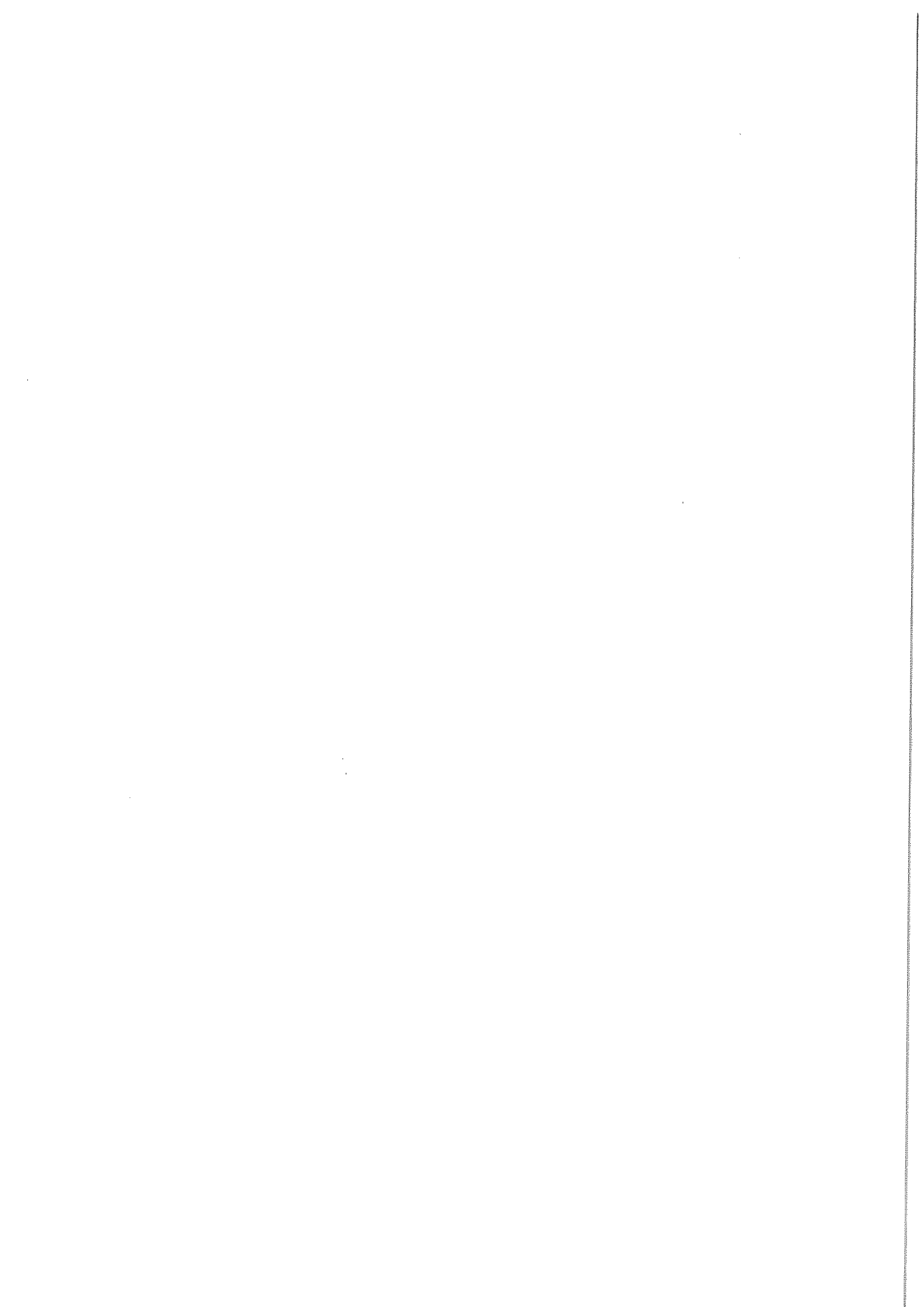
Chief Financial Officer
Gian-Iulian Kalcic

ANNEX 1 – CONSOLIDATED PROFIT AND LOSS ACCOUNT – 9M 2019 (UNAUDITED)

LEI thousand	30-Sep-2019	30-Sep-2018
Revenue from real estate inventories	100,550	61,865
Costs of real estate inventories	(53,041)	(32,947)
Gross profit	47,509	28,919
Net rental income	44	1,250
General and administrative expenses	(13,474)	(14,318)
Marketing expenses	(3,296)	(1,050)
Depreciation and amortization	(622)	(677)
Other operating income/expenses	(2,385)	(4,974)
Total other income / expenses	(19,733)	(19,769)
Unrealised gains / (loss) on investment property	-	-
Adjusted operating profit before exceptional items and impairment of long term assets	27,775	9,149
Impairment of assets	(93)	(505)
Other income/expense (exceptional)	-	-
Operating profit	27,682	8,644
Finance costs, net	(4,343)	(5,649)
Profit before income tax	23,339	2,994
Income tax credit/(charge)	(4,845)	(2,433)
Profit / (loss) for the period	18,494	561

ANNEX 2 – CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2019 (UNAUDITED)

LEI thousand	30-Sep-2019	31-Dec-2018
ASSETS		
Non-current assets		
Property, plant and equipment	6,562	6,855
Intangible assets	4,260	95
Investment property	223,792	217,113
Financial assets	(0)	(0)
Long term trade and other receivables	1,324	1,178
Total non-current assets	235,938	225,241
Current assets		
Inventories	417,642	365,753
Trade and other receivables	28,497	25,817
Cash and cash equivalents	36,628	30,740
Total Current Assets	482,768	422,310
Total Assets	718,706	647,551
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	281,907	285,330
Share premium	68,760	68,760
Revaluation reserves	3,064	3,071
Other reserves	1,121	3,462
Own shares	(4,496)	(3,038)
Retained earnings	83,778	68,394
Result for the period	18,494	20,828
Total equity	452,628	446,807
Non-current liabilities		
Loans and borrowings	114,904	114,100
Trade and other payables	930	1,151
Deferred tax liability	25,009	25,823
Total non-current liabilities	140,843	141,074
Current liabilities		
Loans and borrowings	73,454	34,893
Trade and other payables	51,184	24,176
Provisions for risk and charges	595	601
Total current liabilities	125,234	59,671
Total liabilities	266,078	200,745
Total shareholders' equity and liabilities	718,706	647,551





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Impact Developer & Contractor SA

Financial ratios as at September 30, 2019

A. Annex 13 A to the ASF Regulation No. 5/2018

Impact - Individual

Ratio	30-Sep-2019	Calculation method
Current ratio	6.2	Current assets/Current liabilities
Gearing ratio	32.81%	Borrowed capital/Equity x 100
Receivables turnover	19.12	Average balance for receivables/Revenues x 270
Non-Current assets turnover	0.33	Revenues/Non-current assets

Impact - Consolidated

Ratio	30-Sep-2019	Calculation method
Current ratio	3.85	Current assets/Current liabilities
Gearing ratio	41.61%	Borrowed capital/Equity x 100
Receivables turnover	14.24	Average balance for receivables/Revenues x 270
Non-Current assets turnover	0.43	Revenues/Non-current assets

B. Gearing ratio calculated based on EPRA NAV

Impact - Individual & Consolidated

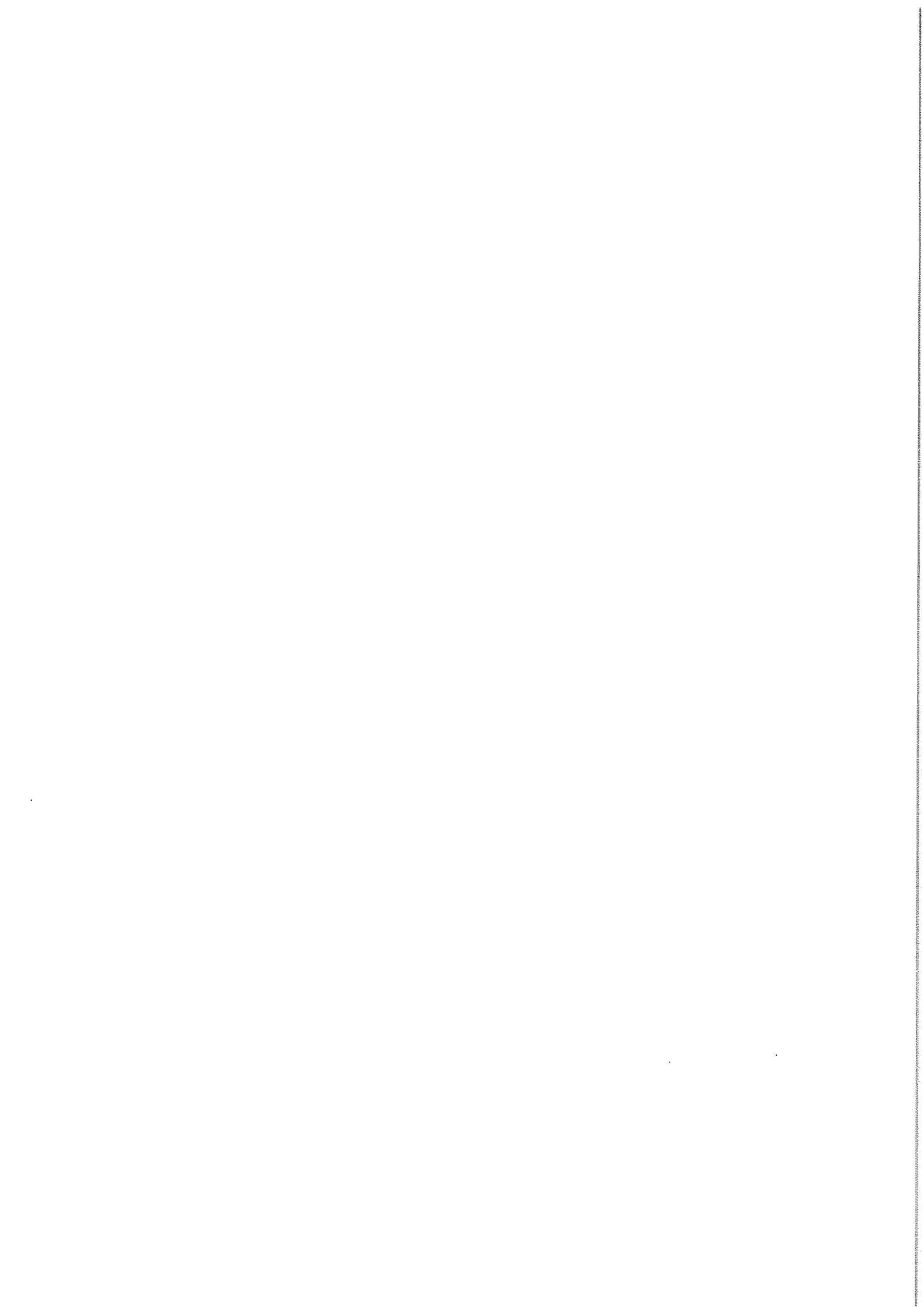
Ratio	30-Sep-2019	Calculation method
Gearing ratio (individual)	22.68%	Borrowed capital/EPRA NAV x 100
Gearing ratio (consolidated)	25.46%	Borrowed capital/EPRA NAV x 100

Note: The financial ratio were calculated based on the unaudited individua and consolidated financials as at September 30, 2019, both the ones calculated according to the ASF Regulation No. 5/2018 and the Gearing ratio calculated based on EPRA NAV

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board
Iuliana Mihaela Urda

Chief Financial Officer
Giani Iulian Kaclic



IMPACT DEVELOPER & CONTRACTOR S.A.

**INDIVIDUAL FINANCIAL STATEMENTS
ON SEPTEMBER 30, 2019**

**DRAFTED ACCORDING TO THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION**

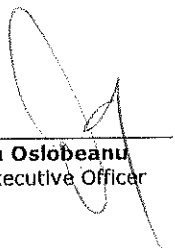
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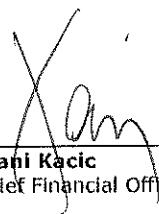
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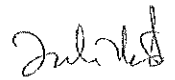
IMPACT DEVELOPER & CONTRACTOR S.A.
STATEMENT OF FINANCIAL POSITION
ON SEPTEMBER 30, 2019

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

	<u>Note</u>	<u>30-Sep-2019</u>	<u>31-Dec-2018</u>
ASSETS			
Non-current assets			
Tangible non-current assets		4,613	5,629
Intangible non-current assets		128	67
Investment properties		224,430	217,113
Financial assets	10,11	56,190	56,190
Trade and other receivables		20,622	19,043
Total non-current assets		305,984	298,042
Current assets			
Inventories	9	241,525	264,627
Trade and other receivables		72,913	41,244
Cash and cash equivalents	12	29,794	26,676
Total current assets		44,231	332,547
Total assets		650,215	630,589
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	281,907	285,330
Share premium		68,760	68,760
Revaluation reserves		3,064	3,064
Other reserves		730	730
Own shares	14	(4,496)	(3,038)
Retained earnings		84,715	74,034
Net profit for the period		19,145	19,987
Total equity		453,825	448,866
Long-term liabilities			
Loans	15	114,904	114,100
Trade and other payables	16	930	1,151
Deferred tax		25,009	25,009
Total long-term liabilities		140,843	140,261
Current liabilities			
Loans	15	33,990	28,786
Trade and other payables	16	20,962	12,075
Provisions for risk and charges	17	595	601
Total current liabilities		55,547	41,462
Total liabilities		196,390	181,723
Total shareholders' equity and liabilities		650,215	630,589

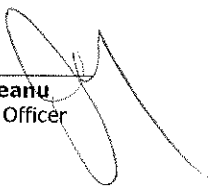

Bogdan Oslobeanu
 Chief Executive Officer

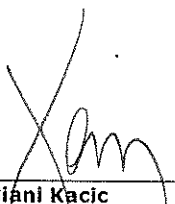

Giani Kacic
 Chief Financial Officer

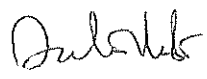

Iuliana Mihaela Urda
 Chairman of the Board

IMPACT DEVELOPER & CONTRACTOR S.A.
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

	<u>Note</u>	<u>30-Sep-2019</u>	<u>30-Sep-2018</u>
Revenue from sale of residential properties	18	100,550	61,701
Costs related to residential properties		<u>(52,403)</u>	<u>(32,884)</u>
Gross profit		48,147	28,817
Net rental income	18	88	1,526
General and administrative expenses	19	(13,880)	(15,393)
Marketing expenses		(2,731)	(1,093)
Amortization		(520)	(921)
Other operating income/expenses	20	<u>(1,242)</u>	<u>(3,813)</u>
Total other income / expenses		(18,285)	(19,693)
Adjusted operating profit before exceptional items and impairment of other non-current assets		29,862	9,124
Impairment of assets		(96)	(251)
Operating profit		29,766	8,873
Financial costs, net	21	<u>(5,779)</u>	<u>(5,302)</u>
Profit before tax		23,988	3,571
Income tax expenses	22	<u>(4,843)</u>	<u>(1,982)</u>
Result for the period		19,145	1,588

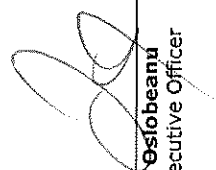

Bogdan Oslobeanu
 Chief Executive Officer

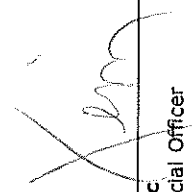

Giani Kacic
 Chief Financial Officer

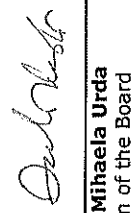

Iuliana Mihaela Urda
 Chairman of the Board

IMPACT DEVELOPER & CONTRACTOR S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premiums	Share	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance on January 1, 2019		285,330	68,760	3,064	730	(3,038)	94,020	448,66	
Comprehensive income		-	-	-	-	-	19,145	19,145	
Profit for the period		-	-	-	-	-	-	-	
Other items of the comprehensive result		-	-	-	-	-	-	-	
Total other items of the comprehensive result		-	-	-	-	-	19,145	19,145	
Transactions with shareholders of the Company									
Own shares acquired during the year	14	-	-	-	-	(4,881)	-	(4,881)	
Granted dividends		-	-	-	-	-	(9,305)	(9,305)	
Share capital decrease by share cancellation	14	(3,423)	-	-	-	3,423	-	-	
Other changes in equity									
Set-up of legal reserves		-	-	-	-	-	-	-	
Transfer of reserves		-	-	-	-	-	-	-	
Revaluation reserves		-	-	-	-	-	-	-	
Balance on September 30, 2019		281,907	68,760	3,064	730	(4,496)	103,860	453,825	

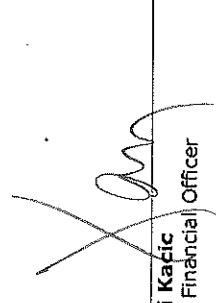

Bogdan Osiobeanu
Chief Executive Officer

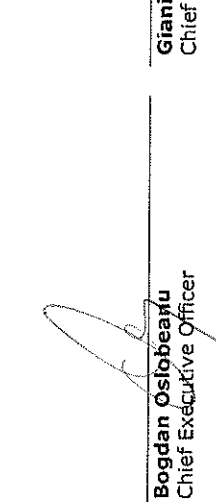

Giani Kacic
Chief Financial Officer


Iuliana Mihaela Urda
Chairman of the Board

IMPACT DEVELOPER & CONTRACTOR S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premiums	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance on January 1, 2018		285,330	68,760	3,025	8,430	-	66,309	431,854
Comprehensive income								
Profit for the year		-	-	-	-	-	19,987	19,987
Other items of the comprehensive result		-	-	-	-	-	-	-
Total other items of the comprehensive result		-	-	-	-	-	19,987	19,987
Transactions with owners of the Company								
Own shares acquired during the year		-	-	-	-	(3,353)	-	(3,353)
Acquisition of own shares		-	-	-	-	315	-	315
Other changes in equity								
Set-up of legal reserves		-	-	-	1,015	-	(1,015)	-
Transfer of reserves		-	-	(24)	(8,715)	-	8,739	-
Revaluation reserves		-	-	63	-	-	-	63
Balance on December 31, 2018		285,330	68,760	3,064	730	(3,038)	94,020	448,866

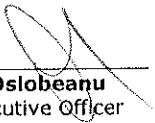

Bogdan Oslobeanu
Chief Executive Officer

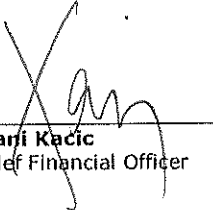

Giani Kacic
Chief Financial Officer



Iuliana Mihaela Urda
Chairman of the Board

IMPACT DEVELOPER & CONTRACTOR S.A.
STATEMENT OF CASH FLOW
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

	<u>30-Sep-2019</u>	<u>30-Sep-2018</u>
Cash flows from operating activities:		
Profit for the period	19,145	1,588
Adjustments for:		
Amortization of tangible non-current assets	459	537
Amortization of intangible non-current assets	52	70
Depreciation of tangible non-current assets, net	-	(805)
Result from transfer of assets, net	-	1,265
Depreciation of inventories	2,637	1,535
Depreciation of trade and other receivables, net	1,344	673
Income tax	4,843	1,982
Net changes in provisions for risk and charges	(6)	(318)
Interest expenses	6,186	7,373
Interest income	(2,924)	(1,033)
Foreign exchange differences, net	1,817	163
Other	1	(384)
	14,406	11,058
Changes in:		
Inventories	23,102	15,270
Trade and other receivables	(7,390)	(26,078)
Trade and other payables	8,998	1,579
Cash from operating activities	58,260	3,417
Income tax paid	(5,728)	(2,109)
Interest paid	(6,279)	(7,157)
Net cash from operating activities	46,253	(5,849)
Cash flows from investing activities:		
Acquisitions of tangible non-current assets	(6,759)	(607)
Acquisitions of intangible non-current assets	(114)	(57)
Net cash used in investing activities	(6,872)	(614)
Cash flow from financing activities:		
Dividends paid	(3)	-
Loan repayments	(37,565)	(9,269)
Loan proceeds	41,030	4,784
Loans granted to affiliates	(37,069)	-
Repayment of loans granted to affiliates	2,225	-
Acquisitions of new shares	(4,881)	(315)
Net cash from (used in) financing activities	(36,263)	(4,800)
Net increase/ (decrease) of cash and cash equivalents	(3,118)	(11,263)
Cash and cash equivalents on January 1	26,676	44,516
Cash and cash equivalents on September 30	29,794	33,253


Bogdan Oslobeanu
 Chief Executive Officer


Gianji Kacic
 Chief Financial Officer


Iuliana Mihaela Urda
 Chairman of the Board

IMPACT DEVELOPER & CONTRACTOR S.A.
STATEMENT OF CASH FLOW
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

1. REPORTING ENTITY

Impact Developer & Contractor S.A ("the Company") is a Company registered in Romania whose business object is real estate development.

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

The shareholding structure on September 30, 2019 is described in Note 13.

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

The Company is one of the first companies active in real estate development sector in Romania, being established in 1991 through public subscription. Initially, its main activities were rental and maintenance of deluxe villas in the Bucharest area. In 1995, the Company introduced the residential concept on the Romanian market and, consequently, progressively changed into a pure real estate developer. Since 1996, the Company is listed at the Bucharest Stock Exchange (BVB).

During the first 9 months of 2019, Impact's activity was mainly focused on the development of the Greenfield residential project in Bucharest.

The activity of Bergamot Development mainly consists in the development of the Luxuria residential project.

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 to the extent provided for by law and by the Articles of Association.

The Board of Administration consists of 5 members:

- Laviniu Dumitru Beze, Administrator (Director)
- Daniel Pandele, Administrator
- Ruxandra-Alina Scarlat, Administrator
- Iuliana Mihaela Urda, President (Chair) of the Board of Administration
- Intrepid Gem SRL (starting 24.04.2019)

In the Ordinary General Meeting of Shareholders dated April 24, 2019 the election of a member of Impact's Board of Administration was approved, namely the company INTREPID GEM SRL, acting by a natural person, the permanent representative of the legal entity, specifically Mr. Vaduva Petru Ion, based on a mandate starting April 24, 2019 until April 27, 2021. He replaced Mr. Gabriel Vasile, who resigned on January 4, 2019, whereas his dismissal was approved in the Ordinary General Meeting of Shareholders dated April 24, 2019.

Executive Management of the Company

On 19.01.2018, the Board of Administration of Impact decided to designate Mr. Bogdan Oslobeanu as General Manager of the Company, for a four-year term, starting 01.03.2018 until 28.02.2022. Mr. Bogdan Oslobeanu has 19 years of experience in the financial field, management of the industrial projects and development projects, having worked for Ernst & Young and KazMunayGas. He is a graduate of the Polytechnic University of Bucharest.

Mr. Bogdan Oslobeanu will continue to pursue the Company's development strategy at the level of existing projects and shall initiate new projects designed to strengthen the top position currently held by Impact on the residential market.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

3. PREPARATION BASIS

These financial statements have been prepared according to the International Financial Reporting Standards adopted by the European Union („EU IFRS”).

The financial statements have been prepared according to the going concern principle, at the historical cost, except for the revaluation of certain properties and financial instruments that are measured at their revalued amounts or fair values. The historical cost is generally based on the fair value of the consideration granted in exchange for goods and services.

Going concern principle

The financial statements have been prepared based on the going concern principle.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements are presented in Romanian Lei („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.

The significant accounting policies are presented below.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company's entities 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.

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 valued at their 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.

(b) Tangible non-current assets

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

Any revaluation increase arising from the revaluation of such land and buildings is credited to the non-current assets revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recorded as an expense, in which case the increase is credited to the profit or loss account to the extent that the decrease was previously expensed. A decrease in the book value arising from 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 non-current assets revaluation reserve relating to a previous revaluation of that asset.

The depreciation of revalued buildings is recorded in the profit or loss account. On the subsequent sale or transfer of a revalued property, the attributable revaluation surplus remaining in the non-current assets revaluation reserve shall be transferred directly to retained earnings.

The land shall not be depreciated.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

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

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

The estimated useful lives of tangible non-current assets 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 revised on each reporting date.

(c) Intangible non-current assets acquired separately

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

(d) Investment properties

Investment properties, representing properties held for the purpose of earning rentals and/or for capital appreciation (including properties under construction for such purposes) are valued initially at their cost, including transaction costs. Subsequent to initial registration, investment properties are valued at their fair value.

All investment properties held by the Company for the purpose of earning rentals and/or for capital appreciation are recorded as investment properties and are measured using the fair value model. Profits or losses arising from changes in the fair value of investment properties are included in the profit or loss account in the period during which they arise.

When the use of a property is changed, so that it is reclassified as a tangible non-current asset or inventories, its fair value as of the date of reclassification becomes the cost of the non-current asset for the purpose of subsequent registration.

An investment property is de-registered upon transfer or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the transfer. Any profit or loss arising from the derecognition of the property (calculated as the difference between the net proceeds from the transfer and the book value of the asset) shall be included in the profit or loss account in the period during which it is de-registered.

(e) Inventories

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

(f) Trade and other receivables

Regular trade receivables, excluding derivative financial instruments do not carry any interest and are valued at their nominal value as reduced by appropriate provisions for estimated unrecoverable amounts. The book value of the trading transactions and of 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.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

• **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows generated by the asset expire or when transferring 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 the amounts it might have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company shall continue to recognize the financial asset and also a secured loan for the received proceeds.

(g) Cash and cash equivalents

Cash and cash equivalents include the cash held by the IMPACT, as well as short term bank deposits with an original maturity of less than three months and that 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 the share capital recognised as equity is repurchased, the amount of the consideration paid, which includes also other directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as treasury share reserves. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in equity and the surplus or deficit resulting from the transaction is presented as a share premium.

(i) Dividends

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

(j) Own shares

Own shares consist of treasury shares and shares held within an employee benefit plan. The Company has an employee benefit plan designed to satisfy the exercise of share purchase options that have been vested under the Company's share purchase 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 recovered in retained earnings. No profit or loss is recognised in the performance statements on transactions in own shares.

(k) Loans

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 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 the profit or loss account when the qualifying asset impacts the

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

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 from the temporary investment of specific loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(l) Trade and other payables

Regular trade payables are not interest-bearing and are stated at their nominal value. Long-term trade payables, 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 book value 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 book value of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss account.

(m) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation on 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 book value shall be the updated 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) Revenues

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

The Company has applied IFRS 15 for the first time on January 1, 2018. Information about the

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2019 ENDED ON SEPTEMBER 30, 2019
(all amounts are expressed in thousand RON, unless stated otherwise)

Company's accounting policies relating to contracts with customers and also the effect of the initial application of IFRS 15 are described in Note 7.

Revenues are recognized when the customer acquires control over the goods or services rendered, at the amount which reflects the price, which the Company expects to receive in exchange of those goods or services. Revenues are recognized at the fair value of the services rendered or goods delivered, net of VAT, excises or other taxes related to the sale.

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

(i) Revenue from the sale of residential property

Revenues from the sale of residential property during the ordinary course of business are valued at fair value of the amount collected or to be collected on completion. The revenues are recognized when the significant risks and rewards of ownership have been transferred to the customer, this being deemed to be when title of the property passes to the customer upon legal completion, and the associated costs and possible return of goods can be estimated reliably. This is the point where all performance obligations are satisfied and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable for certain rebates to be granted, and their value can be measured reliably, then these are recognized as a reduction of the revenues when the sale revenues are recognized. This 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 installment payments over a period exceeding one year but those are not significant.

(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 a full 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 intended for subsequent sale.

(iii) Revenues from re-charging utilities

The revenues from recharge of utilities are recognized when they are realized, together with the utilities expenses invoiced by the suppliers. The Company recharges the utilities by adding a profit margin, as 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 profit and loss account, because it excludes items of income or expense that are taxable or deductible in other years and 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 substantially enacted until the balance sheet date.

• **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable based on differences between the book value 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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available, and deductible temporary differences can be applied thereto.

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Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial 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 from 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 be reversed in the foreseeable future.

Deferred tax is measured on a non-updated basis using the tax rates and laws that have been subsequently enacted or substantially enacted, until the balance sheet date.

The book value of deferred tax receivables is revised on 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 profit or loss account, except where 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.

(p) Share-based payments

The Company has applied the requirements of IFRS 2 'Share-based payment'. The Company makes equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value on 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 the effect of vesting conditions that do not depend on the market price.

(q) Financial instruments – fair values and risk management

The risk management function within the Company is related to 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 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 profit or loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable (and costs paid and payable) as an incentive to enter into an operating lease are also registered on a straight-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 several uncertain future events not entirely within the control of the Group; or
- (b) a present obligation that arises from past events that is not recognized because:
 - i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with enough 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 several uncertain future events not entirely within the control of the Company.

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

(t) Subsequent events

Events occurring after the reporting date September 30, 2019, 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.

(u) Segmental reporting

The Group operates only in Romania. The main operating segment is considered 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 (managers) 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 book values 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.

(l) Fair value measurements and valuation processes

Valuation and recoverable amounts of the property developed for sale, investment properties and tangible non-current assets.

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 properties, properties developed for sale and tangible non-current assets in their current state. The last valuation of investment properties took place on December 31, 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 properties is currently subject to an increased degree of professional judgment and an increased likelihood that actual proceeds from a sale may differ from the book 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

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- the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition.

The key inputs are summarised in note 8. 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 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 individual financial statements.

As at 30 September 2019, a subsidiary company is engaged in a dispute with Cluj County Council. The company is seeking reimbursement of costs amounting to RON 17 million plus expenses. Based on advice from the Company lawyers, management believes that the outcome of the case will not result in an adverse outcome in these financial statements. However, the matter is highly judgmental and, in the event, that recoveries are less than the book value of the asset then a financial loss will result.

(iii) Cost allocation

In order to determine the profit that the Company should recognize from 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 recognition over different project phases.

7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has adopted and applied a series of amendments to the IFRS issued by the International Accounting Standards Board (IASB) that are mandatory to the accounting period starting on or after January 1, 2019.

- IFRS 15 „Revenue from contracts with customers”
- IFRS 9 „Financial Instruments”

The impact of the adoption of these new standards on the Company'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 Company's 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 amortized cost, or fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

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

Financial assets classified as trade and other receivables under IAS 39 'Financial Instruments: Recognition and Measurement' continue to be measured at amortized cost under IFRS 9. They are held to

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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 managers have reviewed and assessed the Company'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 Company. The main financial assets held by the Company 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 'Revenues', 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 Company's financial statements. An assessment of the Company's main revenue stream against the requirements of IFRS 15 compared to 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.

New standards and amendments to the existing standards issued by IASB and adopted by the EU

At the date of authorisation of these financial statements, the following new standards issued by IASB and adopted by the EU are in effect.

- **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 Treatment'** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company anticipates that the adoption of these standards and amendments to existing standards

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will have no material impact on the Company's financial statements in the period of initial application.

8. INVESTMENT PROPERTIES

Reconciliation of book value and investment properties

	<u>30-Sep-2019</u>	<u>31-Dec-2018</u>
Balance on January 1	217,113	193,343
Registrations by subsequent expenses	8,255	661
Transfers	(938)	(285)
Changes in fair value during the tax year	-	23,394
Balance on September 30/ December 31	224,430	217,113

Investment properties mainly include land held for capital increase or lease towards third parties. During the first 9 months of 2019, the Company has acquired land for capitalization purposes by direct sale, with an area of 23,974 sq. m. and an acquisition value of 7,840 thousand RON.

Valuation processes

The Company's investment properties were valued on December 31, 2018 by independent professionals from Collers Valuation and Advisory S.R.L., external, independent evaluators certified by ANEVAR, taking into account the recent experience related to the location and nature of valuated properties.

For all investment properties, the current use is equivalent to the best use. Below is described the valuation method used to determine the fair value of the investment property.

The land held for value increase has a total area of 453,159 sq. m. (2018: 429,185 sq. m.). 391,137 sq. m. of this land are located in Bucharest, while 62,022 sq. m. in other regions (Constanta, Oradea).

Fair value hierarchy

Based on the entry data used in the valuation method, the fair value of investment properties was classified at level 3 of the fair value hierarchy on December 31, 2018. The valuation is considered appropriate, given the adjustments applied to the data observed for comparable land and building valuations. These adjustments are based on location and condition, not being directly observable. There were no transfers from level 2 to level 3 during the tax year.

Valuation methods

The following table presents the valuations methods used to determine fair value of buildings and lands classified at level 3 in fair value hierarchy.

<u>Valuation approach</u>	<u>Key entry data</u>
Fair value is determined by applying the market comparison method. The valuation model is based on a price per square meter both for buildings and for land, derived from the data observable on the market, derived from an active and transparent market.	<ul style="list-style-type: none"> • Price offer per square meter of land in Bucharest (93 EUR/sq. m. up to 149 EUR/sq. m.) (2017: 93 EUR/sq. m. up to 102 EUR/sq. m.) • Adjustments of observable offer prices to reflect transaction prices, location and condition (-22% discount - 5% discount) (2017 - 22% discount to +21% premium).

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9. INVENTORIES

	<u>30-Sep-2019</u>	<u>31-Dec-2018</u>
Finished products and products intended for resale	94,390	106,251
Residential projects:		
- Land	127,337	131,958
- Development and construction costs	19,798	26,418
	<u>241,525</u>	<u>264,627</u>

Land with a book value of 127,337 thousand RON on September 30, 2019 consists of land held by the Company for the development of new residential properties, mainly in Bucharest, as well as land that the Company intends to trade by direct sale.

Completed investment properties with a book value of 94,390 RON on September 30, 2019 relate entirely to apartments held for sale purposes by the Company.

10. FINANCIAL ASSETS

	<u>30-Sep-2019</u>	<u>31-Dec-2018</u>
Participation in affiliates	64,323	64,323
Provisions for impairment of participation in affiliates	(8,133)	(8,133)
	<u>56,190</u>	<u>56,190</u>

The Company holds participations in the following affiliates:

	<u>September 30, 2019</u>			
	<u>Participation percentage</u>	<u>Gross value</u>	<u>Impairment</u>	<u>Book value</u>
Actual Invest House	6.23%	110	(110)	-
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developments	99%	41,791	-	41,791
Bergamot Developments Phase II	99%	1	-	1
Impact Finance	99%	1	-	1
		<u>64,323</u>	<u>(8,133)</u>	<u>56,190</u>

	<u>Participation percentage</u>	<u>Gross value</u>	<u>Impairment</u>	<u>Book value</u>
Actual Invest House	6.23%	110	(110)	-
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developments	99%	41,791	-	41,791
Bergamot Developments Phase II	99%	1	-	1
Impact Finance & Developments	99%	1	-	1
		<u>64,323</u>	<u>(8,133)</u>	<u>56,190</u>

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Clearline Development and Management SRL hold the rest of 93.77% In Actual Invest House S.R.L.

- a) Actual Invest House S.R.L., a company that provides management services for residential projects developed by Impact Developer & Contractor SA.
- 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, as plaintiff, has a litigation amounting to 17,053 thousand RON, plus legal interest, a case that is currently pending with the Arges Court and currently, evidence (expert report) is submitted in the case. On September 11, 2017, by the Decision of the Board of Directors of Impact, the share capital of the company Clearline was increased by new contributions in cash, with the amount of 20,000 RON.
- 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 51,382 sq. m., namely 500 apartments, on a land of approximately 17,213 sq. m., which is the first phase of the residential project Luxuria Domenii Residence, comprising a total area of app. 65,000 sq. m. built on a land of app. 22,982 sq. m. located in Bucharest, 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 II (130 apartments) of the residential project Luxuria Domenii Residence, with an area of 13,618 sq. m., built on a land of 5,769 sq. m.
- e) Impact Finance & Developments S.R.L. plays a major role in the diversification of services related to the sale of residences. Impact Finance&Developments collaborates with major financial institutions in Romania in order to provide solutions for attractive credit facilities for customers who acquire residences.

11. CASH AND CASH EQUIVALENTS

	30-Sep-2019	31-Dec-2018
Current accounts	29,775	26,663
Cash	9	10
Cash advance payments	10	4
	29,794	26,676

SHARE CAPITAL

	30-Sep-2019	31-Dec-2018
Balance on January 1	285,330	285,330
Share capital changes	(3,423)	
Balance on September 30/December 31	281,907	285,330

Shareholding structure at the end of the reporting periods was the following:

	30-Sep-2019	31-Dec-2018
Gheorghe Iaciu	56.75%	56.05%
Andrici Adrian	15.43%	15.24%
SWISS CAPITAL	11.96%	12.28%
Other shareholders	15.86%	16.43%
	100%	100%

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All shares are ordinary and have the same ranking in terms of the Company's residual assets. The nominal value of a share is 1 RON. The holders of ordinary shares are entitled to receive dividends, as declared after various time periods, and to one vote for every share at the Company's meetings.

Dividends

During the period from 2019 ended on September 30, 2019, the Company has stated dividends in amount of 9.331 RON to the financial year 2018 and paid dividends to its shareholders amounting to 2.94 thousand RON.

During the tax year ended on December 31, 2018, the Company has stated and paid dividends to its shareholders amounting to 20 thousand RON.

12. OWN SHARES

Pursuant to the Company's Articles of Association, in the General Meeting of Shareholders dated 15.06.2017, the authorization of the acquisition of a percentage of up to 2.56% of the Company's shares as issued at the decision date was requested. The authorization, which was exercised, was approved and remains in effect for 24 months as of the approval date.

The own shares reserve represents the cost of IMPACT shares acquired on the market in order to satisfy the options and mandatory percentages granted within the Company's share option plans. The maximum number of shares to be purchased shall be 7,000 thousand shares, representing 2.52% of the total share capital as at the approval date.

Pursuant to the Company's Articles of Association, in the General Meeting of Shareholders dated 24.04.2019, the decrease of the share capital from 277,866,574 RON, by 3,423,042 RON was decided, by reducing the number of shares from 277,866,574 to 274,443,532 shares, as a result of the cancellation of 3,423,042 own shares acquired by the company.

In the General Meeting of Shareholders dated 24.04.2019, the repurchase of a maximum number of 10,000,000 (ten million) shares was approved, for a period of maximum 18 months as of publishing the resolution in the Official Gazette of Romania, representing maximum 3.60% of the share capital subscribed and paid-in on the settlement date.

On September 30, 2019, the Company's balance is 4,397 thousand own shares for an average price of 0.95 RON / share (2018\$ 3,467 thousand RON).

13. LOANS

This note provides information related to the contractual terms of interest-bearing loans of the Company, valued at amortized cost.

	<u>30-Sep-2019</u>	<u>31-Dec-2018</u>
Long-term liabilities		
Secured bank loans	-	-
Issued bonds	114,904	114,100
	<u>114,904</u>	<u>114,100</u>
Short-term liabilities		
Current portion of secured bank loans	1,739	26,788
Short-term loans	32,251	1,998
	<u>33,990</u>	<u>28,786</u>

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Loan terms and maturity

The loan terms and conditions are the following:

<u>Lender</u>	<u>Currency</u>	<u>Maturity</u>	<u>Loan value in the original currency</u>	<u>Balance on 30/09/2019</u>	<u>Balance on 31/12/2018</u>
Secured loans					
Credit Value Investments	EUR	11.07.2021	12,000	57,332	56,972
Bucharest Stock Exchange S.A.	EUR	12.12.2022	12,525	59,311	57,128
First Bank	RON	28.07.2020	16,880	13,758	16,103
Banca Transilvania	RON	28.02.2020	24,183	0	12,683
Libra Internet Bank	RON	17.07.2020	19,700	18,493	-

The Company has classified the loans from First Bank, Banca Transilvania and Libra Internet Bank as short-term liabilities, as the balance is paid, under the loan agreement, according to the proceeds received from apartment sales.

The interest rate applicable to the Company is between 5.3% and 7.05% for loans in RON.

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

Bonds are mainly secured by a first-rank mortgage covering the obligations arising from the Bonds, up to the maximum secured value of 18,000 thousand EUR (eighteen million Euros), established over nine plots of land with a total area of 196,407 sq. m. located in Bucharest, District 1, Romania, exclusively owned by the Company, and over their accessories. The Company has an anticipated Bond repurchase option, which may be exercised starting with the second payment date of the interest, provided that the minimum value of the repurchase is 1,000 thousand EUR.

The Bucharest Stock Exchange has approved the request to trade on the regulated market managed by the Bucharest Stock Exchange the non-secured bonds issued by the Company, at a fixed annual interest of 5.75% denominated in EUR, with a maturity of 5 years and a total nominal value of 12,525 thousand EUR.

The Bonds were issued based on the offer addressed to the Eligible Investors, as defined in the prospect issued on November 28, 2017, approved by ASF by the approval decision No. 1710 dated November 28, 2017, altered by the amendment dated December 8, 2017, approved by ASF by the approval decision No. 1766 dated December 8, 2017 and by the amendment dated December 13 approved by ASF by the approval decision No. 1816 dated December 13, 2017.

14. TRADE AND OTHER PAYABLES

	<u>30-Sep-2019</u>	<u>31-Dec-2018</u>
Long-term liabilities		
Guarantees	930	1,151
	930	1,151
Short-term liabilities		
Trade payables	5,028	5,161
Prepayments received from customers	5,000	2,289
Payable dividends	9,427	98
Payables related to affiliates	344	1,838
Other payables	1,163	2,689
	20,962	12,075

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15. PROVISIONS FOR RISK AND CHARGES

	<u>Provisions for litigation</u>	<u>Other provisions</u>	<u>Total</u>
Balance on January 1, 2019	271	330	601
Provisions established during the period	0	318	318
Provisions carried forward during the period	-	(324)	(324)
Balance on September 30, 2019	271	323	595

18. REVENUE

The Company's revenue is presented as follows:

	<u>30-Sep- 2019</u>	<u>30-Sep- 2018</u>
Revenue from sale of residential properties	100,550	61,701
	100,550	61,701

	<u>30-Sep- 2019</u>	<u>30-Sep- 2018</u>
Rental income	267	1,156
Income from utilities recharge	2,902	2,644
Operating expenses directly related to rented properties	(3,081)	(2,275)
Net revenues from rental	88	1,526

19. GENERAL AND ADMINISTRATIVE CHARGES

	<u>30-Sep- 2019</u>	<u>30-Sep- 2018</u>
Consumables	(276)	(707)
Third-party services	(5,482)	(6,234)
Personnel expenses	(8,122)	(8,452)
	(13,880)	(15,393)

20. OTHER OPERATING EXPENSES/INCOMES

	<u>30-Sep- 2019</u>	<u>30-Sep- 2018</u>
Other operating incomes (+) / expenses (-)	(643)	(1,114)
Rental charges	(416)	(1,862)
(Profit) / Loss from transfer of tangible non-current assets	1	(815)
(Income)/Expenses for fines and penalties	(184)	(22)
	(1,242)	(3,813)

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21. FINANCING COSTS/INCOME

	<u>30-Sep- 2019</u>	<u>30-Sep- 2018</u>
Interest charges	(6,606)	(6,014)
Interest Income	2,924	1,033
Result from foreign currency exchange	(1,817)	(163)
Other financial reserves	(280)	(158)
	<u>(5,779)</u>	<u>(5,302)</u>

22. PROFIT TAX

(i) Tax recognized in the profit and loss account

	<u>30-Sep- 2019</u>	<u>30-Sep- 2018</u>
Profit tax	(4,843)	(1,982)
Total tax expenses	<u>(4,843)</u>	<u>(1,982)</u>

23. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial risk management

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

- credit risk
- available cash risk
- market risk

General framework for risk management

The Company has no formal commitments designed to fight financial risks. Despite the lack of formal commitments, financial risks are monitored by top management, with an emphasis on the Company's needs to compensate efficiently opportunities and threats.

The Company's risk management policies are defined in such manner as to ensure the identification and analysis of the risks faced by the Company, the determination of adequate limits and verifications, and the monitoring of risks and compliance with the set limits. Risk management policies and systems are revised on a regular basis to reflect the changes occurred in the market conditions and in the Company's activities. The Company, by its training and leadership standards and procedures, aims to develop an orderly and constructive control environment, where all employees understand their roles and responsibilities.

(a) Credit risk

The credit risk is the risk that the Company suffers financial loss as a result of the failure by a customer to fulfill contractual his obligations or a consideration to a financial instrument, whereas this risk mainly results from the Company's trade receivables and financial investments.

Trade and other receivables

The Company's exposure to the credit risk is mainly influenced by the individual features of each customer. Nevertheless, the management also considers the demographic features of the Company's customer pool, including the non-payment risk specific for the business field and the country in which the customer operates, taking into account that all these factors affect the credit risk.

For the purpose of monitoring the credit risk related to customers, the Company checks monthly the

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payment arrears and takes the measures deemed necessary, on a case-by-case basis.

(b) Available cash risk

The available cash risk is the risk that the Company encounters difficulties in the performance of its obligations associated to financial liabilities that are covered in cash or by the transfer of another financial asset. The Company's approach related to the available cash risk is to make sure, to the extent possible, that it permanently holds enough available cash amounts to pay its debts upon their maturity, both under normal circumstances and under stressful conditions, without suffering unacceptable loss or endangering the Company's reputation.

(c) Market risk

The Company's activities expose it to the financial risk of a change in the foreign exchange rate and interest rate. The Company intends to manage the exposure to such risks by using fixed or variable rate loans, loans in foreign currency and derivate financial instruments.

Foreign exchange risk

The Company is exposed to the foreign exchange risk due to the sales, acquisitions and other loans denominated in a currency that is different from the functional currency of the Company's entities (Romanian Leu), mainly EUR.

The Company has not concluded any hedging agreements related to its obligations in foreign currency or to the exposure to the interest rate risk.

24. AFFILIATES

Company's subsidiaries

The Company's subsidiaries and the nature of their business are presented below:

	<u>Country of origin</u>	<u>Business object</u>
Clearline Development and Management S.R.L.	Romania	Real estate development
Actual Invest House S.R.L.	Romania	Property management
Bergamot Developments S.R.L.	Romania	Real estate development
Bergamot Developments Phase II S.R.L.	Romania	Real estate development
Impact Finance & Developments S.R.L.	Romania	Activities ancillary to financial brokerage

Transactions and balances for affiliates in and for the period January – September 2019:

Amounts in RON	Transaction value on 30-Sep-2019	Balance on 30-Sep-2019
Sale of goods and services (Class 7)		
Subsidiaries		
Actual Invest House	1,594	5
Clearline Development and Management	11	60
Bergamot Developments	997	1,616
Bergamot Developments Phase II	5	2
Impact Finance & Developments	42	-
	<u>2,649</u>	<u>1,683</u>

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Amounts in RON	Transaction value on 30-Sep-2019	Balance on 30-Sep-2019
Acquisition of goods and services (class 6)		
Subsidiaries		
Actual Invest House	1,882	346
Clearline Development and Management	-	-
Bergamot Developments	-	-
Bergamot Developments Phase II	-	-
Impact Finance	10	1
	1,892	347

Amounts in RON	Transaction value on 30-Sep-2019	Balance on 30-Sep-2019
Interest income (766)		
Subsidiaries		
Actual Invest House	-	-
Clearline Development and Management	2	2
Bergamot Developments	2,069	4,083
Bergamot Developments Phase II	795	1,410
Impact Finance	-	-
	2,866	5,495

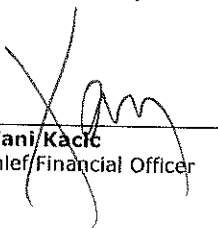
	Gross value	Impairment	Book value
Granted loans			
Subsidiaries			
Clearline Development and Management	35	-	35
Bergamot Developments	65,324	-	65,324
Bergamot Developments Phase II	16,163	-	16,163
Impact Finance	85	-	85
	81,607	-	81,607

25. SUBSEQUENT EVENTS


The Company's management does not opine that there are any events subsequent to September 30, 2019, until the approval date of these individual financial statements, which should be disclosed or adjusted.



Bogdan Oslobeanu
Chief Executive Officer



Giani Kacic
Chief Financial Officer



Iuliana Mihaela Urda
Chairman of the Board