



No. \_\_\_\_\_ / 05.08.2015

## Semiannual report Semester I - 2015

Date of the report: 05.08.2015

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

Registered office: Oraș Voluntari, Șos. Pipera Tunari, nr. 4 C, Centrul de Afaceri Construdava, etaj 6,7, Județul Ilfov

Phone/Fax number: 230.75.81/82/83/ 230.75.70/71/72

Sole Registration Code with the Trade Register J23/1927/2006

Subscribed and paid capital: 277.866.574 RON

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

### 1. Economic and financial situation

1.1. Presenting a financial situation analysis for the H1 2015 compared to same period of last year.

#### Analysis of the results

In the first half of 2015 IMPACT recorded operating income of **56.94 million lei**, over three times higher compared to the same period of the last year and a gross profit of about **7.1 million lei**, recording a significant improvement of the result compared to the same period in 2014, when it recorded a loss of 1.9 million lei.

The financial indicators on 30 June 2015 are the following:

Indicators according to IFRS (RON)	2014_S1	2015_S1	%
<b>Operational revenues, out of which:</b>	<b>18,386,688</b>	<b>56,947,468</b>	<b>210%</b>
Revenue from the sale of residential inventories	12,879,344	49,924,526	288%
Revenue from rental and utilities recharged	2,396,164	2,139,667	-11%
Revenue from sale of investments properties	2,788,370	3,490,922	25%
Other revenue of operational nature	322,810	1,392,353	331%
<b>Operational expenses, out of which:</b>	<b>(25,455,639)</b>	<b>(49,479,680)</b>	<b>94%</b>
Accounting value of the sold residential inventories	(13,407,694)	(35,558,094)	165%
Operating costs related to rented and sold properties	(1,492,227)	(1,266,400)	-15%
Accounting value of sold investments properties	(3,035,567)	(3,408,366)	12%
Expenditure on raw materials and supplies	(175,740)	(339,847)	93%
Services provided by third parties	(2,814,265)	(2,580,702)	-8%

<b>Indicators according to IFRS (RON)</b>	<b>2014_S1</b>	<b>2015_S1</b>	<b>%</b>
Employee benefits expenses	(2,083,659)	(3,195,407)	53%
Other expenses of operational nature	(2,446,487)	(3,130,864)	28%
<b>Operational results (EBITDA)</b>	<b>(7,068,951)</b>	<b>7,467,788</b>	<b>N/A</b>
Depreciation and amortization expenses	(254,712)	(313,865)	23%
Assets loss of value other than real estate investments	5,800,253	693,043	-88%
<b>Operational results (EBIT)</b>	<b>(1,523,410)</b>	<b>7,846,966</b>	<b>N/A</b>
Net financial cost	(335,700)	(778,205)	132%
<b>Gross profit / loss (EBT)</b>	<b>(1,859,110)</b>	<b>7,068,761</b>	<b>N/A</b>
Income tax	0	0	N/A
<b>Gross profit / loss of the period</b>	<b>(1,859,110)</b>	<b>7,068,761</b>	<b>N/A</b>

The significant increase in operating income is due to increasing number of apartments sold in the new residential development from Greenfield neighborhood located in Bucharest - Salcamilor Compound.

Until June 30, 2015 IMPACT has sold a total of 188 houses and apartments, over three times more than the same period last year (when were sold 52 dwellings).

Of the total dwellings sold, 153 apartments were sold in the new residential development of the Greenfield neighborhood, 21 apartments of the stock related to the the first phase of development of the Greenfield neighborhood and 14 dwellings were sold in the province (Oradea, Ploiesti and Constanta).

Operating expenses increased due to the increase in sales volumes but the increase of expenses was in a much smaller percentage compared to sales increase due to optimization of production costs for new residential development in Greenfield. Thus the company was able to achieve an operating profit of approximately 7.5 million lei EBITDA on June 30, 2015 compared to an operating loss of 7.1 million lei EBITDA on June 30, 2014.

<b>Financial result</b>	<b>30-Jun-14</b>	<b>30-Jun-15</b>	<b>%</b>
Financing costs	(1,710,416)	(834,242)	-51%
Financial income	306,229	23,186	-92%
Exchange rate differences	1,071,674	75,863	-93%
Other financial items, net	(3,187)	(43,012)	1250%
<b>Financial result</b>	<b>(335,700)</b>	<b>(778,205)</b>	<b>132%</b>

The repayment of contracted loans has the greatest contribution to financial result and therefore the interest expenses decreased by 51%.

### Analysis of the balance sheet items

<b>Asset items</b>	<b>31-Dec-14</b>	<b>30-Jun-15</b>	<b>%</b>
Tangible assets	6,596,081	6,041,398	-8%
Intangible assets	154,405	143,045	-7%
Investment immobilization	230,979,061	213,983,722	-7%
Financial assets	14,377,276	14,377,276	0%
Non-current receivables	19,300,941	14,104,940	-27%
<b>Total non-current assets</b>	<b>271,407,764</b>	<b>248,650,381</b>	<b>-8%</b>
Inventory	158,125,501	153,386,194	-3%
Trade receivables and other receivables	9,062,483	20,771,788	129%
Prepayments	97,221	103,460	6%
Cash and cash equivalents	3,464,726	13,458,741	288%
<b>Total current assets</b>	<b>170,749,931</b>	<b>187,720,183</b>	<b>10%</b>
<b>Total assets</b>	<b>442,157,695</b>	<b>436,370,564</b>	<b>-1%</b>

Cash and cash equivalents of the Company had a significant increase in the first half of 2015, of about 10 million lei, due to accelerated growth in sales.

The company's tangible and intangible assets decreased due to their depreciation and amortization .

Compared to the situation at the beginning of the year, the inventories registered a slight fluctuation of 3% due on the one hand to the sales of dwellings which reduced inventories, and on the other hand the capitalization of production costs for new development stage of the Greenfield neighborhood favored an increase of inventories.

Trade receivables increased twice, mainly because of the payments for the sale contracts financed through bank loans and signed in the last part of June, were realised in the next month. On the other hand the non-current receivables registered a decrease of 27% compared to the beginning of the year, mainly due to the proximity of the maturity for many installements contracts. Total assets decreased by 1% in the H1 2015.

<b>Liabilities items</b>	<b>31-Dec-14</b>	<b>30-Jun-15</b>	<b>%</b>
<b>Equity</b>	<b>365,579,741</b>	<b>372,648,501</b>	<b>2%</b>
Loans	23,661,030	17,284,039	-27%
Trade payables and other liabilities	2,265,343	2,353,893	4%
Deferred tax	13,010,763	13,010,763	0%
<b>Total long term liabilities</b>	<b>38,937,136</b>	<b>32,648,695</b>	<b>-16%</b>
Loans	13,088,512	11,514,180	-12%
Trade payables and other liabilities	21,454,667	16,931,549	-21%
Provisions for risks and charges	3,097,639	2,627,639	-15%
<b>Total current liabilities</b>	<b>37,640,818</b>	<b>31,073,368</b>	<b>-17%</b>
<b>Total liabilities</b>	<b>76,577,954</b>	<b>63,722,063</b>	<b>-17%</b>

<b>Liabilities items</b>	<b>31-Dec-14</b>	<b>30-Jun-15</b>	<b>%</b>
<b><i>Total equity and liabilities</i></b>	<b>442,157,695</b>	<b>436,370,564</b>	<b>-1%</b>

In the first semester of 2015, the company loans declined due to an increased sales pace that favored the early repayment of company's loans by paying the removals of the mortgage for the sold dwellings.

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 declined by 15% due to revenue replays of the provisions for the sale of land in the old compounds.

The equity was increased by 2% due to the profit for the first semester of 2015.

### **Analysis of the cash flow items**

The significant increase in cash at the end of the first half of 2015 compared to the beginning of the year is determined by the increase in sales revenues, almost all sale contracts being with payment through bank loan or from own sources.

<b>Indicator (RON)</b>	<b>30-Jun-15</b>
<b>Cash at the beginning of the period</b>	<b>3,464,726</b>
Net cash derived from operating activities	14,199,633
Net cash derived from investment activities	2,967,502
Net cash derived from financing activities	(7,173,119)
<b>Cash at the end of the period</b>	<b>13,458,741</b>

## **2. Analysis of the company's business**

In the first semester of 2015, the first 252 apartments were completed and available on sale, located in 9 collective housing buildings with GF + 5F height regime, from the new residential development of Greenfield neighborhood, respectively the Salcamilor compound. The construction began in June 2014 and since April 2015 were signed purchase and sale contracts.

Also in April 2015 began the construction of the second stage of the new residential project in Greenfield neighborhood, consisting of also 9 collective housing buildings GF + 5F, also 252 apartments respectively. In this respect on March 30, 2015 was signed the general contractor agreement with the company DEVBON SRL, contract with a value of 3.3 million EURO without VAT.

*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.*

Disclosed 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 intends to develop the following three stages of the Salcamilor project and, in this regard, besides own funding sources – the reinvested profit it is aimed the co-financing of the development expenses through bank loans.

The detailed structure of expenditure can be 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 neighborhood starting in June 2014, respectively in April 2015, favored the obtaining a competitive and well appreciated product on the market and so the company has managed to achieve a significant increase in sales, achieving a market share which will give to the company a leader status on the market.

The speeding of the production cycles and product standardisation ensure the market requirements and this is one of the concerns of the 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 2015, Mr. Tasoulas Konstantinos was elected Administrator, member of the Board of Directors. Its mandate is valid starting from April 25, 2015 until April 26, 2017. It was voted the revocation of Mrs. Draguta Mihaila from the position of Administrator.

In June 2015 the General Meeting of Shareholders approved the issuance of corporate bonds, unsecured, to finance the following:

- a) construction of the "Greenfield Plaza" Community Center in the to the Greenfield neighborhood, with a total area of 10,400 square meters, consisting of:
  - spa center
  - supermarket
  - services area
  - administrative office;
- b.) Greenfield neighborhood infrastructure and utilities;
- c.) development of Zoning / Detailed Plans necessary for the next stages from the Greenfield neighborhood;
- d.) financing the first phase of the Barbu Vacarescu residential project
- e.) partial / total repayment of company's bank loans.

The bond issue has the following main features:

- a.) Value of the issue – maximum 135 million RON;
- b.) Maturity – minimum 5 years;
- c.) Fixed Interest – 5,50-7,00% / year

The company management has taken steps to make the bond prospectus.

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

The company is up to day 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

### **S.C. IMPACT DEVELOPER & CONTRACTOR S.A.**

**Chairman of the Board**  
**Iuliana Mihaela Urda**

**General Manager**  
**Lucian Claudiu Mateescu**

**Economic Manager**  
**Bogdan Geanta**

*Translation from Romanian Language*