



IMPACT DEVELOPER & CONTRACTOR SA

Registered office: Voluntari, 4C Pipera-Tunari Road, Construdava Business Center, floors 6,7, Ilfov County.

Working point: Willbrook Platinum Business & Convention Center,
172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District,
Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobile: 0729.100.001

Subscribed and paid up share capital: RON 277,866,574

Registered with the Trade Registry Office within Bucharest Court under no. J 23/1927/2006,

Sole Registration Code RO 1553483

Personal Data Operator, registered with the Personal Data Processing Evidence Registry under no. 3406



1st quarter afferent report 1st quarter / 2017

Report date: 11.05.2017

Name of Issuer Company: **SC IMPACT DEVELOPER & CONTRACTOR SA**

Registered office: Voluntari City, 4C Pipera- Tunari Road, Construdava Business Center, floors 6,7, Ilfov County

Working point: Willbrook Platinum Business & Convention Center, 172-176 Bucuresti – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District,

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

1. Economic and financial situation

1.1. Presentation of an analysis on the economical and financial statement for Q1/2017, compared to the previous year similar period.

Analysis of the results

In the first quarter of year 2017, IMPACT recorded operating income of **20.3 million lei**, by 35% less compared to the same period of the previous year, and a gross profit of approximately **1.76 million lei**, recording a decrease of approximately 2.87 times the result compared to the same period in 2016, when it recorded a gross profit of **5.1 million lei**.

The financial indicators on the date of 31st of March 2017 are the following:

Indicators according to IFRS (RON)	Mar-16	Mar-17	Difference	
			value	%
Operational revenues, out of which:	31,276,061	20,303,819	(10,972,242)	-35%
Revenue from the sale of residential inventories	28,844,992	18,696,634	(10,148,358)	-35%
Revenue from rental and tenants utilities recharged	1,077,158	762,939	(314,219)	-29%
Revenue from sale of investments properties	1,102,812	0	(1,102,812)	-100%
Activity performed and capitalized by the entity	0	0	0	
Other revenue of operational nature	251,099	844,246	593,147	236%
Operational expenses, out of which:	(25,133,574)	(17,735,973)	7,397,601	-29%
Accounting value of the sold residential inventories	(19,063,967)	(11,674,154)	7,389,813	-39%
Operating costs related to rented and sold properties	(647,290)	(867,273)	(219,983)	34%
Accounting value of sold investments properties	(1,018,163)	0	1,018,163	-100%
Expenditure on raw materials and supplies	(200,966)	(272,025)	(71,059)	35%
Services provided by third parties	(1,493,683)	(1,920,511)	(426,828)	29%
Employee benefits expenses	(1,774,916)	(2,070,151)	(295,235)	17%
Other expenses of operational nature	(934,589)	(931,859)	2,730	0%
Operational result (EBITDA)	6,142,487	2,567,846	(3,574,641)	-58%
Depreciation and amortization expenses	(138,547)	(185,397)	(46,850)	34%
Assets loss of value other than investments properties	(864,344)	(500,548)	363,796	-42%
Gains / (losses) in investments properties fair value	0	0	0	
Operational result (EBIT)	5,139,596	1,881,901	(3,257,695)	-63%
Net financial cost	(89,284)	(120,465)	(31,181)	35%
Gross profit / loss (EBT)	5,050,312	1,761,436	(3,288,876)	-65%
Income tax	0	0	0	
Gross profit / loss of the period	5,050,312	1,761,436	(3,288,876)	-65%

Until 31st of March 2017, IMPACT had overall 48 houses and apartments, 52% less compared to the same period of the previous year (when 101 dwellings sales were recorded).

Of the total dwellings sold, 44 apartments were sold in the Salcamilor Assembly (in Greenfield II, Bucharest), 1 apartment in Greenfield I and 3 apartments in Platanilor Assembly.

The average transaction price of RON 384,356 (equivalent of EUR 84,886) had increased by 29% during the first quarter of 2017 compared to the same period previous year when the average transaction price was of RON 296,916 (equivalent of EUR 66,060).

Operational expenditures had decreased by 29.4% compared to the same period in 2016.

Compared to an operating result of 6.1 million lei on March 31st, 2016, the operating result was 2.6 million lei in 2017, influenced by the decline in apartment sales (46 new units less than in the same period of the previous year).

Financial result	31-Mar-16	31-Mar-17	Difference	
			Value	%
Financing costs	(248,590)	(120,974)	127,616	-51%
Financial income	(8,985)	32,746	41,731	-464%
Exchange rate differences	173,481	(1,455)	(174,936)	-101%
Other financial items, net	(5,190)	(30,782)	(25,592)	493%
Financial result	(89,284)	(120,465)	(31,181)	35%

Interest expenses decreased by 51% on account of the decrease in loans to fund the completion of Phases 5 and 6 of the Platanilor Assembly, considering that they are in the process of being completed.

Analysis of the balance sheet items

Asset items	31-Dec-16	31-Mar-17	Difference	
			value	%
Tangible assets	6,044,055	5,950,390	(93,665)	-2%
Intangible assets	232,663	765,431	532,768	229%
Investment immobilization	136,736,403	136,736,403	-	0%
Financial assets	14,377,226	14,377,226	-	0%
Non-current receivables	11,215,815	13,488,461	2,272,646	20%
Total non-current assets	168,606,162	171,317,911	2,711,749	2%

Inventory	282,813,138	305,441,995	22,628,857	8%
Trade receivables and other receivables	15,652,318	14,686,180	(966,138)	-6%
Prepayments	131,717	194,596	62,879	48%
Cash and cash equivalents	17,432,180	12,206,043	(5,226,137)	-30%
Total current assets	316,029,353	332,528,814	16,499,461	5%
Total assets	484,635,515	503,846,725	19,211,210	4%

A significant increase, by 229%, recorded intangible assets by acquiring new licenses for modernisation of IT equipment and real estate investments in progress.

Expenses in advance increased by 48% as the number of insurance policies for the accepted buildings increased.

Cash and cash equivalents of the Company had decreased by 30% during the first quarter of 2017 on account of investments made in execution of phase 7 in Platanilor Assembly.

Total assets have maintained at approximately the same level as at the same period of year 2016 (+4%).

Liabilities items	31-Dec-16	31-Mar-17	Difference	
			value	%
Equity	390,776,564	392,538,000	1,761,436	0%
Loans	28,519,089	38,970,977	10,451,888	37%
Trade payables and other liabilities	2,863,913	3,175,210	311,297	11%
Deferred tax	13,000,347	13,000,347	0	0%
Total long term liabilities	44,383,349	55,146,534	10,763,185	24%
Loans	20,753,493	28,330,610	7,577,117	37%
Trade payables and other liabilities	28,715,491	27,824,963	(890,528)	-3%
Provisions for risks and charges	6,618	6,618	0	0%
Total current liabilities	49,475,602	56,162,191	6,686,589	14%
Total liabilities	93,858,951	111,308,725	17,449,774	19%
Total equity and liabilities	484,635,515	503,846,725	19,211,210	4%

The company's borrowings recorded an increase during the first quarter of 2017 due to the withdrawal of credits, both in view of finalizing stages 5 and 6 of the Platanilor Assembly, as well as for starting the construction of Platanilor Phase 7.

The equities maintained at approximately the same level as at the end of March 2016 (4%).

Analysis of the cash flow items

Decrease in cash at the end of the first quarter of 2017 compared to the beginning of the year is determined by the payments for the new residential development in Greenfield II.

Indicator (RON)	31-Mar-17
Cash and cash equivalent as of 1st of January	17,432,180
Net cash derived from operating activities	(22,004,530)
Net cash derived from investment activities	(624,499)
Net cash derived from (used in) financing activities	17,402,892
Cash and cash equivalent as of 31st of December	12,206,043

Economical-financial indicators – evolution:

Indicators	31-Dec-15	31-Mar-16	31-Dec-16	31-Mar-17
Return on Assets	-0.95%	1.09%	6.11%	0.35%
Return on Equity	-1.23%	1.38%	7.58%	0.45%
Debt ratio (Total debt vs. Total asset)	22.83%	21.17%	19.37%	22.09%
Leverage (Equity vs. Total asset)	77.17%	78.83%	80.63%	77.91%
Gearing ratio (Loans vs. Equity)	12.68%	12.98%	12.61%	17.15%
Current ratio	2.85	4.67	6.39	5.92
Quick ratio	0.56	0.90	0.67	0.48

Return on debts-clients	31-Dec-15	31-Mar-16	31-Dec-16	31-Mar-17
Clients average balance (A)	33,067,805	32,502,188	32,320,160	27,521,387
Turnover (B)	117,157,155	31,276,061	152,181,219	20,303,819
(A / B) * 90 days	102	94	76	122
Return on Fixed assets	31-Dec-15	31-Mar-16	31-Dec-16	31-Mar-17
Turnover (A)	117,157,155	31,276,061	152,181,219	20,303,819
Fixed assets (B)	246,483,428	242,722,589	168,606,162	171,317,911
(A/B)	0.48	0.13	0.90	0.12

Stock exchange indicators - evolution:

Indicators	31-Dec-15	31-Mar-16	31-Dec-16	31-Mar-17
Price per share	0.940	0.850	0.700	0.702
No of shares	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (RON)	261,194,580	236,186,588	194,506,602	195,062,335
Exchange rate	4.5245	4.4738	4.5411	4.5511
Market capitalization (EUR)	57,728,938	52,793,283	42,832,486	42,860,481
Net Asset Value (RON)	361,140,518	366,190,830	390,776,564	392,538,000
Net Asset Value (EUR)	79,818,879	81,852,302	86,053,283	86,251,236
Result (RON)	(4,459,409)	5,050,312	29,610,137	1,761,436
Result (EUR)	(1,003,242)	1,130,912	6,593,511	387,282
Earning per share (RON)	-0.016	0.018	0.107	0.006
Earning per share (EUR)	(0.004)	0.004	0.024	0.001
NAV/Share (RON)	1.300	1.318	1.406	1.413
NAV/Share (EUR)	0.287	0.295	0.310	0.310
Premium/discount compared to the net asset value	-28%	-36%	-50%	-50%

2. Analysis of the company's activity

During the first quarter of 2017 s the sale of apartments in Salcamilor Assembly continued (stages 2, 3 and 4), as well as in Platanilor Assembly (stages 5 and 6).

In total, in **Salcamilor** Assembly, aut of 924 apartments, there were **840 contracts** transacted (**91%**) until the end of March 2017: **799** sale-purchase agreements and **41** pre-agreements and reservations.

In **Platanilor** Assembly being under construction, stages 5 and 6, where 476 units were completed, there were **128 contracts** concluded (**27%**) until the end of March 2017: **3** sale-purchase agreements and a number of **125** de pre-agreements and reservations.

2.1. Presentation and analysis of events that are affecting or could affect the company's liquidity compared to the same period of the previous year.

Detailed structure is found in the notes to the financial statements.

2.2. Prezentarea si analizarea efectelor asupra situatiei financiare a societatii a tuturor cheltuielilor de capital, curente sau anticipate.

The company started the construction of the Platanilor Assembly, which shall consist of 39 blocks having 944 apartments. In this regard, besides own financing sources - reinvested profit, it is aimed to co-finance the development costs through bank loans.

Detailed structure of expenses is found in the notes to the financial statements.

2.3. Presentation and analysis of events that significantly affect revenues from the main activity.

Sales in the Greenfield Assembly have been influenced by market conditions, particularly the Government's proposal to apply the 0% VAT rate to the sale of dwellings, but also by the closure of one of the access routes within the assembly.

Nevertheless, the works of Phases 5 and 6 were completed at the end of March 2017, an important part of the pre-agreements and reservations signed during these phases will be signed starting with April 2017.

3. Changes affecting the Company's capital and administration.

In the Ordinary General Meeting of the Shareholders held on **April 28th, 2017**, four administrators were elected by secret vote for a 4-year term, until 27th of April 2021.

The Board of Administration consists of 5 members :

- Gavriel Vasile, Administrator (until 15.09.2017);
- Lavinu Dumitru Beze, Administrator;
- Daniel Pandele, Administrator;
- Ruxandra-Alina Scarlat, Administrator;
- Iuliana Mihaela Urda, Chairman of the Board of Administration.

Executive Management of the Company

The board of Administration decided that Mr. Bartosz Puzdrowski, Chief Executive Officer and Mr. Gabriel Vasile, Administrator, to be empowered to represent the company, pursuant to provisions under art.143² par. 5 in Law 31/1990, on trading companies, as from the date of 02.09.2016.

On the date of 09.01.2017 the termination of mandate agreement, by parties' agreement, was registered with the Trade Registry within Ilfov Court, for Mr. Stan Liviu as Purchase Manager of Impact Developer & Contractor SA Company.

The Board of Administration revoked Mr. Bogdan Nicolae Geanta as empowered person acting jointly with the General Director, as from the date of 09.01.2017 and appointed Mr. Gabriel Vasile, as empowered person, pursuant to art 1432 par. 5 in Law 31/1990, on trading companies, this one further exercising his attributions jointly with the Chief Executive Officer.

3.1 Description of those cases where the company was unable to meet its financial obligations.

The company is up to date with the payment of loans, taxes and charges.

3.2 Description of any change in the rights of holders of securities issued by the company.

The rights of holders of issued securities have not been changed.

Chief Executive Officer
BartoszPuzdrowski

Chief Financial Officer
Bogdan Nicolae Geanta