IMPACT DEVELOPER & CONTRACTOR SA

Individual and unaudited financial statements as of September 30th 2016

Q3/2016 Quarterly Report

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

Table of content:

Statement of financial positions *as of 30th of September 2016* 3
Statement of Comprehensive Result *as of 30th of September 2016* 4
Statement on the change in equities *as of 30th of September 2016* 5
Statement of Cash flow *as of 30th of September 2016* 6
Notes to the financial statements 7
1. The reporting entity 7
2. Share capital 8
3. The company's management 9
4. Financial assets 10
5. Affiliates 10
6. Investment properties and inventories 11
7. Cash and cash equivalents 13
8. Long and short term borrowings 13
9. Provisions 14
10. Operational revenues recorded on 3*0 September 2016* 15
11. Operational expenses recorded as of *30th of September 2016* 17
12. Strategic Directions and Activities Guidelines of IMPACT in *2016* 18
13. Capital Market 19
14. Performance Indicators 20
15. Auditors 21
Quarterly Report 22

Statement of financial positions *as of 30th of September 2016*

	31-Dec-15	30-Sep-16
ASSETS		
Tangible assets	5,722,775	5,958,856
Intangible assets	117,491	194,855
Investment Property	214,898,889	172,910,520
Financial assets	14,377,226	14,377,226
Non-current receivables	11,367,047	10,938,372
Total Non-current assets	***246,483,428***	***204,379,829***
Inventories	177,887,026	231,696,031
Trade and other receivables	26,405,139	17,683,194
Prepayments	118,140	85,871
Cash and cash equivalents	17,080,848	16,054,316
Total Current Assets	***221,491,153***	***265,519,412***
Total Assets	***467,974,581***	***469,899,241***
Share capital	285,330,158	285,330,158
Capital premiums	84,175,480	84,175,480
Revaluation reserves	3,190,469	3,111,956
Other reserves	3,859,821	3,938,335
Reported result	(10,956,001)	(15,415,410)
Net profit for the period	(4,459,409)	27,951,277
Total equity	***361,140,518***	***389,091,796***
Loans	13,228,061	39,626,477
Trade and other payables	2,832,954	2,451,534
Deferred taxes	13,000,347	13,000,347
Total long term liabilities	***29,061,362***	***55,078,358***
Loans	32,560,942	10,339,384
Trade and other payables	25,384,120	15,383,085
Provisions for risk and charges	19,827,639	6,618
Total current liabilities	***77,772,701***	***25,729,087***
Total liabilities	***106,834,063***	***80,807,445***
Total equity and liabilities	***467,974,581***	***469,899,241***

Chief Executive Officer
Bartosz Puzdrowski

Chief Financial Officer
Bogdan Nicolae Geanta

Statement of Comprehensive Result *as of 30th of September 2016*

	30-Sep-15	30-Sep-16
Revenue from sale of residential inventories	73,726,619	111,343,543
Accounting value of sold residential inventories	(54,130,754)	(76,768,160)
Profit / (loss) from sale of real estate properties	***19,595,865***	***34,575,383***
Rental incomes	934,225	1,100,991
Operating incomes recharged to customers / tenants	2,178,653	1,790,644
Operating expenses directly related to rented / sold properties	(2,011,949)	(1,755,550)
Net recharged income	***1,100,929***	***1,136,085***
Income from sale of investment properties	4,295,138	1,619,062
Book value of sold investment properties	(4,238,327)	(1,461,265)
Profit/loss from sale of investment properties	***56,811***	***157,797***
Revenues from services rendered	71,423	23,761
Raw materials and consumables used	(392,217)	(617,606)
Third party services	(4,156,984)	(6,147,701)
Employee benefits expense	(5,420,462)	(5,652,709)
Other operating income	1,504,208	841,610
Other operating expense	(4,751,702)	(3,570,373)
Other operating income - ANAF Litigation	-	6,640,074
Other operating income / (expenses), net	***(13,145,734)***	***(8,482,944)***
Earnings before interest, taxation, depreciation and amortization (EBITDA)	***7,607,871***	***27,386,321***
Depreciation and amortization	(473,435)	(474,704)
Impairment of assets, other than investment properties	1,088,043	1,990,461
Depreciation and related impairment charges / reversals, other than investment properties	***614,608***	***1,515,757***
Earnings before interest and taxation (EBIT)	***8,222,479***	***28,902,078***
Financing costs	(1,103,755)	(1,183,053)
Financing income	100,330	*32,330*
Exchange difference	353,072	*171,231*
Other financial result, net	(72,886)	28,691
Financial result	***(723,239)***	***(950,801)***
Gross profit (EBT)	***7,499,240***	***27,951,277***
Income tax	***-***	***-***
Net profit / (loss) for the period	***7,499,240***	***27,951,277***

Chief Executive Officer
Bartosz Puzdrowski

Chief Financial Officer
Bogdan Nicolae Geanta

Statement on the change in equities *as of 30th of September 2016*

	Adjusted share capital	Capital premiums	Reserve from revaluation	Other reserves	Reported result	Total
Balance as of 1st of January 2015	**285,330,158**	**84,175,480**	**1,095,170**	**5,934,934**	**(10,956,001)**	**365,579,741**
Total comprehensive result for the period						
Period result					(4,459,409)	(4,459,409)
Other comprehensive result elements						0
Set up of reserve from revaluation of sold assets	-	-	20,187	-	-	20,187
Reversing reserve from revaluation of depreciated assets, net	-	-	-	-	-	-
Liabilities on deffered tax for reserve from revaluation	-	-	(2,057,455)	2,057,455	-	-
Other transfers			4,132,567	(4,132,567)		
Duly set up reserve	-	-	-	-	-	-
Total other comprehensive result elements	**-**	**-**	**2,095,299**	**(2,075,112)**	**0**	**20,187**
Transactions with shareholders, recognized direcly in equity	**-**	**-**	**2,095,299**	**(2,075,112)**	**(4,459,409)**	**(4,439,222)**
Share capital increase						
Total transactions with shareholders, recognized direcly in equity						
Total comprehensive result for the period	**-**	**-**	**2,095,299**	**(2,075,112)**	**(4,459,409)**	**(4,439,222)**
Balance as of 31st of December 2015	**285,330,158**	**84,175,480**	**3,190,469**	**3,859,821**	**-15,415,410**	**361,140,518**
Balance as of 1st of January 2016	**285,330,158**	**84,175,480**	**3,190,469**	**3,859,821**	**(15,415,410)**	**361,140,518**
Total comprehensive result for the period						
Period result	-	-	-	-	27,951,277	27,951,277
Other comprehensive result elements						
Set up of reserve from revaluation of sold assets	-	-	(78,513)	78,513	-	
Asset on deffered tax for reserve from revaluation	-	-	-	-	-	-
Total other comprehensive result elements	**-**	**-**	**(78,513)**	**78,513**	**-**	**-**
Total comprehensive result for the period	**-**	**-**	**(78,513)**	**78,513**	**27,951,277**	**27,951,277**
Balance as of 30th of September 2016	**285,330,158**	**84,175,480**	**3,111,956**	**3,938,335**	**12,535,867**	**389,091,796**

Chief Executive Officer
Bartosz Puzdrowski

Chief Financial Officer
Bogdan Nicolae Geanta

Statement of Cash flow *as of 30th of September 2016*

	30-Sep-16
Cash flows from operating activities	
Profit before income tax	**27,951,277**
Depreciation and amortization	474,704
Increase / (decrease) in provisions for risks and charges	(19,821,021)
Net Financing costs	950,801
Cash flows before changes in working capital	**9,555,761**
Decrease / (increase) in trade receivables and other receivables	9,182,889
Decrease / (increase) in inventory	(13,281,901)
Increase / decrease) in trade payables and other payables	(10,382,455)
Net cash used from operating activities	**(4,925,706)**
Cash flows from investment activities	
Net cash used in investing activities	**673,117**
Cash flow from financing activities	
Proceeds /(Payments) from long term loans	4,176,858
Net Financing costs	(950,801)
Net cash used in financing activities	**3,226,057**
Net increase/(decrease) in cash and in cash equivalents	**(1,026,532)**
Cash and cash equivalents at the beginning of the period	**17,080,848**
Cash and cash equivalents at the end of the period	**16,054,316**

Chief Executive Officer
Bartosz Puzdrowski

Chief Financial Officer
Bogdan Nicolae Geanta

Notes to the financial statements

1. The reporting entity

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

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

The Company controls several other entities and prepares consolidated financial statements. According to the provisions of Law no. 297/2004, such entities have to prepare individual financial statements also.

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

During the past 25 years, IMPACT Developer & Contractor finalized **17 small and medium projects**, which comprised over **3,000 residences** and over **25,000 square meters** of office and commercial spaces. On September 30th 2016, the company was involved in residential developments located in four cities in the country, each project having different sizes and beeing in various stages of completion. IMPACT activity is dominated by a major project: **GREENFIELD residential complex** in Bucharest.

On 6th November 2014, the launch of **Salcamilor compound took place**, which is the new development phase of GREENFIELD complex.

Salcamilor compound is first developed in the new stage in GREENFIELD II, joining the five existing compounds – Blue, Rubin, Topaz, Onix and Quartz. Between June-2014-September 2016 in Salcamilor Compound were built 35 blocks of flats with 924 apartments with 2, 3 and 4 rooms.

Also was started construction of **Platanilor Assembly**, respectively 39 blocks with 888 apartments, which will be completed in phases, starting with 2017.

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

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

Company's organization

The Board of Directors is responsible with fulfilling all necessary and useful documents for performing the company's object of activity, except for those involving the General Shareholders Assembly, as stipulated by the law.

The executive management is performed by the General Director and the Financial Director of the Company.

The company operates in compliance with an integrated management system (Quality – Environment – Occupational Security and Health) implemented in compliance with ISO 9001:2008, ISO 14001:2004 si OHSAS 18001:2007 standards, as certificed during the first half of year 2015 by Lloyd's Register LRQA

2. Share capital

Originally called SC IMPACT SA, the Company was established in 1991, according to the Law 31/1990. As of 4th October, 2006 the Company moved its headquarters from Bucharest District no 1, to Ilfov, Voluntary City in Construdava office building. At the same date, the company changed its name, as well. The identification data of the company are:

Name: IMPACT DEVELOPER & CONTRACTOR SA
Address: Voluntari, 4C Pipera-Tunari Street, Construdava Building Center, 6th floor, Ilfov County
Working point / Correspondence address: Willbrook Platinum Business & Convention Center, Sos. Bucuresti – Ploiesti, No. 172-176, Building A, 1st floor, Bucharest, District no 1,
Phone: +40-21–230.75.70/71/72, fax: +40-21–230.75.81/82/83
Registered with the Trade Registry Office attached to the Bucharest City Court under no. J 23/1927/2006
Sole Registration Code RO1553483.

The subscribed and paid share capital of the company, on September 30th 2016 is of RON 277.866.574.

All shares are ordinary and have equal ranking related to the Company's residual assets. The nominal value of one share is 1 Leu.

The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 10 shares during the meetings of the Company.

The consolidated structure of shareholders, which hold at least 10% of the share capital on the date of **October 20th 2016**, is as follows:

Shareholder	Ownership*)
Iaciu Gheorghe	49.48%
Andrici Adrian	15.24%
SWISS CAPITAL / SAI SWISS CAPITAL AM / FDI ACTIVE DINAMIC / APOSTOL SORIN	10.46%
Other individuals and legal entities	24.82%
Total	**100.00%**

*) according to "Depozitarul Central" Statement and reports to the Bucharest Stock Exchange

3. The company's management

Board of Administration

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

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

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

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

Mr. Gabriel Vasile was appointed as administrator in the General Ordinary Assembly on 16th of September 2013, Mr. Liviu Stan was appointed as in the General Ordinary Assembly on 25th of April 2014, and Mr. Konstantinos Tasoulas was appointed as administrator in the General Ordinary Assembly held on the date of 25.04.2015, and Mr. Victor Rachita was elected as administrator by the General Ordinary Assembly which took place on the date of 22.04.2016.

As of the date of 01st of September 2016, the position of General Director of the company shall be exercised by Mr. Bartosz Puzdrowski, with a 3 years mandate.

The Board of Administration is structured, so as to enable fulfillment of duties in a diligent manner. The Board meets regularly to ensure fulfillment of its duties in an efficient manner. There is a clear distinction and allocation of responsibilities between the Board and the Executive Management of the Company.

Executive Management of the Company

The board of Administration decided that Mr. Bartosz Puzdrowski, General Director and Mr. Bogdan Nicolae Geanta, Financial Director, to be empowered to represent the company, pursuant to provisions under art.143 2 par. 5 in Law 31/1990, on trading companies, as from the date of 02.09.2016.

4. Financial assets

Impact Company holds investments in the following affiliates:

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

Clearline Development and Management SRL company holds the rest of investments of 93.77% in Actual Invest House SRL.

a) ***Actual Invest House S.R.L***, a company in the IMPACT Group that has an important role in the diversification of services related to the sale of dweelings. Actual Invest House collaborates with major financial institutions from Romania in order to find solutions for credit facilities in the shortest time possible for customers who intend to purchase a dweeling. It also provides management services for new residential development and furniture and interior decoration services by partnering with leading suppliers at reasonable prices using high quality materials.

b) ***Clearline Development and Management S.R.L.*** (formerly Lomb SA) is the company project of IMPACT established in order to develop a residential project in the city of Cluj-Napoca in partnership with the local authority. For the investments made by Clearline Development&Management SRL in order to develop the Lomb project in Cluj City, the project company has claims and respective litigation in the amount of 17,053,000 lei, plus legal charges. The case is currently investigated by the Court Law in Arges County, and the expertise of file is ongoing (Urbanism and Constructions).

5. Affiliates

Transactions with affiliates

	Transactions value as of 30-Sep-16	Balance as of 30-Sep-16
Sale of goods and services		
Affiliates		
Actual Invest House	94,380	72,234
Clearline Development and Management	4,847	34,038
	99,227	**106,271**

	Transactions value as of 30-Sep-16	Balance as of 30-Sep-16
Purchase of goods and services		
Affiliates		
Actual Invest House	1,827,604	107,482
Clearline Development and Management	-	699
	1,827,604	**108,180**

	30-Sep-16		
	Gross value	Depreciation	Book value
Granted loans			
Affiliates			
Clearline Development and Management	1,130,338	1,128,838	1,500
	1,130,338	**1,128,838**	**1,500**

6. Investment properties and inventories

a) Apartments and Houses

As of 30th of September 2016 there were a number of 278 apartments and houses fully completed in the inventory, having a developed built area of 27,822 sq.m. and a book value of 69.4 mill. lei. For depreciation of inventories of finished products and inventories of work in progress there were provisions registered in December 2015 that were also maintained in the third quarter. Detailed statement on houses and apartments inventories as of 30th of September 2016 is the following:

Stages 5,6 and 7 in Platanilor Assembly (888 apartments), shall be completed by stages, as of 2017.

b) Lands

At the end of the third quarter of 2016, there were in inventory approximately 890,000 sq.m. of land designated for sale and development of new projects. The lands registered in investment properties, but also the ones in fixed assets, were revalued at market value as of December 2015.

Structure by cities of lands stock is shown in the following graphic:

c) Products and works in progress (apartments, fit-outs, utility networks and roads)

Structure of products and works in progress is shown in the ollowing graphic:

7. Cash and cash equivalents

	31-Dec-15	30-Sep-16
Current accounts	17,064,018	16,016,147
Cash	3,666	19,236
Advance for settlement	13,163	18,934
	17,080,848	**16,054,316**

8. Long and short term borrowings

On the date of September 30th 2016, the analysis of the bank loans was as follows:

No of contract	Name	Currency	Maturity	Contract value	Contract value	Balance on 30.09.2016	Balance on 30.09.2016	Total balance after re-valuation	Short term	Long term
				(euro)	(lei)	(euro)	(lei)	(lei)	(lei)	(lei)
301/30.08.2006	Piraeus Bank Grecia suc Londra	EURO	21-Oct-17	12,807,270		2,428,702		10,813,308	8,904,600	1,908,708
422/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-17		4,047,000		1,434,784	1,434,784	1,434,784	0
423/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-18		20,235,000		7,160,126	7,160,126		7,160,126
BA1589/11.11.2015	Libra Internet bank	RON	11-Nov-19		29,266,059		24,161,891	24,161,891		24,161,891
BA1562/23.09.2016	Libra Internet bank	RON	23-Sep-20		35,000,000		6,395,752	6,395,752		6,395,752
TOTAL				**12,807,270**	**88,548,059**	**2,428,702**	**39,152,553**	**49,965,861**	**10,339,384**	**39,626,477**

9. Provisions

On the date of September 30th 2016, the balance of provisions is as follows:

a) Provisions for litigations - in balance on the date of 31st of December 2015 amounted to RON 19.82 mill., consisting of:

- provision afferent to case no. 60772/3/2011 in which it was a civilly responsible party, in quantum of RON 19.12 mill., out of which RON 1.9 mill. set up in 2013 and RON 17.22 mill. in 2015, has been adjusted in April 2016. In this case Bucharest Court of Appeal pronounced by decision 527/24.03.2016. The decision is final. In terms of the civilly responsible party, the court ordered the obligation of the defendant STEGARU RUXANDRA MARIA, jointly with the civilly responsible parties Sqrw Development SRL and Impact Developer&Contractor SA, to total payment, base debit plus increases/penalties, in quantum of RON 12,522,354, amount fully paid up on the date of 20.04.2016. To the effect of recovery of the prejudice on trial with Bucharest Court, 3rd Civil Division, the Company submitted case 18236/3/2016, having as subject the action in regress, against defendant Stegaru Ruxandra Maria. The Case was settled in the first instance on the date of 20th of October 2016 by civil sentence no. 1299 to the effect of admission of the action, obligation of the defendant to payment of the amount of RON 1,094,822 as damages plus legal interest afferent to the amount, as of the date of action initiation and until the date of actual payment to the plaintiff. Sentence has open appeal remedy.

- provision afferent to case no. 11833/2/2010, amounting to RON 0.7 mill. in balance on 31.12.2015 and RON 0.68 mill. set up in June 2016, has been fully adjusted in September 2016. In this case decision no. 2057 was pronounced on the date of 21.06.2016 with the following provisions: "It admits the appeal addressed by defendant ANAF against sentence no. 2349 dated 24th of September 2015 of Bucharest Court of Appeal – 3rd Administrative and Tax Contentious Division. Amendment of the recurred sentence to the effect that it rejects the action addressed by defendant Impact Developer & Contractor S.A., as ungrounded. Irrevocable." The amounts resulting for payment from this case have been settled by VAT required for reimbursement and the provisioned amount for this case had been resumed.

b) Provisions for shares held in affiliated entities amount to 9.26 mill. lei out of which 8.13 mill. lei afferent to shares held in Actual Invest House and Clearline Development & Management and 1.13 mill. lei afferent to settlements within group.

c) Provisions for receivables of clients and sundry debtors. The provisioned amount is 2.56 mill. lei and it is afferent to balances older than 360 days of which recovery is uncertain, balances afferent to clients in insolvency, amounts under litigation.

d) Provisions for depreciation of inventory, houses and lands amounting to 4.14 mill. lei.

e) Provisions for utility networks and roads from residential compounds where IMPACT does no longer owns buildings and land plots for sale and which were sold or are about to be sold to the owners associations or local councils from the areas where the projects take place. For these assets were signed selling buying promises and they were handed over to the new owners. The value of provisions booked on 30th of September 2016 is of 11.57 mill. lei afferent to lands, networks tangible assets and to to the production in progress.

f) Provisions for execution of general infrastructure for Greenfield II project, according to the Master Plan for further fit-out of roads and access ways and future city networks, provisions had been set up for each sq.m. of sold construction, amounting to 4.98 mill. Lei.

10. Operational revenues recorded on 30 September 2016

The main revenue sources are revenues from sales of dwellings, revenues from selling land plots, revenues from rents, and from provided services.

The structure of operational revenues is the following:

	30-Sep-15	30-Sep-16	Difference value	%
Revenues from sale of finished products	73,726,619	111,343,543	37,616,924	51%
Revenues from rentals	934,225	1,100,991	166,766	18%
Revenues from recharged utilities	2,178,653	1,790,644	-388,009	-18%
Revenues from sale of investments properties	4,295,138	1,619,062	-2,676,076	-62%
Other revenues of operational nature	1,575,631	865,371	-710,260	-45%
Other revenues of operational nature - ANAF Litigation	0	6,640,074	6,640,074	
Total	**82,710,266**	**123,359,685**	**40,649,419**	**49%**

A significant influence on the operational incomes had the incomes from the sale of properties in Salcamilor assembly (approximately RON 108,000,000), as well as on the final settlement and the respective adjustment of the required provision for litigation with ANAF in case 60772/3 / 2011 pronounced on March 24th, 2016 by decision 527 / A pronounced by the Court of Appeal.

a) Sales of apartments and houses

In the first three quarters of 2016 sales amounted to **353 buildings** (apartments and houses) and **404 parking lots**, totaling a number of 29,677 sq.m., over 31% more compared to the similar period of the previous year.

Sales evolution by location is of 331 apartments in Salcamilor Assembly, 14 apartments in Greenfield 1, 6 houses in Oradea, 1 house in Ploiesti si 1 house in Constanta.

The new residential development started by IMPACT DEVELOPER & CONTRACTOR SA in the summer of the year 2014 - the SALCAMILOR Compound located in GREENFIELD complex, generated the biggest contribution to the company sales – 331 apartments, 27,119 sqm respectively.

GREENFIELD sales evolution was favored by the new qualities of residential product and also by compound facilities which together have created a competitive advantage for the project.

Also, the increase of the value of properties benefiting from 5% reduced VAT as of 1st of January 2016 led to customers' preferences upgrade, considering that the 4 rooms apartments have become much more attractive.

The sales of 2 rooms apartments had increased over the epenctation by far, as result of notice on the suspension /modification of the program First Home and Resolution Agency Law.

b) Rentals

The activity of apartment lease is no longer a priority for the Company in the past years. Most of the dwellings on which lease contracts were terminated in 2015, were sold and therefore at the end of the third quarters of year 2016 there were only 9 leased dwellings, which will be sold once those lease terminate.

c) Sales of land plots

During the first three quarters of year 2016 there were 4 land plots sold in Oradea, with an area of 2,329 sq.m. and 1 land plot in Voluntari with an area of 17 sq.m.. Compared to the similar period of the previous year, the area of sold land plots is over 15 times smaller.

11. Operational expenses recorded as of *30th of September 2016*

Operational expenses increased by 28% compared to the similar period in 2015.

Compared to the operational profit of RON 7.6 million EBITDA as of 30th of September 2015, the operational profit (EBITDA) of RON 27.4 million, was influenced by the increase in the sales in Salcamilor (there were sold 100 new units more than during the same period of the previous year) and by the adjustment of ANAF final required provision in the litigation in case 60772.

	30-Sep-15	30-Sep-16	Value difference	%
Book value of sold residential inventories	-54,130,754	-76,768,160	-22,637,406	42%
Operational costs afferent to sold/leased properties	-2,011,949	-1,755,550	256,399	-13%
Book value of investment properties	-4,238,327	-1,461,265	2,777,062	-66%
Consumption of raw materials	-392,217	-617,606	-225,389	57%
Services provided by third parties	-4,156,984	-6,147,701	-1,990,717	48%
Employee benefits expenses	-5,420,462	-5,652,709	-232,247	4%
Other operating expenses	-4,751,702	-3,570,373	1,181,329	-25%
Total	**-75,102,395**	**-95,973,364**	**-20,870,969**	**28%**

The interest expenses increased by 7% on account of contracting three new loans for further financing of stages 5 and 6 in Platanilor assembly.

	30-Sep-15	30-Sep-16	Value difference	%
Financing costs	-1,103,755	-1,183,053	-79,298	7%
Financial income	100,330	32,330	-68,000	-68%
Exchange rate differences	353,072	171,231	-181,841	-52%
Other financial items, net	-72,886	28,691	101,577	-139%
Total	**-723,239**	**-950,801**	**-227,562**	**31%**

12. Strategic Directions and Activities Guidelines of IMPACT in *2016*

Year 2016 was marked, on one hand, by the preparation of the documentation for authorization of construction of a new compound in Greenfield II, Platanilor Assembly, and on the other hand, by the completion of works in phases 3 and 4 of the Salcamilor Assembly.

The new residential developments will benefit from all location advantages communicated under Greenfield brand (900 ha of forest, in the vicinity of Baneasa Forest, 5 minutes from Baneasa Business Center - Metro Cash&Carry, Selgross, IKEA, Mobexpert, Carrefour Feeria, Bricostore, imediate access to DN1 Bucharest – Ploiesti, 10 minutes to the two airports: Baneasa and Henri Coanda).

The second stage of development of Greenfield complex aims to expansion of dwelling area within an improved concept, adapted to current market conditions, as well as attracting investors/operators for improving the facilities/services serving the dwelling area.

During the first three quartes of 2016 there were signed sales contracts, reservations and promises of sales agreements in stages 2, 3, 4, 5 and 6 of Salcamilor and Platanilor Assemblies, in an increasingly intense pace.

Thus, as of 30th of September 2016 there were 51 promises and reservations signed for apartments in Greenfield neighborhood, stages 1 - 4 (SALCAMILOR assembly) completed, as well as 32 promises and reservations for apartments in Greenfield neighborhood, stages 5 - 6 (PLATANILOR assembly) under construction. The pre-contracting level of apartments in stages 2,3 and 4 put out for sale exceeded 78%.

Regarding Greenfield complex, the management's objective is to complete the construction works for the new compound – Platanilor Assembly, next year, that will include 39 blocks and 888 apartments, with a total built surface of 90,000 sqm.

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

Also in 2016 the preparation for Barbu Vacarescu Ave. Project is continued, the project being started in September 2014 with acquisition of 1/3 of ownership title over a land plot of 7.9 ha.

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

The company intends to speed up the production cycles and product standardization so that the offer of IMPACT should be aligned with the market requirements, this being one of the concerns of the management in the current period in order to reach the sales objectives and profitability.

In order to finance the residential developments, besides own financing sources from reinvested profits, co-financing of development costs will be provided through bank loan facilities.

13. Capital Market

IMPACT DEVELOPER & CONTRACTOR SA has been listed at the Bucharest Stock Exchange since the year 1996. Starting with the year 2006 its shares are quoted in the first category of BVB. Since January 2015, IMPACT shares, in a number of 277,866,574, are traded on the Premium category according to the new segmentation of Bucharest Stoc Exchange.

The market capitalization of the company at the end of September 2016 is of 43 mil. EUR.

IMPACT share price evolution
(october 2015 – september 2016)

BET Index Evolution
(october 2015 – september 2016)

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

According to the situation reported by the Central Depositary and reports to the Bucharest Stock Exchange, among the shareholders that held over 10% of the

company shares on 30.09.2016 are: Gheorghe Iaciu holds 49.48%, Andrici Adrian holds 15,24% of the share capital, and 35,27% was held by other shareholders.

On 30.09.2016, 24.94% of the shares were held by legal entities and 75.06% of the shares were held by individuals.

The BET index recorded on September 30, 2016 a decrease of 1% compared to the begining of the year, and the IMP shares have recorded a decrease of 26% (0.698 lei/ share on 30.09.2016 compared to 0.94 lei/share on 31.12.2015).

14. Performance Indicators

Stock exchange indicators - evolution:

Indicators	31-Dec-13	31-Dec-14	30-Sep-15	31-Dec-15	30-Sep-16
Price per share	0.544	1.485	1.150	0.940	0.698
No of shares	197,866,574	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (RON)	107,639,416	412,631,862	319,546,560	261,194,580	193,950,869
Exchange rate	4.4847	4.4821	4.4167	4.5245	4.4523
Market capitalization (EUR)	24,001,475	92,062,172	72,349,619	57,728,938	43,561,950
Net Asset Value (RON)	281,430,511	365,579,741	373,078,980	361,140,518	389,091,796
Net Asset Value (EUR)	62,753,475	81,564,387	84,470,075	79,818,879	87,391,190
Result (RON)	(42,457,620)	4,091,143	7,499,240	(4,459,409)	27,951,277
Result (EUR)	(9,607,970)	920,475	1,688,790	(1,003,242)	6,231,783
Earning per share (RON)	-0.215	0.015	0.027	-0.016	0.101
Earning per share (EUR)	(0.049)	0.003	0.006	(0.004)	0.022
NAV/Share (RON)	1.422	1.316	1.343	1.300	1.400
NAV/Share (EUR)	0.317	0.294	0.304	0.287	0.315
Premium/discount compared to the net asset value	-62%	13%	-14%	-28%	-50%

During the first three quarters of year 2016, the company's share price has dropped, influenced by both the evolution of the local market and foreign ones. The stock exchanges were significantly affected by slowdown of the Chinese economy, the very low oil prices in February and the most recent event – the result of the referendum in the United Kingdom.

Economic and financial indicators – evolution:

Indicators	31-Dec-13	31-Dec-14	31-Dec-15	30-Sep-15	30-Sep-16
Return on Assets	-11.42%	0.93%	-0.95%	1.68%	5.95%
Return on Equity	-15.09%	1.12%	-1.23%	2.01%	7.18%
Debt ratio (Total liabilities vs. Total asset)	24.28%	17.32%	22.83%	16.53%	17.20%
Leverage (Equity vs. Total asset)	75.72%	82.68%	77.17%	83.47%	82.80%
Gearing ratio (Loans vs. Equity)	21.19%	10.05%	12.68%	9.63%	12.84%
Current ratio	3.26	4.54	2.85	4.22	10.32
Quick ratio	0.43	0.34	0.56	0.89	1.31

EPRA1 Net Asset Value:

Description	31-Dec-15	30-Sep-16
IFRS Net Asset Value	**361,140,518**	**389,091,796**
Number of shares	*277,866,574*	*277,866,574*
IFRS Net Asset Value /Share	**1.30**	**1.40**
Revaluation of inventories / available land for sale	65,476,258	73,998,875
Deffered tax	13,000,347	13,000,347
EPRA Net Asset Value	**439,617,123**	**476,091,018**
EPRA* Net Asset Value *Share	***1.58***	***1.71***

The objective of the **EPRA Net Asset Value** is to highlight the fair value of net assets on an ongoing analysis on a long term horizon.
Adjustments are considering the revaluation of assets and land available for sale to net realizable value.

[1]**"EPRA"** European Public Real Estate is an association representing public real estate companies listed in Europe.

15. Auditors

By Decision of General Shareholders Assembly in April 2016 the contract with the current external financial auditor of the Company, DELOITTE AUDIT SRL, was extended for a mandate of 1 (one) year.

The Financial Statements as of September 30th 2016 **are not audited**.

Chief Executive Officer
Bartosz Puzdrowski

Chief Financial Officer
Bogdan Nicolae Geanta

Q3/2016 Quarterly Report

Date of the report: 12.11.2016
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,
Phone/Fax number: 230.75.81/82/83/ 230.75.70/71/72
Sole Registration Code with the Trade Registry Office J23/1927/2006
Subscribed and paid up share capital: 277,866,574 RON
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 S1/2016, compared to the previous year similar period.*

Analysis of the results

In the first three quarters of year 2016, IMPACT recorded operating income of **123,4 million lei,** by 49% higher compared to the same period of the last year and a gross profit of about **27,9 million lei**, recording an increase of approximately two times the result compared to the same period in 2015, when it recorded a gross profit of 7,5 million lei. The increase was mainly influenced by sales of dwellings from Salcamilor Assembly (about 108 million lei) and the reversal of incomes on ANAF litigation provision afferent to the case 60772/3/2011 settled on 24th of March 2016.

The financial indicators on 30 September 2016 are the following:

Indicators according to IFRS (RON)	30-Sep-15	30-Sep-16	Difference	
			value	%
Operational revenues, out of which:	**82,710,266**	**123,359,685**	**40,649,419**	**49%**
Revenue from the sale of residential inventories	73,726,619	111,343,543	37,616,924	51%
Revenue from rental and utilities recharged	3,112,878	2,891,635	-221,243	-7%
Revenue from sale of investments properties	4,295,138	1,619,062	-2,676,076	-62%
Other revenue of operational nature	1,575,631	865,371	-710,260	-45%
Other revenue of operational nature - ANAF Litigation	0	6,640,074	6,640,074	
Operational expenses, out of which:	**-75,102,395**	**-95,973,364**	**-20,870,969**	**28%**
Accounting value of the sold residential inventories	-54,130,754	-76,768,160	-22,637,406	42%
Operating costs related to rented and sold properties	-2,011,949	-1,755,550	256,399	-13%
Accounting value of sold investments properties	-4,238,327	-1,461,265	2,777,062	-66%
Expenditure on raw materials and supplies	-392,217	-617,606	-225,389	57%
Services provided by third parties	-4,156,984	-6,147,701	-1,990,717	48%
Employee benefits expenses	-5,420,462	-5,652,709	-232,247	4%
Other expenses of operational nature	-4,751,702	-3,570,373	1,181,329	-25%
Operational results (EBITDA)	**7,607,871**	**27,386,321**	**19,778,450**	**260%**
Depreciation and amortization expenses	-473,435	-474,704	-1,269	0%
Assets loss of value other than real estate investments	1,088,043	1,990,461	902,418	83%
Operational results (EBIT)	**8,222,479**	**28,902,078**	**20,679,599**	**252%**
Net financial cost	-723,239	-950,801	-227,562	31%
Gross profit / loss (EBT)	**7,499,240**	**27,951,277**	**20,452,037**	**273%**
Income tax	0	0	0	0
Gross profit / loss of the period	**7,499,240**	**27,951,277**	**20,452,037**	**273%**

Until 30th of September 2016 IMPACT has sold a total of **353 houses and apartments**, 31% more than the same period last year (when there were recorded sales of over 271 dwellings).

Of the total dwellings sold, 331 apartments were sold in the Salcamilor Assembly (Greenfield 2, Bucharest), 14 apartments in Greenfield 1 and 8 houses were sold in province (Oradea, Ploiesti and Constanta).

The average transaction price of RON 317,696 (equivalent of EUR 70,895) had increased during the first three quarters of 2016 by 17% compared to the same period last year when the sales amounted to RON 271,643 (equivalent of EUR 61,142) /transaction.

Operating expenses increased by 28%, due to the optimization of production costs for the new residential development from Greenfield. An operational profit of approximately **27.4 million lei**

EBITDA on September 30, 2016 was achieved, compared to the operating profit of 7.6 million lei EBITDA on September 30, 2015.

Financial result	30-Sep-15	30-Sep-16	Difference	
			value	%
Financing costs	-1,103,755	-1,183,053	-79,298	7%
Financial income	100,330	32,330	-68,000	-68%
Exchange rate differences	353,072	171,231	-181,841	-52%
Other financial items, net	-72,886	28,691	101,577	-139%
Total	**-723,239**	**-950,801**	**-227,562**	**31%**

Interest expenses increased by 7% after closing of three new credit contracts for financing Stages 5 and 6 in the Platanilor Assembly.

Analysis of the balance sheet items

Asset items	31-Dec-15	30-Sep-16	Difference	
			value	%
Tangible assets	5,722,775	5,958,856	236,081	4%
Intangible assets	117,491	194,855	77,364	66%
Investment immobilization	214,898,889	172,910,520	-41,988,369	-20%
Financial assets	14,377,226	14,377,226	0	0%
Non-current receivables	11,367,047	10,938,372	-428,675	-4%
Total non-current assets	***246,483,428***	***204,379,829***	***-42,103,599***	***-17%***
Inventory	177,887,026	231,696,031	53,809,005	30%
Trade receivables and other receivables	26,405,139	17,683,194	-8,721,945	-33%
Prepayments	118,140	85,871	-32,269	-27%
Cash and cash equivalents	17,080,848	16,054,316	-1,026,532	-6%
Total current assets	***221,491,153***	***265,519,412***	***44,028,259***	***20%***
Total assets	***467,974,581***	***469,899,241***	***1,924,660***	***0%***

Investment immobilization have registered a significant decrease by 20%, due to 101,787 sqm land surface transferred from investment immobilization to inventories, to be used in development of Phases 5, 6 and 7 in Platanilor Assembly.

Cash and cash equivalents of the Company had decreased by 6% in the first three quarters of 2016, due to payments for the new rezidential development in Greenfield and payments to ANAF for the litigation in case 60772 settled in March 2016.

Trade receivables have decreased by 33%, the main reason being the fact that the receipts flow had increased for houses and apartments sale-purchase agreements, almost all the sale-purchase agreements being financed by bank loans or clients' own sources of funds.

Compared to the situation at the beginning of the year, the inventories registered an increase by 30%, due to production costs capitalization of the new development stages of Greenfield Assembly.

The company's tangible and intangible assets have increased based on purchase of vehicles and modernization of IT equipments.

Total assets have maintained at approximately the same level as at the end of year 2015.

Liabilities items	31-Dec-15	30-Sep-16	Difference	
			value	%
Equity	***361,140,518***	***389,091,796***	***27,951,278***	***8%***
Loans	13,228,061	39,626,477	26,398,416	200%
Trade payables and other liabilities	2,832,954	2,451,534	-381,420	-13%
Deferred tax	13,000,347	13,000,347	0	0%
Total long term liabilities	***29,061,362***	***55,078,358***	***26,016,996***	***90%***
Loans	32,560,942	10,339,384	-22,221,558	-68%
Trade payables and other liabilities	25,384,120	15,383,085	-10,001,035	-39%
Provisions for risks and charges	19,827,639	6,618	-19,821,021	-100%
Total current liabilities	***77,772,701***	***25,729,087***	***-52,043,614***	***-67%***
Total liabilities	***106,834,063***	***80,807,445***	***-26,026,618***	***-24%***
Total equity and liabilities	***467,974,581***	***469,899,241***	***1,924,660***	***0%***

In the first three quarters of 2016, the company loans recorded an increase due to loan withdrawals for further completion of Stages 3 and 4 (420 apartments) from Salcamilor Assembly and also due to construction of Stage 5 and Stage 6.

Commercial debts of the company decreased due to the suppliers' loans reaching their maturity as well as due to the co-financing of the production expenses through bank loans.

Provisions have recorded a decrease by 100% due to revenue reversals of the provision set up for ANAF litigation in case 60772/3/2011.

The equities maintained at approximately the same level as at the end of year 2015, due to the profit for the first three quarters of 2016.

Analysis of the cash flow items

Decrease in cash at the end of the third quarter of 2016 compared to the beginning of the year is determined by the payment for the new rezidential development in Greenfield and by the payment to ANAF of debts resulted from the litigation settled during March 2016.

Indicator (RON)	30-Sep-16
Cash at the beginning of the period	***17,080,848***
Net cash derived from operating activities	(4,925,706)
Net cash derived from investment activities	673,117
Net cash derived from financing activities	3,226,057
Cash at the end of the period	***16,054,316***

Economic and financial indicators – evolution:

Indicators	31-Dec-13	31-Dec-14	31-Dec-15	30-Sep-15	30-Sep-16
Return on Assets	-11.42%	0.93%	-0.95%	1.68%	5.95%
Return on Equity	-15.09%	1.12%	-1.23%	2.01%	7.18%
Debt ratio (Total liabilities vs. Total asset)	24.28%	17.32%	22.83%	16.53%	17.20%
Leverage (Equity vs. Total asset)	75.72%	82.68%	77.17%	83.47%	82.80%
Gearing ratio (Loans vs. Equity)	21.19%	10.05%	12.68%	9.63%	12.84%
Current ratio	3.26	4.54	2.85	4.22	10.32
Quick ratio	0.43	0.34	0.56	0.89	1.31

Return on flows-clients	30-Sep-15	30-Sep-16
Clients average balance (A)	30,747,022	33,196,876
Turnover (B)	82,710,266	123,359,685
(A /B)*270 zile	**100**	**73**

Return on fixed assets	30-Sep-15	30-Sep-16
Turnover (A)	82,710,266	123,359,685
Fixed assets (B)	247,369,596	204,379,829
(A/B)	**0.33**	**0.60**

Stock exchange indicators - evolution:

Indicators	31-Dec-13	31-Dec-14	30-Sep-15	31-Dec-15	30-Sep-16
Price per share	0.544	1.485	1.150	0.940	0.698
No of shares	197,866,574	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (RON)	107,639,416	412,631,862	319,546,560	261,194,580	193,950,869
Exchange rate	4.4847	4.4821	4.4167	4.5245	4.4523
Market capitalization (EUR)	24,001,475	92,062,172	72,349,619	57,728,938	43,561,950
Net Asset Value (RON)	281,430,511	365,579,741	373,078,980	361,140,518	389,091,796
Net Asset Value (EUR)	62,753,475	81,564,387	84,470,075	79,818,879	87,391,190
Result (RON)	(42,457,620)	4,091,143	7,499,240	(4,459,409)	27,951,277
Result (EUR)	(9,607,970)	920,475	1,688,790	(1,003,242)	6,231,783
Earning per share (RON)	-0.215	0.015	0.027	-0.016	0.101
Earning per share (EUR)	(0.049)	0.003	0.006	(0.004)	0.022
NAV/Share (RON)	1.422	1.316	1.343	1.300	1.400
NAV/Share (EUR)	0.317	0.294	0.304	0.287	0.315
Premium/discount compared to the net asset value	-62%	13%	-14%	-28%	-50%

2. Analysis of the company's business

In the first three quarters of 2016 the sale of apartments finished in 2015 within the Salcamilor assembly (Stage 1 and 2), as well as the sale of apartments in Stage 3 and 4 finished in 2016.

In Salcamilor assembly (924 apartments), there were totally 722 contracts concluded (out of the total of 924 apartments) until the end of month September 2016: 671 sale-purchase agreements and 51 pre-agreements and reservations.

Form Platanilor assembly, currently under construction and 476 units will be finished, there were 32 reservations concluded until the end of month September 2016.

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

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

2.2. *Presentation and analysis of the effects on the financial situation of the company of all capital expenditures, current or anticipated.*

The company started the construction of Platanilor Assembly with 39 blocks and with 888 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.*

Resuming the production cycle with the new stages of residential development in Greenfield assembly, favoured the obtaining of a competitive and market appreciated product and thus the company achieved a significant increase in sales, achieving a market share giving it the status of market leader respectively.

The speeding of the production cycles and product standardization ensure the market requirements and this is one of the concerns of the essential management in the current period, and represent a strength in order to reach the sales objectives and profitability.

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

In April 2016, Mr. Victor Rachita was elected Administrator, member of the Board of Directors. His mandate is valid starting from April 25, 2016 until April 26, 2017.

As of the date of 01st of September 2016, the position of General Director of the company shall be exercised by Mr. Bartosz Puzdrowski, for a 3 years mandate.

The Board of Administration decided that Mr. Bartosz Puzdrowski, General Director and Mr. Bogdan Nicolae Geanta, Financial Director, to be empowered to represent the company, pursuant to provisions under art.143 2 par. 5 in Law 31/1990, on trading companies, as from the date of 02.09.2016.

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 fees.

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.

General Director
Bartosz Puzdrowski

Financial Director
Bogdan Nicolae Geanta