

IMPACT DEVELOPER & CONTRACTOR S.A.

INDIVIDUAL FINANCIAL STATEMENTS

**FOR THE FINANCIAL EXERCISE ENDED ON
31st OF DECEMBER 2017**

**Prepared in compliance with the
Order no. 2844/2016 of the Minister of Public Finance
for approval of accounting standards pursuant to International Financial Reporting Standards,
applicable to companies of which shares are traded on a regulated market, with its further
amendments**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
S.C. IMPACT DEVELOPER & CONTRACTOR S.A.

Opinion

1. We have audited the financial statements of S.C. IMPACT DEVELOPER & CONTRACTOR S.A. (the "Company"), with registered office in Bucharest, identified by unique tax registration code 1553483, which comprise the balance sheet as at 31 December 2017, the income statement, changes in shareholders' equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
2. The financial statements as at December 31, 2017 are identified as follows:
 - Net assets/Equity RON 431,854,275
 - Net profit for the financial year RON 52,306,703
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named the "Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide an opinion on these matters.

Key Audit Matter	How our audit addressed the matter
<p>Valuation of Investment Property</p> <p>As disclosed in Note 11 to the stand alone financial statements, investment property held by the Company is recorded at RON 193,342,626 as of December 31, 2017. Investment properties primarily represent land plots.</p> <p>The Company applies the fair value model after initial measurement. Fair value of investment property is determined on the basis of a valuation performed by an independent appraiser, with experience in this industry. Any changes in fair value are recognized in profit or loss account. The valuation method used by the Independent appraiser includes inputs and data from various sources, based on the type of the asset and involves judgements and a high degree of estimates.</p> <p>Because of the significance of estimates and judgements involved in assessing this area and considering the significant value of Investment Property, we consider that the Valuation of Investment Property is a key audit matter.</p>	<p>Our procedures in relation to management's valuation of investment properties include:</p> <ul style="list-style-type: none"> - Evaluation of the independent external valuers' competence, capabilities and objectivity; - Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry and using our in-house valuation experts; - Performing sensitivity analysis of market prices of similar assets in the same area; and - Checking the appropriate recognition in the financial statements of the fair value adjustments and the proper disclosures in the financial statements in according with the relevant IFRS framework. <p>The land values are determined based on the comparables approach. Our discussions with management have focussed upon the choice of comparable assets and adjustments applied. The valuation is highly sensitive to the choice of comparables as well as the application of adjustments. The key assumptions and changes in the year are disclosed in note 11 and we are satisfied that the valuation of investment properties is supported.</p>
<p>Litigations</p> <p>Please refer to Note 30 'Contingent assets and contingent liabilities' to the stand alone financial statements. As disclosed in this note, the Company is involved in various litigation both as plaintiff and defendant.</p> <p>The management of the Company performs regular analysis of the status of pending litigations and, based on the consultations with its legal representatives, decides upon the necessity of recognizing provisions or their disclosure in the Financial Statements.</p> <p>We consider that the treatment of legal cases is a key audit matter.</p>	<p>Our audit procedures related to management assessment of litigations included the following:</p> <ul style="list-style-type: none"> - Sending confirmation letters to all the external lawyers which represent the Company in the Court trials, in order to confirm the status of each litigation and the chance of success; - For each significant litigation, we had discussions with the in-house lawyer and external lawyers in charge with the litigations and assessed the impact on the financial statements and corroborated it with the client's assessment in this respect; - Discussions with the management regarding their involvement in the periodical assessment of the pending litigations and whether they have performed regular consultation meetings with the legal counsels; <p>We are satisfied that the uncertainties with regard to these case are sufficiently disclosed.</p>



Other information – Administrators' Report

6. Management is responsible for preparation and presentation of the other information. The other information is included in a separate report.

Our opinion on the financial statements does not cover the other information and, unless explicitly provided in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements for the year ended December 31, 2017, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

- a) the information included in the administrators' report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;
- b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2017, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on 28.04.2017 to audit the financial statements of S.C. IMPACT DEVELOPER & CONTRACTOR S.A. for the financial year ended December 31, 2017. The uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2017.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- We have not provided for the Company the **non-audit services** referred to in Article 5 (1) of EU Regulation No.537 / 2014.

The engagement partner on the audit resulting in this independent auditor's report is Steve Openshaw.

Steve Openshaw, Audit Partner

For signature, please refer to the original Romanian version.

Registered with the Romanian Chamber of Financial Auditors
under no. 5469/ 22.03.2018

On behalf of:

DELOITTE AUDIT S.R.L.


Registered with the Romanian Chamber of Financial auditors
under no. 25/25/06/01

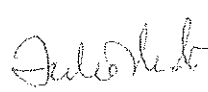
Sos. Nicolae Titulescu nr. 4- 8, America House, Intrarea de Est,
Etajul 2 - zona Deloitte și Etajul 3, sector 1,
Bucharest, Romania
March 26, 2018


IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED ON 31st OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)

	Note	31 December 2017	31 December 2016
ASSETS			
Tangible assets			
Tangible assets	9	8.684.244	6.044.055
Intangible assets	10	144.339	232.663
Investment Properties	11	193.342.626	136.736.403
Financial assets	12	56.190.196	14.377.226
Non-current receivables	14	4.948.961	11.215.815
Total tangible assets		263.310.366	168.606.162
Current assets			
Inventories	13	297.294.269	282.813.138
Trade and other receivables	14	26.171.573	15.652.318
Prepayments		90.403	131.717
Cash and cash equivalents	15	44.515.734	17.432.180
Total Current Assets		368.071.979	316.029.353
Total assets		631.382.345	484.635.515
EQUITIES AND LIABILITIES			
Equities			
Share Capital	16	277.866.574	277.866.574
Hyper-inflation adjustments		7.463.584	7.463.584
Capital premiums		68.760.070	84.175.480
Revaluation reserves	9	3.024.548	3.137.863
Other reserves		8.430.119	5.418.842
Reported result		14.002.677	(16.895.917)
Net profit for the period		52.306.703	29.610.138
Total equities		431.854.275	390.776.564
Longterm liabilities			
Loans	17	132.900.915	28.519.089
Trade and other payables	18	1.028.434	2.863.913
Deferred taxes	26	21.210.395	13.000.347
Total long term liabilities		155.139.744	44.383.349
Current liabilities			
Loans	17	28.253.125	28.715.491
Trade and other payables	18	15.811.049	20.753.493
Provisions for risk and charges	19	324.152	6.618
Total current liabilities		44.388.326	49.475.602
Total liabilities		199.528.070	93.858.951
Total equity and liabilities		631.382.345	484.635.515

These individual financial statements were approved by management on March 26, 2018 and signed on behalf of the company by:


Bogdan Oslobeanu
Chief Executive Officer


Iuliana Mihaela Urda
Chairman of Board of Administrators


Elisabeta Ion
Chief Financial Officer

The attached notes form an integral part of these individual financial statements.

IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED ON 31ST OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Income from sale of real estate inventories		109.711.513	144.550.045
Book value of sold real estate inventories	13	<u>(66.109.484)</u>	<u>(92.022.102)</u>
<i>Profit / (loss) from sale of real estate investments</i>		<u>43.602.029</u>	<u>52.527.943</u>
Rental incomes	28	<u>1.123.429</u>	<u>1.468.822</u>
Operating incomes recharged to customers / tenants	28	6.781.232	2.715.413
Operating expenses directly related to rented / sold properties	28	<u>(3.264.092)</u>	<u>(2.878.913)</u>
<i>Net recharged income</i>		<u>3.517.140</u>	<u>(163.500)</u>
Income from sale of investment properties		170.643	2.189.510
Book value of sold investment properties	11	<u>(156.545)</u>	<u>(1.917.666)</u>
<i>Profit/loss from sale of investment properties</i>		<u>14.098</u>	<u>271.844</u>
Revenues from services rendered		178.889	29.244
Raw materials and consumables used	20	<u>(2.441.903)</u>	<u>(2.528.353)</u>
Capitalization incomes		-	-
Third party services	21	<u>(13.956.190)</u>	<u>(9.201.795)</u>
Work performed by the entity and capitalized		762.180	-
Employee benefits expense	22	<u>(10.276.725)</u>	<u>(8.312.244)</u>
Other operating income	23	1.708.653	1.228.185
Other operating expense	24	<u>(8.367.582)</u>	<u>(3.951.952)</u>
(Expenditure) / Revenue from litigation provisions	29	<u>-</u>	<u>5.600.147</u>
<i>Other operating income / (expenses), net</i>		<u>(32,392,678)</u>	<u>(17.136.767)</u>
Profit / (Loss) earned before Interest Calculation, taxes, depreciation and amortization		<u>15.864.018</u>	<u>36.968.342</u>
Depreciation and amortization expense		(971.377)	(664.545)
Impairment of assets other than investment properties	25	<u>(5.077.335)</u>	<u>(5.643.512)</u>
<i>Depreciation and loss of recognized / reversed value, other than those related to investment properties</i>		<u>(6.048.712)</u>	<u>(6.308.057)</u>
Earnings / (Loss) in fair value of investment property, net	11	<u>56.762.767</u>	<u>492.053</u>
Profit / (Loss) realized before interest and taxes are calculated		<u>66.578.073</u>	<u>31.152.338</u>

The attached notes form an integral part of these individual financial statements.


IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED ON 31st OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Interest expense		(3.636.799)	(1.451.973)
Interest income		847.901	31.336
Foreign exchange differences, net		(1.228.126)	63.572
Other financial elements, net		(447.034)	(185.135)
Financial result		(4.464.058)	(1.542.200)
Gross Profit / (Gross Loss)		62.114.015	29.610.138
Current income tax expense		(1.597.264)	
Deferred tax	26	(8.210.048)	-
Income tax		(9.807.312)	-
Net profit / (Net loss) of period		52.306.703	29.610.138
Other elements of the comprehensive result			
Items that will not be reclassified later in profit or loss			
Differences in the revaluation of tangible assets	9	-	25.907
Cancel the revaluation reserve for impaired assets	9	-	-
Deferred tax liability for the revaluation reserve	9. 26	-	-
		-	25.907
Other elements of the comprehensive result for the period, after tax		-	25.907
Total comprehensive result for the period		52.306.703	29.636.045
Result per share			
Basic result per share (RON/share)	32	0.19	0.10

These individual financial statements were approved by management on March 26, 2018 and signed on behalf of the company by:


Bogdan Oslobeanu
Chief Executive Officer


Iuliana Mihaela Urda
Chairman of Board of Administrators


Elisabeta Ion
Chief Financial Officer

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IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED ON 31st OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)


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IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT ON CHANGES IN EQUITIES
FOR THE FINANCIAL YEAR ENDED ON 31ST OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)

	<u>Share capital</u>	<u>Capital premium</u>	<u>Revaluation reserves</u>	<u>Other reserves</u>	<u>Reported earnings</u>	<u>Total</u>	<u>Minority interest</u>	<u>Total</u>
Balance as at 1 January 2017	<u>285.330.158</u>	<u>84.175.480</u>	<u>3.137.863</u>	<u>5.418.842</u>	<u>12.714.221</u>	<u>390.776.564</u>	-	<u>390.776.564</u>
Total comprehensive income for the period Period result					52.306.703	52.306.703		52.306.703
Other comprehensive result elements Revaluation reserves recognized during the period					15.415.410	15.415.410		15.415.410
Adjustments from previous year								
Reclassifications Legal reserves constituted		(15.415.410)	(113.315)	110.133 2.901.144	(2.901.144)	(15.418.592)		(15.418.592)
Deferred tax related to revaluation reserve								
Total other comprehensive income			<u>(113.315)</u>	<u>3.011.277</u>	<u>12.514.266</u>	<u>(3.182)</u>		<u>(3.182)</u>
Total comprehensive income for the period		<u>(15.415.410)</u>	<u>(113.315)</u>	<u>3.011.277</u>	<u>64.820.969</u>	<u>52.303.521</u>		<u>52.303.521</u>
Transactions with owners, recognized directly in equity Increase in share capital Disposals of subsidiaries Acquisition of subsidiaries, without non-controlling interests Movements through merger Dividends distributed								
Total changes in ownership interests					(11.225.810)	(11.225.810)		(11.225.810)
Total transactions with owners					<u>(11.225.810)</u>	<u>(11.225.810)</u>		<u>(11,225,810)</u>
Balance as at 31 December 2017	<u>285.330.158</u>	<u>68.760.070</u>	<u>3.024.548</u>	<u>8.430.119</u>	<u>66.309.380</u>	<u>431.854.275</u>		<u>431.854.275</u>

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Iuliana Mihaela Urda
Chairman of Board of Administrators



Elisabeta Ion
Chief Financial Officer

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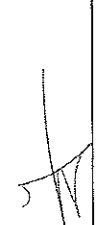
IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT ON CHANGES IN EQUITIES
FOR THE FINANCIAL YEAR ENDED ON 31ST OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)

	Share capital	Capital premium	Revaluation reserves	Other reserves	Reported earnings	Total	Minority interest	Total
Balance as at 1 January 2016	<u>285.330.158</u>	<u>84.175.480</u>	<u>3.190.469</u>	<u>3.859.821</u>	<u>-15.415.410</u>	<u>361.140.518</u>	-	<u>361.140.518</u>
Total comprehensive income for the period								
Loss for the period					29.610.138	29.610.138		29.610.138
Other comprehensive result elements								
Revaluation reserves recognized during the period			(78.513)	78.513		0		0
Adjustments from previous year								
Reclassifications			25.908			25.908		25.908
Legal reserves constituted				1.480.507	(1.480.507)	0		0
Deferred tax related to revaluation reserve								
Total other comprehensive income			<u>(52.605)</u>	<u>1.559.020</u>	<u>(1.480.507)</u>	<u>25.908</u>		<u>25.908</u>
Total comprehensive income for the period			<u>(52.605)</u>	<u>1.559.020</u>	<u>28.129.631</u>	<u>29.636.046</u>		<u>29.636.046</u>
Transactions with owners, recognized directly in equity								
Increase in share capital								
Disposals of subsidiaries								
Acquisition of subsidiaries, without non-controlling interests								
Movements through merger								
Dividends distributed								
Total changes in ownership interests								
Total transactions with owners								
Balance as at 31 December 2016	<u>285.330.158</u>	<u>84.175.480</u>	<u>3.137.864</u>	<u>5.418.841</u>	<u>12.714.221</u>	<u>390.776.564</u>		<u>390.776.564</u>

These individual financial statements were approved by management on March 26, 2018 and signed on behalf of the company by:


Bogdan Oslobeanu
Chief Executive Officer


Iuliana Mihaela Urda
Chairman of Board of Administrators


Elisabeta Ion
Chief Financial Officer

The attached notes form an integral part of these individual financial statements.

IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT ON CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31st OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:			
Net Profit / (net loss) of the period		52.306.703	29.610.138
Adjustments for:			
Depreciation of tangible non-current assets	9	645.193	564.772
Amortization of intangible non-current assets	10	128.513	99.773
Impairment losses on tangible assets. net	9.25	-	(78.536)
Losses from the disposal of tangible assets	24	1,900,713	-
Loss / (Gains) from impairment of inventories	25	6.454.675	2.965.096
Losses / (Gains) from impairment of trade receivables and other receivables	25	328.546	2.768.730
Changing the fair value of investment properties	11	(56.606.223)	(492.053)
Income from deferred tax	26	9.807.312	
Litigation expenses	29	317.534	(19.821.021)
Financing costs		5.793.012	1.451.973
Interests proceeds		847.901	(31.336)
Exchange rate differences		1.235.817	(45.004)
		23,159,697	16.992.533
Changes in:			
Inventories		(20.935.806)	(30.765.402)
Trade receivables and other receivables		(46,355,788)	8.121.746
Trade liabilities and other liabilities		1,494,032	(4.599.668)
Cash generated from operations		(65,797,562)	(27.243.324)
Paid interests		(4.861.249)	(1.386.031)
Paid profit tax		(11,648,882)	-
Net cash from operating activities		(59,147,996)	(11.636.823)
Cash flows from investment activities:			
Tangible assets acquisitions	9	(5.855.948)	(812.282)
Intangible assets acquisitions	10	(40,189)	(214.945)
Investment properties acquisitions		-	(388.933)
Proceeds from financial assets sale			-
Proceeds from investment properties sale			1.917.666
Received interests			31.336
Proceeds from tangible assets sale		669.853	9.735
Net cash used in investment activities		(2,508,424)	542.578

The attached notes form an integral part of these individual financial statements.

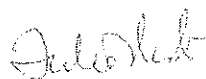
IMPACT DEVELOPER & CONTRACTOR S.A.
INDIVIDUAL STATEMENT ON CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31st OF DECEMBER 2017
(all amounts are expressed in LEI, unless otherwise indicated)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Cash flows from financing activities:			
Increase of share capital and capital premiums		-	-
Receipts / (Payments) of dividends		(11.225.810)	
Net financial costs		-	
Loan reimbursements		(59,638,470)	-
Other reserves		-	
Borrowing from loans		<u>162,322,114</u>	<u>11.445.577</u>
Net cash from (used in) financing activities		<u>91,457,834</u>	<u>11.445.577</u>
Net increase/(decrease) in cash and in cash equivalents		<u>27.083.554</u>	<u>351.332</u>
Cash and cash equivalents on 1st of January	15	<u>17.432.180</u>	<u>17.080.848</u>
Effect of exchange rate fluctuation on cash		-	-
Cash and cash equivalents on 31st of December	15	<u>44.515.734</u>	<u>17.432.180</u>

These individual financial statements were approved by management on March 26, 2018 and signed on behalf of the company by:



Bogdan Oslobeanu
Chief Executive Officer



Iuliana Mihaela Urda
Chairman of Board of Administrators



Elisabeta Ion
Chief Financial Officer

The attached notes form an integral part of these individual financial statements.

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1. REPORTING ENTITY

The stock company Impact Developer & Contractor S.A. (the "Company") is a company registered in Romania whose basic activity is the development of real estate projects.

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

The shareholding structure as at 31 December 2017 and 31 December 2016 is disclosed in Note 16.

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

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

In 2016 and 2017 the business of Impact revolves around a major project: GREENFIELD residential complex in Bucharest.

1. 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 December 31st 2017 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 03rd of October 2017, is as follows:

Shareholder	Ownership *)
Iaciu Gheorghe	49.48%
Andrici Adrian	15.24%
Swiss Capital / Sai Swiss Capital Am / Fdi Active Dinamic / Apostol Sorin	11.79%
Other individuals and legal entities	23.49%
Total	100.00%

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

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2. The company's management

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 limits provided by the law and by the Articles of Incorporation.

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

The Board of Administration consists of 5 members:

- Gabriel Vasile, Administrator (until the date of 15.09.2017);
- Laviniu Dumitru Beze, Administrator;
- Daniel Pandeale, Administrator;
- Ruxandra-Alina Scarlat, Administrator;
- Iuliana Mihaela Urda, Chairman of the Board of Administration.

The Board of Administration decided in its meeting on 15.09.2017, according to art. 1372 of the Law 31/1990, regarding the commercial companies, appointment of Gabriel Vasile as temporary administrator until the meeting of the Ordinary General Meeting of Shareholders.

Mr. Gabriel Vasile was elected as administrator during the Ordinary General Assembly of Shareholders as of 30th of October 2017, pentru for a four-year term mandate, until April 27th, 2021.

Executive Management of the Company

The board of Administration decided that Mr. Bartosz Puzdrowski, General Director 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 09.01.2017.

On 19.01.2018, the Impact Board of Administration decided to designate Mr. Bogdan Oslobeanu as General Manager of the Company, on a four-year term, starting with 01.03.2018 until 28.02.2022. He replaced Mr. Bartosz Puzdrowski, who request the Company to terminate the mandate for personal reasons with the date of March 1, 2018.

Mister. Bogdan Oslobeanu has 19 years of experience in the financial field, management of the industrial projects and development projects, working for Ernst & Young and KazMunayGas. He is a graduate of the Polytechnic University of Bucharest.

Mister. Bogdan Oslobeanu will continue the Company's development strategy at the level of existing projects, as well the initiation of new projects to strengthen the top position Impact currently holds in the residential market.

2. PREPARATION BASES

These individual financial statements were prepared in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting standards that comply with International Financial Reporting Standards (hereinafter "IFRS") applicable to companies whose securities are traded on a regulated market and subsequent amendments.

Basic Assumptions

These individual financial statements have been prepared based on going concern assumption and accrual basis of accounting.

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2. PREPARATION BASES (continued)

a) Going concern

These individual financial statements have been prepared under going concern assumption, stating that the Company shall continue its activity in the foreseeable future.

For the financial year ended December 17th, 2017 the Company registered a net profit of RON 52.306.703 (2016: profit RON 29.610.138), while the working assets of the Company exceed the short term debts thereof by RON 322.448.648 (2016: by RON 266.553.751).

In order to evaluate the applicability of the going concern assumption, the Company's management analyses the estimated future cash flows. Based on these analysis, the management considers that the Company is able to continue its activity in the foreseeable future, thus the application of the going concern assumption in the preparation of these individual financial statements is justified.

The Company's plans for the future are based on the strategy prepared for the period 2014 – 2018 and extended for the next 4 years. Thus, the Company shall base its activity on the following directions:

Sale of houses and apartments already finalized;

- Selling land held for valuation purposes, if sales opportunities are identified at the level of expectations;
- Development of the second phase of the Greenfield project in Bucharest and identification of new clients for the apartments developed;
- Starting the design and authorization documentation related to the Ghencea Timisoarei project;
- Development of new residential project in Bucharest and cities with more than 250,000 inhabitants

b) Accrual basis of accounting

The Company prepares its financial statements using the principles of the accrual basis of accounting, except for the information related to the cash flows. When the accrual basis of accounting is used, the elements are recognized as assets, liabilities, equity, revenues and expenses when these meet the definitions and recognition criteria.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The Individual Financial Statements are presented in Romanian Lei ("Lei" or "RON"), this also being the functional currency of the Company. All financial information presented in Lei have been rounded to the nearest Leu, except when otherwise stated.

4. USE OF PROFESSIONAL ESTIMATES AND JUDGMENTS

In preparing these Individual Financial Statements in accordance with IFRS, the management has made judgments, estimates and assumptions that affect the application of the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively, during the period of the revision and in the future periods affected.

Information on significant occupational reasoning for the application of accounting policies that materially affect the amounts recognized in the separate financial statements is included in the following notes:

- Note 7(k) – the moment of recognizing revenue from sales in installments
- Note 11 – classification of residential properties between real estate investments and stocks

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Information on uncertainties due to assumptions and estimates that involve a significant risk with regard to the need for adjustments in the subsequent financial year is included in the following note:

- Note 26 – recognition of the deferred tax asset: the future availability of taxable profit from which tax losses can be deducted .

4. USE OF PROFESSIONAL ESTIMATES AND JUDGMENTS (continued)

- Notae 9 – impairment test for tangible assets: key assumptions underlying the determination of recoverable amount
- Note 7 (g). (i) - financial assets available for sale - impairment test for financial assets: key assumptions underlying the determination of the recoverable amount of available-for-sale financial assets
- Notes 19 and 30 – recognition and measurement of contingent provisions and debts: key assumptions about probability and magnitude of resource outflows.

Measurement at fair value

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The Chief Financial Officer is responsible for overseeing the measurement of significant fair values, including Level 3 fair values. The Chief Financial Officer regularly reviews significant unobservable inputs and valuation adjustments. If third party information (for example: broker quotations or pricing services), the Chief Financial Officer assesses the evidence obtained if they meet the IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of assets and liabilities, the Company uses market observable as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, which are easily accessible at valuation date;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the assets and liabilities.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. BASIS OF MEASUREMENT

The Individual Financial Statements have been prepared on the historical cost basis except for the following significant items, presented in the Statement of Financial Position:

- land and buildings are valued through revaluation;
- investment property is measured at fair value.

6. CHANGES IN ACCOUNTING POLICIES

The Company has consistently applied the accounting policies set out in Note 7 to all periods presented in these Individual Financial Statements.

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7. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been constantly applied by the Company for all periods presented in these Individual Financial Statements.

Below is presented the summary of the significant accounting policies.

(a) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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. The gains and losses from exchange rate differences related to monetary items are computed as the difference between the amortized cost in functional currency at the beginning of the year, adjusted by the effective interest, payments and collections during the year, on one side and the amortized cost in foreign currency translated using the exchange rate prevailing at the end of the year.

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 carried at 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 Individual Statement of Profit or Loss and Other Comprehensive Income.

(b) Financial instruments

(i) Non-derivative financial instruments

The Company initially recognises trade and other receivables on the date when they are originated. All other financial assets (including assets measured at fair value through Individual Statement of Profit or Loss and Other Comprehensive Income) are initially recognised on the trade date, when the Company becomes a part of the contractual conditions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and financial liabilities are offset and the net amount presented in the Individual Statement of Financial Position when, and only when, the Company has the legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Any such offset is made according to legal requirements and the acceptance of the third parties involved.

Loans granted, trade and other receivables

Loans granted and receivables are financial assets with fixed or determinable payments which do not have quoted price on active markets. Such assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the loans granted and receivables are measured at amortised cost using the effective interest rate method less any impairment losses (see Note 7(g)(i)).

Cash and cash equivalents

Cash and cash equivalents comprise petty cash and reimbursable deposits with maturities up to three months from creation date, which are subject to non-significant risk for changes in fair value, that are used by the Company in its short term commitments' management.

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For the purpose of presentation in the Individual Statement of Cash Flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets which are available for sale or that are not classified in any of the above categories. Available for sale financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at cost.

Available for sale financial assets are tested for impairment at the end of each financial period (see 7(g)(i)). Available for sale financial assets comprise capital instruments.

(ii) Non-derivative financial liabilities

The Company initially recognises instruments of issued liabilities and subordinated debts at the date they are initiated. All other liabilities are initially recognised at transaction date, when the Company becomes part of the contractual conditions of that instrument.

The Company derecognises a financial liability when the contractual obligations are paid, cancelled or expired.

The Company classifies the non-derivative financial liabilities as financial debt. These liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

Repayable on demand overdrafts that are an integral part of the Company's cash management are included as a component of cash and cash equivalents for Individual Statement of Cash Flows purposes, which accounting policy is shown in Note 7 (b)(i).

(iii) 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 shares recognised as equity are repurchased, the amount of the consideration paid, which includes 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 in the treasury share reserves. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share capital premium.

Dividends

Dividends are recognised in the period when their allocation is approved

(c) Tangible assets

(i) Recognition and measurement

After recognition as an asset, the elements of property, plant and equipment (except land and buildings) are measured at cost less accumulated depreciation and impairment losses. Land and buildings are measured at a revalued amount, this being its fair value at revaluation date, less any subsequently accumulated depreciation and any impairment losses.

The cost includes directly attributable acquisition costs. The cost of the assets built by the Company includes the following:

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- the cost of materials and direct personnel costs;
- other directly attributable costs related to bringing the asset in the necessary state for the agreed utilisation;
- when the Company has the obligation to move the asset and restore the location, an estimation of the demolition costs and moving the elements and restoration of the related space; and
- capitalised borrowing costs.

The cost also includes any transfers from other comprehensive income of gains or losses resulted from cash flow hedges related to the acquisition of property, plant and equipment in foreign currency which classifies for application of hedge accounting.

When certain components of an item of property, plant and equipment have different useful lives, these are accounted for as distinct elements (major components) of tangible assets.

Any gain or loss from disposal of an item of property, plant and equipment (computed as a difference between the net collections from sale and the net carrying value) is recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income.

(ii) Reclassification as investment property

When the use of a property is changed from owner-occupied to investment property, the property is remeasured at fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income to the extent that this reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the entity. Repairs and maintenance are recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income when they occur.

(iv) Tangible assets depreciation

The elements of tangible assets are depreciated starting the date they are available for use or are functional, while the assets built by the Company are depreciated from the date the asset is finalised and ready to use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives. The depreciation is generally recognized in the Individual Statement of Profit or Loss and Other Comprehensive Income, except when the amount is included in the carrying value of a different asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the Company will obtain ownership by the end of the lease term. Lands are not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

- | | |
|---------------------------------|------------|
| • buildings | 40 years |
| • plant, equipment and vehicles | 3-5 years |
| • fixtures and fittings | 3-12 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Residual values of property, plant and equipment are estimated at nil.

(v) Revaluation

Land and buildings are revalued periodically to ensure that the net carrying value is not significantly different from what would have been determined if the fair value method would be used, at the end of the reporting period.

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At revaluation, any accumulated depreciation as of the date of the revaluation is offset against the gross book value of the asset and the net carrying value is restated to the revalued one.

If the net carrying value of an asset is increased as a result of the revaluation, then the increase is recognised in other comprehensive income and cumulated in equity as revaluation reserve. Notwithstanding, the increase is recognised in the result for the period to the extent it compensates a decrease from the revaluation of the same asset, previously recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income.

If the net carrying value of an asset is decreased as a result of the revaluation, this decrease is recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income. Notwithstanding, the decrease is recognised in other comprehensive income to the extent the revaluation surplus shows a credit balance for that asset. The decrease recognised in other comprehensive income decreases the amount accumulated in equity as revaluation reserve.

The revaluation reserve included in equity, related to an item of property, plant and equipment, is transferred directly into retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is removed from service or disposed of. Transfers from revaluation surplus to retained earnings is not made through the the Individual Statement of Profit or Loss and Other Comprehensive Income.

(d) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(i) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income as incurred.

(ii) Intangible assets depreciation

Except goodwill, the intangible assets are amortised in the Individual Statement of Profit or Loss and Other Comprehensive Income using the straight-line method over their estimated useful lives.

The estimated useful lives for the current and prior periods are between 3 and 6 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Investment property

Investment properties are properties held for lease, for capital appreciation, or for both, but not for the sale in the ordinary course of business, use in production or supply of goods and services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income. The fair value is determined based on a valuation report from an independent valuer.

The cost includes directly attributable acquisition costs. The cost of the investment property built by the Company includes the cost of materials and direct personnel costs, plus other directly attributable costs related to bringing the asset in the necessary state for the agreed utilisation and capitalised borrowing costs.

Residential property is transferred to investment property from inventories if, and only if, there is a change in use, namely start of any improvement works for future sale. When the Company decides to sell an investment property without additional improvements, the asset continues to be carried as investment property up to its sale. Similarly, if the Company starts the improvement works for an existing investment property with the purpose of future use as an investment property, then the property remains classified as investment property and is not reclassified as property under improvement used by the owner.

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When the use of a property is changed, such that it is reclassified to property, plant and equipment or inventories, its fair value as of the date of reclassification becomes the cost of the property for the purpose of subsequent accounting.

(f) Inventories

Cost of inventories includes the expenses made for acquisition of inventories, production or processing costs and other costs incurred to bring the inventories in their current composition and location. In case of inventories produced by the Company and the inventories in progress, the cost also includes a share of administrative expenses related to the production based on the normal operational capacity. The cost may also include the transfers from other comprehensive income of gains or losses from acquisition of inventories in foreign currencies when hedge accounting is applied.

Inventories are measured at the lower of cost and net realisable value.

The net realisable value of inventories is the estimated sale price during the ordinary course of business, less estimated costs to finalise and costs to sell.

When inventories are sold, their carrying value is recognised as an expense during the period when the corresponding revenue is recognised, including in the case of contracts for sale in installments. The value of any reduction in the net carrying value of inventories up to their net realisable value and all inventories losses are recognised as an expense during the period the decrease in value or loss is incurred. The value of any cancellation of impairment as a follow up of an increase in the net realisable value is recognised as an increase of the value of inventories as income during the period the cancellation occurs.

(g) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through the Individual Statement of Profit or Loss and Other Comprehensive Income is assessed at each reporting date to determine whether there is evidence of impairment.

A financial asset is considered impaired if there is objective evidence of impairment following one or more events occurring after initial recognition of the asset, and that event negatively affected the future cash flows estimated to flow and the impairment may be reliably observed.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers (delays of more than 360 days).

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans granted and trade and other receivables) at an individual asset level.

An impairment loss related to a financial asset measured at amortised cost is the difference between its net carrying value and the present value of future estimated cash flows discounted using the effective interest rate of the asset. The impairment losses are recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income and are reflected into an allowance account for receivables and loans granted.

If the fair value of an asset subsequently increases and the increase can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets, including the interests in affiliates, are analysed for impairment losses at the end of each reporting period. The cost of investments is decreased to their recoverable value, which is considered by the management of the Company to be the value of the net assets of the affiliate, weighted by the holding percentage. If the affiliate in which the investment was made has negative net assets, its

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recoverable value is deemed nil. The impairment losses are recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income. The value of any cancellation of any impairment of the interests, following an increase in the net assets, is recognised as a reduction of impairment in the period when the cancellation occurs, up to the initial acquisition value.

(ii) Non-financial assets

The Company's non-financial assets, other than real estate investments, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any evidence of impairment. Indices of impairment of assets are considered as minimum of:

External sources of information

- there are observable indications that the market value of the asset significantly decreased over the period more than expected through elapse of time or use.
- during the period there were significant changes, negatively affecting the Company, or such changes shall take effect in the near future over the technological, commercial, economical or judicial environment in which the Company carries out its activity or in the market for which the asset is designed for.
- the market interest rates or other market returns on investments have increased during the period, becoming possible for these increases to affect the discounting rate used in the computation of the value in use of an asset and to lead to the significant decrease in the recoverable value of the asset.
- the value of the net assets of the Company is higher than its market capitalisation.

Internal sources of information

- evidence of physical or moral use of an asset.
- during the period, significant changes have occurred, negatively affecting the Company, or it is estimated that such changes will occur in the near future, depending on the degree or mode in which the asset is used or estimated to be used. Such changes include the instances when an asset becomes unproductive, restructuring plans, plans for discontinuing operations of the activity in which the asset is used, plans for sale of the assets prior to the previously estimated date, as well as revaluation of the useful life of an asset as determined, and not undetermined.
- internal reports provide information regarding the decrease of the economic performance of an asset, below the estimated one.

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with undetermined useful lives are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

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7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or a cash-generating unit is the maximum of the amount of use and fair value less costs to sell. In determining the amount of use, the expected future cash flows are updated to determine the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For impairment testing, assets that can not be individually tested are grouped into the smallest group of assets that generate cash inflows from continuing use and are largely independent of cash inflows generated by other assets or groups of assets cash-generating unit"). For the purpose of testing the impairment of goodwill, the cash-generating units to which the goodwill has been allocated are aggregated so that the level at which the impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes, subject to capping at operational segment level. Goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in the separate statement of profit or loss and other items of comprehensive income. Impairment losses recognized in relation to cash-generating units are used first to reduce the carrying amount of goodwill allocated to units if appropriate and then to reduce the carrying amount of other assets within the entity.

An impairment loss on goodwill is not restated. For the other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that could have been determined, net of depreciation, had no impairment been recognized.

(h) Employee benefits

(i) Short term benefits

Short term employee benefits are not discounted and are expensed as the related services are provided. A liability is recognised for the amount expected to be paid within short term plans for granting bonuses in cash or share based payments in the Company has the legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

(ii) Contributions

In the normal course of business, the Company makes payments to the State's funds for health, pensions and unemployment funds in the name of its employees, using the statutory rates. All Company's employees are members of the Romanian State pension plans. These costs are recognised in the profit or loss together with the salaries. The employees paid based on contract are responsible for the payment of their contributions, as in their case the withholding at source is not required.

The Company does not account for any other defined benefit plans after retirement.

(i) Provisions for risks and charges

Provisions are recognised if, following a past event, the Company has a present legal or implied obligation, that may be reliably measured and is probable that an outflow of resources to be necessary to settle the obligation. The provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability.

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7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leasing

(i) Determining the extent to which a commitment contains a leasing contract

When initiating a commitment, the Company determines whether the engagement is or involves a leasing operation. An asset is the subject of a leasing operation if:

- fulfilling the terms of the arrangement depends on the use of a specific asset; and
- the arrangement transfers the right to use the asset.

On inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

(ii) Leasing payments

Payments made under operating leases are recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the leasing.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(k) Revenues

(i) Revenue from sale of residential properties

Revenue from sale of residential properties during the ordinary course of business are valued at fair value of the amount collected or to be collected, less any returns and rebates. The revenues are recognised when the significant risks and rewards of ownership have been transferred to the customer, the associated costs and possible return of goods can be estimated reliably, 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 recognised as a reduction of the revenues when the sale revenues are recognised.

Revenue from contracts for sale in installments

The Company realises sales of residential properties with the payment in installments. The contracts for sale in installments are cancellable in certain conditions, by any of the parties. When a contract is cancelled through the buyer's contractual rights, the Company may lose, in certain conditions, a part of the amounts collected up to the cancellation date.

Taking this risk into account, management has decided to fully recognize the revenue generated by such contracts only if the non-reimbursable amounts in case of termination exceed 30% of the fair value of the asset at the date of the analysis. The main factor taken into account by the management in formulating this reasoning was the market risk to which the Company is exposed. So, management based its professional judgment on market studies conducted by prestigious real estate market analysis companies according to which the maximum impact of a market failure that could affect buyers' behavior is estimated at a maximum of 10% on the new residential real estate market in Romania.

The analysis of the sales contracts in installments is made on an individual basis at the moment of their entry into force and at the end of each year.

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7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenues (continued)

(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 integral 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 for subsequent sale.

(iii) Revenues from rendering of services

The revenues from rendering of services are recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

The Company performs maintenance of residential properties / investment properties sold.

(iv) Revenues from re-charging utilities

Revenues from utility refurbishments are recognized at the time they are incurred together with utility charges invoiced by suppliers. The company refines utilities by adding a profit margin in the form of administration costs. These revenues refer to rented properties, properties sold without the transfer of ownership (paid-for-sale sales) and to full-estate sales until the buyer concludes contracts with utilities suppliers on their own behalf. The company has decided to outsource or abandon this activity due to low profitability.

(l) Gains from sale of investment property

The net revenue from sale of investment property and the net carrying value of the item sold are presented in profit or loss on a gross basis.

The net carrying value of the item sold represents the fair value of that item as at the date of last reporting prior to the sale.

The revenues are recognised when the significant risks and rewards of ownership have been transferred to the customer, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be reliably measured.

(m) Financial income and expenses

Financial income comprises interest income. Interest income is recognised in the profit or loss using accrual basis of accounting, based on the effective interest rate.

Financial expenses comprise interest expenses related to loans and borrowings and banking commissions.

All borrowing costs that are not directly attributable to the acquisition, construction or production of an asset with a long production cycle are recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate.

Gains and losses from exchange rate differences related to the financial assets and liabilities are reported on a net basis either as financial income or financial expenses, depending on the variations in exchange rates: net gain or net loss.

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7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Taxation

Income tax expense / relief comprises current tax and deferred tax. Current tax and deferred tax are recognised in the Individual Statement of Profit or Loss and Other Comprehensive Income, except when they are related to business combinations or to other elements recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years, using the enacted or substantively enacted income tax.

(ii) Deferred tax

Deferred tax is recognized for temporary differences arising between the carrying amount of assets and liabilities used for financial reporting purposes and the tax base used for tax calculation. Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects accounting or tax profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company can control the timing of reversal of temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of assets and liabilities. The Company evaluates deferred tax arising from investment property using the assumption that the carrying value of the property will be recovered entirely through sale.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if there is a legal right to compensate deferred tax assets and liabilities and if these are related to taxes charged by the same fiscal authority, for the same taxed entity or for different fiscal entity that have the intention to compensate tax assets and liabilities or whose assets and liabilities will be realised together.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits that can be used to cover the tax loss. Deferred tax receivables are reviewed at each reporting date and are reduced to the extent that it is no longer probable to achieve the related tax benefit.

(iii) Tax exposures

For the determination of current and deferred taxes, the Company takes into consideration the impact of the doubtful fiscal positions and the possibility of additional taxes and related interest occurring. This valuation is based on estimates and assumptions and may involve a series of rationnels regarding future events. New information may become available, thus determining the Company to modify its judgement related to the accuracy of the estimations of existing fiscal obligations, such changes of fiscal obligations having a direct effect over the tax expense over the period such a judgement is performed.

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8. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Initial application of new amendments to the existing standards effective for the current reporting period:

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative – adopted by EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses – adopted by EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017).

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following new standards issued by IASB and adopted by the EU are not yet effective:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),
- **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 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at December 31, 2017:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019),

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8. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019).

The Company expects that the adoption of these new standards and amendments to existing standards will have no material impact on the Company's financial statements during the initial period of application.

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate:

- **IFRS 9 "Financial Instruments"** issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains

The attached notes form an integral part of these individual financial statements.

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8. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **IFRS 15 "Revenue from Contracts with Customers"** issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018 and on 12 April 2016 IASB made clarifications to this standard). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.
- **IFRS 16 "Leases"** issued by IASB on 13 January 2016. Under IFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. As with IFRS 16's predecessor, IAS 17, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. For finance leases a lessor recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.
- **IFRS 17 "Insurance Contracts"** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied.
- **Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions** issued by IASB on 20 June 2016. The amendments provide requirements on the accounting for: (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- **Amendments to IFRS 4 "Insurance Contracts" - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts** issued by IASB on 12 September 2016. The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing the replacement standard that the Board is developing for IFRS 4.

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8. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)

- **Amendments to IFRS 9 “Financial Instruments” - Prepayment Features with Negative Compensation** issued by IASB on 12 October 2017. The amendments modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.
- **Amendments to IAS 7 “Statement of Cash Flows”** - Disclosure Initiative issued by IASB on 29 January 2016. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- **Amendments to IAS 12 “Income Taxes” - Recognition of Deferred Tax Assets for Unrealised Losses** issued by IASB on 19 January 2016. The amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- **Amendments to IAS 28 “Investments in Associates and Joint Ventures” - Long-term Interests in Associates and Joint Ventures** issued by IASB on 12 October 2017. Amendments were introduced to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Amendments also delete paragraph 41 because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.
- **Amendments to IAS 40 “Investment Property”** - Transfers of Investment Property issued by IASB on 8 December 2016. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. Amendments also state that the list of evidence in paragraph 57 was designated as non-exhaustive list of examples instead of the previous exhaustive list.
- **Amendments to various standards “Improvements to IFRSs (cycle 2014-2016)”** issued by IASB on 8 December 2016. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording. Changes include: (i) deletion of the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose, (ii) clarification of the scope of the IFRS 12 by specifying that the disclosure requirements in IFRS 12, except for those in paragraphs B10–B16, apply to an entity’s interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5

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8. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

"Non-current Assets Held for Sale and Discontinued Operations", (iii) clarification of the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)"** issued by IASB on 12 December 2017. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording. The amendments clarify that: a company remeasures its previously held interest in a joint operation when it obtains control of the business (IFRS 3); a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business (IFRS 11); a company accounts for all income tax consequences of dividend payments in the same way (IAS 12); and a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale (IAS 23).
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** issued by IASB on 8 December 2016. Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** issued by IASB on 7 June 2017. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

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9. TANGIBLE ASSETS

Reconciliation of carrying amount of tangible assets

COST	Lands and buildings	Machines, equipments and vehicles	Furniture and installations	Assets in progress	Total
1 January 2017	14.230.973	3.160.288	1.007.599	-	18.398.859
Additions	3.372.566	100.496	42.924	1.769.826	5.285.812
Disposals	(2.823.378)	(601.457)	(5.165)	-	(3.430.000)
Revaluation differences	-	-	-	(1.129.181)	(1.129.181)
31 December 2017	14.780.160	2.659.327	1.045.358	640.646	19.125.490
Accumulated depreciation					
1 January 2017	9.563.630	1.977.485	813.689	-	12.354.804
Depreciation for the year	226.110	345.507	73.576	-	645.193
Impairment losses	(1.699.316)	-	-	-	(1.699.316)
Accumulated depreciation of disposals	(304.708)	(551.377)	(3.349)	-	(859.434)
Offset of depreciation at the revaluation date					
31 December 2017	7.785.716	1.771.615	883.916	-	10.441.247
Carrying amounts					
1 January 2017	4.667.343	1.182.803	193.910	-	6.044.056
31 December 2017	6.994.445	887.712	161.442	-	8.684.244

The attached notes form an integral part of these individual financial statements.

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9. TANGIBLE ASSETS (continued)

Reconciliation of carrying amount of tangible assets (continued)

	Lands and buildings	Machines, equipments and vehicles	Furniture and installations	Assets in progress	Total
COST					
1 January 2016	14.143.540	2.576.692	871.110	-	17.591.343
Additions	92.198	583.595	136.489	-	812.282
Disposals	(4.766)	-	-	-	(4.766)
Revaluation differences	-	-	-	-	-
31 December 2016	14.230.973	3.160.288	1.007.599	-	18.398.859
AMORTIZARE					
1 January 2016	9.403.738	1.704.596	760.233	-	11.868.567
Depreciation for the year	238.427	272.889	53.456	-	564.772
Impairment losses	(78.536)	-	-	-	(78.536)
Accumulated depreciation of disposals	-	-	-	-	-
Offset of depreciation at the revaluation date	-	-	-	-	-
31 December 2016	9.563.630	1.977.485	813.689	-	12.354.804
Carrying amounts					
1 January 2016	4.739.802	872.096	110.877	-	5.722.775
31 December 2016	4.667.343	1.182.803	193.909	-	6.044.055

The attached notes form an integral part of these individual financial statements.

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9. TANGIBLE ASSETS (continued)

Revaluation of land and buildings

On December 31st, 2017 and December 31, 2016, the Company's buildings and land were reassessed by Colliers Valuation and Advisory SRL, independent external evaluators, authorized by the National Union of Authorized Valuers of Romania ("ANEVAR"), with recent experience regarding the location and the category of property evaluated.

Changes in revaluation reserve

Changes in the revaluation reserve during the financial year are presented as follows:

	<u>Note</u>	<u>2017</u>	<u>2016</u>
<i>Revaluation reserve on 1 January</i>		3.137.863	3.190.469
Revaluation surplus		-	25.907
Realized revaluation reserve		(113,315)	(78.513)
Cancellation of the revaluation reserve related to impaired assets		-	-
Other transfers		-	-
Deferred tax asset on the revaluation reserve	26	-	-
<i>Revaluation reserve on 31 December</i>		3,024,548	3.137.863

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9. TANGIBLE ASSETS (continued)

Changes in revaluation reserve (continued)

Revaluation reserves are indivisible until they are realized by selling / disposing of the tangible assets to which they refer.

Impairment losses

During 2017, following the revaluation reports for buildings and land, there were no impairment losses to be recorded in the current year result.

10. INTANGIBLE ASSETS

Reconciliation of carrying amount

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
COST			
Balance on 1 January 2017	1.839.898	3.883	1.843.781
Acquisitions	40.190	0	40.190
Balance on 31 December 2017	1.880.088	3.883	1.883.971
Acumulated depreciation and impairment losses			
Balance on 1 January 2017	1.607.235	3.883	1.611.118
Impairment of the year	128.513	0	128.513
Sold la 31 decembrie 2017	1.735.749	3.883	1.739.631
Carrying amounts			
1 January 2017	232.663	-	232.663
31 December 2017	144.339	-	144.339

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10. INTANGIBLE ASSETS (CONTINUED)

Reconciliation of carrying amount (continued)

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
COST			
Balance on 1 January 2016	1.624.953	3.883	1.628.836
Acquisitions	214.945	-	214.945
Balance on 31 December 2016	1.839.898	3.883	1.843.781
Acumulated depreciation and impairment losses			
Balance on 1 January 2016			
Impairment of the year	1.507.462	3.883	1.511.345
Balance on 31 December 2016	99.773	-	99.773
Carrying amounts	1.607.235	3.883	1.611.118
1 January 2016			
31 December 2016			
COST	117.491	-	117.491
Balance on 1 January 2016	232.663	-	232.663

11. INVESTMENT PROPERTY

Reconciliation of carrying amount

	<u>2017</u>	<u>2016</u>
Balance on 1 January	136.736.403	214.898.889
Acquisitions	-	388.933
Transfer from / into inventories, net	-	(77.125.806)
Sales	(156.545)	(1.917.666)
Changes in fair value	56.762.767	492.053
Balance on 31 December	193.342.626	136.736.403

Investment property comprises land and properties held with the purpose of capital appreciation or rented to third parties.

More details about revenue generated from rentals and direct operating expenses are shown in Note 23 and Note 27.

The attached notes form an integral part of these individual financial statements.

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11. INVESTMENT PROPERTY

The land held for valuation in the amount of 191,050,757 RON at 31 December 2017 (2016: RON 134,657,210), has a total surface area of 429,185 sqm (2016: 429,185 sqm) and accounts for 98% of the real estate investments in the balance 2016: 98%). These lands are located in Bucharest (367.163 sqm) and in the country (Constanta, Oradea).

Fair value

As at December 31, 2017 and December 31, 2016, the Company's investment properties have been revalued by Colliers Valuation and Advisory SRL, independent external evaluators, authorised by ANEVAR, having recent experience regarding the location and nature of the properties evaluated.

Fair value hierarchy

Based on the inputs to the valuation technique, the fair value measurement for investment property has been categorised as a Level 3 fair value at 31 December 2017. This is an updated assessment of asset categorization from the prior year. The classification was reassessed given the extent of adjustments which are applied to observed data for comparable land and building valuations. These adjustments are based on location and condition and are not directly observable. The reclassification from level 2 to level 3 has no impact on the financial statements.

Valuation techniques

The following table presents the valuation techniques used in the determination of the fair value of investment properties categorised as a Level 3 of fair value hierarchy.

Valuation technique	Key inputs
<p>The fair values are determined through the application of the market comparison technique. The valuation model is based on a price per square meter for both land and buildings, derived from data observable in the market, in an active and transparent market.</p>	<ul style="list-style-type: none"> • Offer price per square meter for land in Bucharest (80 Euro /square meter up to 100 Euro per square meter) (2016: 80 Euro per square meter to 89 Euro per square meter) • Adjustments to observable offer prices to reflect deal prices, location and condition (-11% discount to +22% premium) (2016: -42% discount to +10% premium).

The prices per square meter have been computed based on the prices observable in transactions with similar properties, adjusted for location (from 5% to 30%) and condition (from 5% to 20%).

At 31 December 2017, the revaluation was performed using the same valuation technique.

Investment properties pledged

As at 31 December 2017, real estate investments with a fair value of RON 175,613,180 (December 31, 2016: RON 24,408,760) were pledged or mortgaged as collateral for bank loans (see Note 16).

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12. FINANCIAL ASSETS

	31 December 2017	31 December 2016
Financial assets held for sale		
Interests in affiliates	64.322.920	22.509.950
Impairment of interests in affiliates	(8.132.724)	(8.132.724)
	56,190,196	14.377.226

The Company holds interests in the following affiliates:

31 December 2017				
	Ownership title	Gross value	Impairment	Book value
Actual Invest House	6.23%	109.950	(109.950)	0
Clearline Development and Management	100%	22.420.000	(8.022.774)	14.397.226
Bergamot Developments	99%	41.790.990		41.790.990
Bergamot Developments Phase II	99%	990		990
Impact Finance	99%	990		990
		64.322.920	(8.132.724)	56.190.196

Clearline Development and Management SRL owns the remaining 93.77% of investments in Actual Invest House SRL.

- a) Actual Invest House S.R.L, a company that provides management services for new residential developments.
- b) Clearline Development and Management S.R.L. (former Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca, in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation amounting to 17,053,000 lei, plus legal interest, a file that is currently being tried at the Arges Tribunal and is currently carrying out the expertise (Urban and Construction) in the file. On September 11, 2017 through the decision of the Board of Directors of Impact, the share capital of Clearline was increased by new cash contributions of 20,000 lei.
- c) Bergamot Developments S.R.L., company within the group with main object of activity real estate development, which starting with 2018 will develop a residential ensemble of approx. 51.382 square meters, 500 apartments, on a land of approximately 17,213 sqm, respectively the first phase of the residential complex Luxuria Domenii Residence, which per total includes approx. 65,000 sqm built on a plot of approximately 22,982 sqm in Bucharest, in the Expozitiei-Domenii area.
- d) Bergamot Developments Phase II S.R.L., a company within the group having as main object of activity the real estate development, which is to develop the Phase II (130 apartments) of the residential complex Luxuria Domenii Residence, consisting of 13,618 square meters built on a plot of 5,769 sqm.
- e) Impact Finance & Developments S.R.L. has a role in diversifying the range of services related to home sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings.

The attached notes form an integral part of these individual financial statements.

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31 December 2016				
	Ownership title	Gross value	Impairment	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

Entity	Registration country	Scope of activity
Clearline Development and Management SRL	Romania	Real estate development
Actual Invest House SRL	Romania	Real estate development
Bergamot Developements	Romania	Real estate development
Bergamot Developements Phase II	Romania	Real estate development
Impact Finance	Romania	Financial services

13. INVENTORIES

	31 December 2017	31 December 2016
Lands	141.786.992	154.318.520
Impairment of land	(2.395.642)	(2.395.642)
Other consumables	359.633	238.797
Residential properties under development	82.035.207	100.736.289
Impairment of residential properties under development	(17.232.273)	(15.988.614)
Completed residential properties	93.581.072	53.113.644
Impairment of residential properties	(892.284)	(7.216.304)
Others	51.563	6.448
	297.294.269	282.813.138

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13. INVENTORIES (CONTINUED)

Land with a value of RON 139,391,350 at 31 December 2017 (2016: RON 151,922,878) includes land that the Company plans to develop new real estate projects, especially in Bucharest, but also land that the Company intends to capitalize on sales of viable plots (Oradea and Constanta). During the financial year ended December 31, 2014, the Company acquired a lot of land in Bucharest that plans to develop luxury real estate projects.

Completed residential properties with a value of RON 92,688,788 as at 31 December 2017 (2016: 45,897,340 RON) refers entirely to apartments owned by the Company for sale.

In 2017, inventory recognized in the cost of sales amounted to 66,109,484 RON (2016: 92,022,102 RON). In 2017 the losses from the decrease of the value of the inventories to the net realizable value amounted to 7.171.806 lei (2016: 4.764.360 lei). The reversals of losses from impairments amounted to 717.131 lei (2016: 1.799.265 lei). Impairment losses and reversals of impairment losses are presented on a net basis and included in "Losses of assets" in the Profit or Loss Statement and other comprehensive income.

14. TRADE AND OTHER RECEIVABLES

Sharing short and long-term receivables is as follows:

	31 December 2017		
	Long term	current	Total
Trade receivables	9.754.092	9.690.783	20.533.377
Allowance for trade receivables	(5.356.499)	-	(5.356.499)
Receivables from affiliates	-	1.130.336	1.130.336
Allowance for receivables from affiliates	-	(1.130.338)	(1.130.338)
Other receivables	-	13.189.219	13.189.219
Allowance for other receivables	(537.134)	-	(537.134)
Receivables from State's budget	-	1.655.780	1.655.780
Interest receivable	-	682.526	682.526
Advance payments to suppliers	-	953.267	953.267
	4.948.961	26.171.573	31.120.534

The attached notes form an integral part of these individual financial statements.

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14. TRADE RECEIVABLES AND OTHER RECEIVABLES (CONTINUED)

	31 December 2016		
	Long term	current	Total
Trade receivables	15.084.635	5.498.614	20.583.249
Allowance for trade receivables	(4.665.559)	(362.394)	(5.027.953)
Receivables from affiliates	-	1.267.474	1.267.474
Allowance for receivables from affiliates	-	-	-
Other receivables	796.740	1.204.975	2.001.715
Allowance for other receivables	-	(1.674.044)	(1.674.044)
Receivables from State's budget	-	5.650.226	5.650.226
Advance payments to suppliers	-	4.067.467	4.067.467
Interests receivables	-	(2)	(2)
	11.215.815	15.652.318	26.868.133

The above receivables mainly receivables from contracts for sale in installments and receivables from penalties invoiced to a construction services provider (Floresca Construction) as a result of defective works rendered in the amount of 8,205,266 lei as at 31 December 2017 and 31 December 2016. This amount is in litigation as described in Note 29. Details on receivables from related parties can be found in Note 30.

As at 31 December 2017 trade receivables and other receivables of RON 26,186,121 (December 31, 2016: RON 20,583,249) were pledged as collateral for bank loans (Note 16).

The exposure of the Company to credit and market risks and fair value information related to trade receivables and other receivables is presented in Note 25.

15. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Current accounts	44.504.098	17.403.964
Cash	11.635	28.216
Other cash equivalents	-	-
	44.515.734	17.432.180

Current accounts are open to Romanian commercial banks. On December 31, 2017 and December 31, 2016, the Company does not have any credit lines or overdraft facilities and has concluded deposit contracts for more than 50,000 euros (RON equivalent).

The Company has pledged some of its current bank loan charges (Note 16).

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16. SHARE CAPITAL

The structure of the shareholders was as follows:

	31 December 2017		31 December 2016	
	Number of shares	Interest rights	Number of shares	Interest rights
Gheorghe Iaciu	137.500.000	49.48%	137.500.000	49.48%
Andrici Adrian	42.543.472	15.31%	42.350.335	15.24%
SWISS CAPITAL	32.753.573	11.79%		
Others	65.069.529	23.42%	98.016.239	35.27%
	277.866.574	100%	277.866.574	100%

All shares are ordinary and rank equally in the Company's residual assets. The nominal value of one share is 1 leu. Ordinary shareholders 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 Company meetings.

Dividends

During the financial year ended December 31, 2017, the Company did declare and paid dividends to its shareholders in total amount of 11,225,810 RON.

17. LOANS

This note discloses information related to the contractual terms of the interest-bearing loans and borrowings of the Company, valued at amortized cost. Information related to the Company's exposure to interest rate risk, foreign currency risk and liquidity risk, see Note 27.

	31 December 2017	31 December 2016
Non-current liabilities		
Secured bank loans	132.900.915	28.519.089
	132.900.915	28.519.089
Current liabilities		
Current portion of secured bank loans	25.469.644	25.782.271
Short - term borrowings	1.003.817	2.851.110
Related interest	1.779.663	82.109
	28.253.125	28.715.491
	161.154.040	57.234.580

The attached notes form an integral part of these individual financial statements.

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17. LOANS (continued)

	31 decembrie 2017			31 decembrie 2016		
	Book value	out of which:		Book value	out of which:	
		long term	short term		long term	short term
Secured bank loans						
Loans from bond issues	111.861.000	111.861.100	-			
Piraeus Bank (ctr. 2093)	15.367.870	9.007.171	6.360.699	6.487.877	-	6.487.877
Banca Transilvania (ctr. 175)	2.902.754	1.898.937	1.003.817	-	-	-
Banca Transilvania (ctr. 176)	15.490.588	10.133.706	5.356.882	-	-	-
Libra Bank	-	-	-	11.489.644	6.437.008	5.052.636
Libra Internet Bank (1562/23.09.2016)	13.752.063	-	13.752.063	22.082.081	22.082.081	-
Banca Transilvania-Lipscani (422/26.07.2016)	-	-	-	2.851.110	-	2.851.110
Banca Transilvania-Lipscani (423/26.07.2016)	-	-	-	14.241.759	-	14.241.759
	159.374.376	132.900.915	26.473.462	57.152.471	28.519.089	28.633.382
Short term bank loans						
Banca Transilvania (ctr. 684)	-	-	-	-	-	-
Interest	1.779.663	-	1.779.663	82.109	-	82.109
	161.154.040	132.900.915	28.253.125	57.234.580	28.519.089	28.715.491

The face values of the loans and borrowings are equal to their carrying amount.

The attached notes form an integral part of these individual financial statements.

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16. LOANS (continued)

Terms and repayment schedule

Terms and repayment schedules of loans and borrowings in balance are as follows:

<u>Creditor</u>	<u>Currency</u>	<u>Repayment</u>	<u>Amount of the facility in original currency</u>
Secured bank loans			
Piraeus Bank (2093)	RON	28.07.2020	32.730.000
Banca Transilvania (ctr 175)	RON	28.02.2019	3.861.180
Banca Transilvania (ctr 176)	RON	28.02.2019	20.322.000
Libra Internet Bank (ctr. 1562)	RON	23.09.2020	35.000.000

The interest rates at which the Company borrowed the loans in RON are between 5.3% and 7.05%.

In 2017, the Company contracted two loans from Banca Transilvania (maturing on 28 February 2019 and 28 February 2019 respectively) and a loan from Piraeus Bank (maturing on July 28, 2020) to fund stages 7 of the Greenfield project.

On July 10, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100,000 and a total face value of EUR 12,000,000, issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o. (CVI), who accepted the Offer on the same date. The bonds were initially offered at a price of € 98,400 per Bond (or € 11,808,000 per Bond total). The bonds were issued on 11 July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will redeem mandatory 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per year, payable twice a year.

Income from Bond Issue was used to fund land acquisition through Bergamot Developments to develop and build residential projects. The bonds will be mainly secured by a first-rate mortgage covering the obligations arising from the Bonds up to the guaranteed maximum amount of EUR 18,000,000 (eighteen million) on nine plots of land with a total area of 196,407 sqm located in Bucharest, Sector 1, Romania, which are the exclusive property of the Company, as well as their accessories. The Company has an early redemption option for the Bonds, which can be exercised from the second interest payment date, provided that the minimum redeemed amount is at least EUR 1,000,000.

Bucharest Stock Exchange S.A. approved the application for admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A. of the bonds issued by the Company, unsecured at a fixed interest rate of 5.75% denominated in EUR, with a maturity of 5 years and a total nominal value of EUR 12,525,000.

The bonds were issued following the offer to Eligible Investors, as defined in the prospectus of November 28, 2017 approved by ASF through the approval decision no. 1710 of November 28, 2017, amended by the amendment of 8 December 2017 approved by the ASF by the approval decision no. 1766 of 8 December 2017 and by the amendment of 13 December approved by the ASF by the approval decision no. 1816 of 13 December 2017.

The loan from Piraeus Bank, the contract with no. 301, was fully paid on October 9, 2017.

Loans from Banca Transilvania, contract no. 422 and 423 (F6), were fully paid in December 2017, 7 months ahead of maturity.

On December 31st, 2017 and December 31, 2016, the Company was not in a breach of contract terms.

The attached notes form an integral part of these individual financial statements.

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Pledge

Bank loans are guaranteed with the following assets (fair values):

	<u>31 December 2017</u>	<u>31 December 2016</u>
Investment properties	175.613.180	24.408.760
Trade receivables and other receivables	26.186.121	20.583.249
Cash and cash equivalents	44.515.734	17.432.180

In addition, the contracts concluded with banks pledge all the collections made through the bank and Salcamilor Complex wich is under construction .

18. TRADE AND OTHER PAYABLES

	<u>31 December 2017</u>	<u>31 December 2016</u>
Non – current liabilities		
Guarantees	1.028.434	2.863.913
	<u>1.028.434</u>	<u>2.863.913</u>
Current liabilities		
Trade payables	9.508.188	13.117.456
Advances received from customers	1.244.651	5.390.045
Liabilities to State’s budget	1.075.613	610.094
Payables to employees	427.254	460.135
Defferred incomes	26.732	101.388
Short – term Guarantees	1.607.356	113.606
Dividends	118.539	-
Payable to affiliates	1.801.814	166.411
Other payables	902	794.358
	<u>15,811,049</u>	<u>20.753.493</u>
	<u>16.839.483</u>	<u>23.617.406</u>

Details related to payables to affiliates can be found in Note 30.

Information related to the Company’s exposure to exchange rate risk and liquidity risk related to trade and other liabilities is included in Note 26.

Deferred income comprises financial income related to the contracts os sale of properties in installments. These are recognized in profit or loss on a straight line basis, over the duration of the contracts.

19. PROVISIONS FOR RISKS AND CHARGES

	<u>Provisions for litigations</u>	<u>Other provisios</u>	<u>Total</u>
Balance on 1 January 2017	-	6.618	6.618
Provisions made during the year	-	1.583.914	1.583.914
Provisions used during the year	-	(1.266.380)	(1.266.380)
Balance on 31 December 2017	-	324.152	324.152

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20. EXPENSES WITH CONSUMABLE

	<u>2017</u>	<u>2016</u>
Raw materials	1.139.038	1.038.736
Consumables	537.249	170.715
Goods	202.433	710.826
Low value items	439.157	506.349
Fuel	124.026	101.725
	<u>2.441.903</u>	<u>2.528.353</u>

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21. THIRD PARTY SERVICES

	<u>2017</u>	<u>2016</u>
Construction and related consultancy fees	11.372.586	6.187.318
Advisory services	1.020	3.420
Protocol, marketing and advertising	1.662.534	2.291.800
Banking commissions	88.141	73.255
Insurance fees	179.674	139.821
Transport of goods and personnel	506.867	357.531
Expenditure on travel, postings and transfers	7.218	
Postal and telecommunication expenses	138.149	152.440
	<u>13.956.190</u>	<u>9.201.795</u>

For the financial year ended December 31st, 2017, construction and related consulting services are related to the above mentioned projects that the Company intends to plan or intends to start in the future.

22. EMPLOYEE BENEFIT

	<u>2017</u>	<u>2016</u>
Salaries	8.239.587	6.768.519
Contribution to social security	2.037.138	1.543.725
	<u>10.276.725</u>	<u>8.312.244</u>

23. OTHER OPERATING REVENUES

	<u>2017</u>	<u>2016</u>
Penalties	920.989	479.445
Revenue from sale of by-products	-	-
Other operating revenues	787.663	748.740
	<u>1.708.653</u>	<u>1.228.185</u>

24. OTHER OPERATING EXPENSES

	<u>Nota</u>	<u>2017</u>	<u>2016</u>
Rent expenses	28	2.439.985	2.302.131
Local taxes		1.680.707	2.714.564
Provision for risks and charges, net		317.534	(21.973.798)
Losses from sales of property, plant and equipment		1.900.713	(4.969)
Maintenance and management costs		373.421	247.212
Fines and penalties		250.986	14.647.286
Donations		150.000	-
Losses from disposal of financial assets		1.254.236	415.589
		<u>8.367.582</u>	<u>(1.651.985)</u>

The attached notes form an integral part of these individual financial statements.

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25. IMPAIRMENT OF ASSETS, OTHER THAN INVESTMENT PROPERTIES

	<u>Note</u>	<u>2017</u>	<u>2016</u>
(Gain) / Loss from impairment of trade and other receivables, net	27	(4.475.529)	(2.768.730)
Impairment of property, plant and equipment, net	9	-	(2.965.096)
Impairment of financial assets, net		(601.806)	91.814
Other provisions, net			(1.500)
		<u>(5.077.335)</u>	<u>(5.643.512)</u>

26. TAXATION

Amounts recognized in profit or loss

	<u>2017</u>	<u>2016</u>
Tax on profit	(1.597.264)	-
Deffered tax income	(8.210.048)	-
Total tax	<u>(9,807.312)</u>	<u>-</u>

Reconciliation of effective tax rate

		<u>2017</u>		<u>2016</u>
Result before taxation		<u>62.927.795</u>		<u>29.610.138</u>
Tax using the Company's domestic tax rate	-16%	(10.068.447)	-16%	(4.715.055)
Non-deductible expenses and adjustments	- 6%	(3,908,685)	-10%	(2.927.098)
Tax - exempt income	-13%	(8,210,058)		
Non-taxable incomes	16%	9.865.433	13%	3.992.682
Current year losses for which deferred tax receivables have not been recognized				-
Tax effect of tax loss from previous years	4%	2,514,445	12%	3.672.038
	<u>-16%</u>	<u>(9.807.312)</u>	<u>0%</u>	<u>-</u>

Unrecognised deffered tax assets

	<u>2017</u>	<u>2016</u>
Fiscal losses:	0	15.715.281
Out of which. Recognized during the year in deferred tax calculation - receivables	0	(4.100.937)
	<u>0</u>	<u>11.614.344</u>

The attached notes form an integral part of these individual financial statements.

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26. TAXES (continued)

Unrecognised deferred tax assets (continued)

Deferred tax assets have not been recognized in respect of these items because it is unlikely that future taxable profits will be available to the Company in order to benefit from the related benefits. Under local law, tax losses are available for use for 7 years from the date of appearance.

Gains and losses on fair value differences related to real estate investments are non-taxable and non-deductible in accordance with local law, thus the Company has obtained a tax loss related to the current financial year.

Cumulative temporary differences generating deferred tax

	31 December 2017		31 December 2016	
	Cumulative temporary differences	Liabilities/ (receivables) on deferred tax	Cumulative temporary differences	Liabilities/ (receivables) on deferred tax
Tangible assets	(1.267.216)	(202.755)	(1.380.531)	(220.885)
Investment properties	163.780.328	26.204.853	107.224.794	17.155.967
Financial assets	(5.086.125)	(813.780)	(5.086.125)	(813.780)
Trade receivables and other receivables	(6.655.569)	(1.064.891)	(6.257.886)	(1.001.262)
Inventories	(15.536.721)	(2.485.875)	(9.082.046)	(1.453.127)
TOTAL	135.234.697	21.637.552	85.418.206	13.666.913
Tax losses for which deferred tax was recognized	(2.669.731)	(427.157)	(4.100.937)	(656.160)
TOTAL	132.564.966	21.210.395	81.317.269	13.010.763

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26. TAXES (continued)

Deferred tax balance movements

	Net balance on January 1 st	Recognized in profit or loss	Recognized in other comprehensive income	Balance on 31 December 2017		
				Net	Assets	Liabilities
2017						
Tangible assets	(220.885)	18.130	-	(190.548)	(190.548)	-
Investment properties	17.155.967	9.048.886	-	26.204.853	-	26.204.853
Financial assets	-	(813.780)	-	(813.780)	(813.780)	-
Trade receivables and other receivables	(1.001.262)	(63.629)	-	(1.067.063)	(1.067.063)	-
Inventories	(1.453.127)	-	-	(1.453.127)	(1.453.127)	-
Effect of fiscal loss which generated deferred tax	(656.150)	-	-	(656.150)	(656.150)	-
Fiscal (assets) / liabilities, net	13.010.763	8.210.058	-	22.024.185	(4.180.668)	26.204.853

	Net balance on January 1 st	Recognized in profit or loss	Recognized in other comprehensive income	Balance on 31 December 2016		
				Net	Assets	Liabilities
2016						
Tangible assets	(233.447)	12.562	-	(220.885)	220.885	-
Investment properties	15.594.967	1.561.000	-	17.155.967	-	17.155.967
Financial assets	(813.780)	-	-	(813.780)	813.780	-
Trade receivables and other receivables	(558.265)	(442.997)	-	(1.001.262)	1.001.262	-
Inventories	(978.712)	(474.415)	-	(1.453.127)	1.453.127	-
Effect of tax losses for which deferred tax was recognized	-	(656.150)	-	(656.150)	656.150	-
Fiscal (assets) / liabilities, net	13.010.763	-	-	13.010.763	4.145.204	17.155.967

The attached notes form an integral part of these individual financial statements.

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

(a) Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

General Framework on Risk Management

The company does not have any formal committee to mitigate financial risks. Despite the inexistence of formal committee, the financial risks are monitored by the Company's executive management, focusing on its needs to effectively offset opportunities and threats.

The risk management policies of the Company are defined to ensure the identification and analysis of the risks faced by the Company, the establishment of appropriate limits and controls and the monitoring of risks and compliance with established limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company activities. The company, through its training and leadership standards and procedures, intends to develop an orderly and constructive control environment, where all employees understand their roles and responsibilities.

The company considers risk management within an integrated risk management system to meet the requirements of the Bucharest Stock Exchange (Corporate Governance Code).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from the Company's trade receivables and financial assets.

The net carrying value of the financial assets represent the maximum exposure to credit risk. The maximum exposure to the credit risk at reporting date was:

	<u>Note</u>	<u>31 December 2017</u>	<u>31 December 2016</u>
Trade and other receivables	14	31.120.534	26.868.132
Cash and cash equivalents	15	44.515.734	17.432.180
		<u>75.636.268</u>	<u>44.300.312</u>

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

Trade and other receivables

The exposure of the Company to credit risk is mainly influenced by the individual characteristics of each customer. However, the management takes into account the demographic characteristics of the customer database, including the collection risk specific to the sector and to the country in which the customer activates, bearing in mind that all these factors influence the credit risk.

The Company established a credit policy according to which each new client is analyzed for creditworthiness before offering the standard payment terms of the Company. The analysis performed by the Company includes external evaluations if available, and in some cases, references provided by banks.

In order to monitor client credit risk, the Company monitors monthly payment delays and takes the necessary measures, on a case-by-case basis.

The Company establishes an impairment adjustment that represents its estimates of losses on trade receivables, other receivables and investments (see Note 7 (g)).

The maximum exposure to credit risk related to trade receivables and other receivables at reporting date by geographic region was:

	<u>31 December 2017</u>	<u>31 December 2016</u>
Romania	31.120.534	26.868.132
	<u>31.120.534</u>	<u>26.868.132</u>

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

Impairment losses

Aging at the reporting date:

	31 December 2017			31 December 2016		
	Gross	Impairment	Net	Gross	Impairment	Net
Not at the due date	17.073.542	-	17.073.542	20.585.657	(4.869.216)	15.716.442
Outstanding between 1-30 days	1.073.817		1.073.817	259.327	(15.934)	243.393
Outstanding between 31-90 days	242.823	-	242.823	226.030	(13.888)	212.142
Outstanding between 91-120 days	491.628	-	491.628	229.630	(14.109)	215.521
Outstanding between 121-365 days	7.289.761		7.289.761	396.579	(24.366)	372.214
Outstanding for more than one year	10.842.598	(5.893.635)	4.948.963	11.872.906	(1.764.486)	10.108.421
	37.014.169	(5.893.635)	31.120.534	33.570.131	(6.701.997)	26.868.132

The attached notes form an integral part of these individual financial statements.

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

Impairment losses (continued)

Movement in impairment allowance for trade and other receivables during the year after was as follows:

Balance on 1st of January 2017	-5.571.657
Impairment cancelled	41.136
Impairment recognised	-363.114
Balance on 31st of December 2017	-5.893.635

Impairment losses at 31st of December 2017 are related to a number of customers who provided indications that is not expected that they will be able to pay amounts owed, mainly due to economic conditions.

The Company considers that the amounts for which no impairment losses were recognized, despite they are past due more than 30 days shall be collected, based of the prior payment behavior and following an analysis of the credit rating of these customers.

Cash and cash equivalents

As at 31st of December 2017, the Company held cash and cash equivalents of RON 44,515,734 (December 31, 2016: RON 17,432,180), representing the maximum exposure to credit risk associated with these assets. Cash and cash equivalents are maintained with banks and financial institutions in Romania.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset. The Company's approach to liquidity risk is to ensure, to the extent possible, that it has at all times sufficient liquidity to honor its debts when they become due, under both normal and stressful conditions without suffers unacceptable losses or jeopardizes the Company's reputation.

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

Liquidity risk (continued)

The following table shows the residual contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments and excluding the impact of netting agreements:

	Carrying value	Contractual cash flows						
		Total	Less than one month	between 1 and 6 months	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	over 5 years
2017								
Loans and borrowings	161.154.040	161.154.040	-	17.370.097	12.667.853	19.254.990	111.861.100	-
Trade and other payables	16.839.483	16.839.483	16.839.483	-	-	-	-	-
	177.993.523	177.993.523	16.839.483	17.370.097	12.667.853	19.254.990	111.861.100	-
	Book value	Total	Less than one month	between 1 and 6 months	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	over 5 years
2016								
Loans and borrowings	57.234.580	76.864.435	2.874.617	9.454.261	3.465.895	26.569.879	34.499.783	-
Trade and other payables	23.617.406	23.617.406	23.617.406	-	-	-	-	-
	80.851.986	100.481.841	26.492.023	9.454.261	3.465.895	26.569.879	34.499.783	-

The attached notes form an integral part of these individual financial statements.

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices, will affect the Company's revenue or the value of the financial instruments held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters and at the same time to optimize return on investment.

Currency risk

The Company is exposed to foreign currency risk due to sales, purchases and other borrowings that are denominated in a currency other than the functional currency of the Company's entities (the Romanian leu), primarily the euro.

The summary of the quantitative data on the Company's exposure to the currency risk reported to the Company's management on the basis of the risk management policy is the following:

31 December 2017	EUR	USD	RON	Total
Monetary assets				
Trade and other receivables			31.120.534	31.120.534
Cash and cash equivalents	41.041.497		3.474.239	44.515.734
	41.041.497		34.594.773	75.636.268
Monetary liabilities				
Loans and borrowings	114.260.355		46.893.685	161.154.040
Trade and other liabilities			16.132.138	16.132.138
	114.260.355		63.025.823	177.286.178
Net exposure	(73.218.858)		(8.431.050)	(101.649.910)
31 December 2016	EUR	USD	RON	Total
Monetary assets				
Trade and other receivables	-	-	26.868.132	26.868.132
Cash and cash equivalents	1.522.881	-	15.909.299	17.432.180
	1.522.881	-	42.777.431	44.300.312
Monetary liabilities				
Loans and borrowings	6.487.877	-	50.746.703	57.234.580
Trade and other liabilities	-	-	23.617.406	23.617.406
	6.487.877	-	74.364.109	80.851.986
Net exposure	(4.964.996)	-	(31.586.678)	(36.551.674)

The attached notes form an integral part of these individual financial statements.

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

Currency risk (continued)

The Company did not conclude any hedging engagements related to the obligations denominated in foreign currencies or to the exposure to the interest rate risk.

The main exchange rates used during the year were:

	<u>31 December 2017</u>	<u>Average for 2017</u>	<u>31 December 2016</u>	<u>Average for 2016</u>
USD 1	3.8915	4.0524	4.3033	4.0569
EUR 1	4.6597	4.5682	4.5411	4.4900

Sensitivity analysis

A strengthening / weakening of LEU by 10% against the following foreign currencies at 31 December 2017 and 31 December 2016 would have increased / decreased the profit by the amounts indicated below. This analysis is based on fluctuations in exchange rates that the Company considers reasonably possible at the end of the reporting period. This analysis implies that all other variables, particularly interest rates, remain constant and ignore any impact of expected sales and acquisition.

Sensitivity analysis

	<u>31 December 2017</u>		
	<u>Carrying value</u>	<u>Depreciation effect</u>	<u>Appreciation effect</u>
Monetary assets and liabilities			
USD			
EUR	(73.218.858)	7.321.885	(7.321.885)
Impact	(73.218.858)	7.321.885	(7.321.885)

	<u>31 December 2016</u>		
	<u>Carrying value</u>	<u>Depreciation effect</u>	<u>Appreciation effect</u>
Monetary assets and liabilities			
USD			
EUR	(4.964.996)	496.499	(496.499)
Impact	(4.964.996)	496.499	(496.499)

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27. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

(a) Financial risk management (continued)

Interest rate risk

	31 December 2017			
	Book value	Variable rate	Fixed rate	Non-interest bearing
Monetary assets				
Trade and other receivables	31.120.534		12.230.723	31.120.534
Cash and cash equivalents	44.515.734			44.515.734
	75.636.268			75.636.268
Monetary liabilities				
Loans and borrowings	161.154.040	46.893.685	114.260.355	161.154.040
Trade liabilities and other liabilities	16.132.138	-	-	16.132.138
	177.286.178	46.893.685	114.260.355	177.286.178

	31 December 2016			
	Book value	Variable rate	Fixed rate	Non-interest bearing
Monetary assets				
Trade and other receivables	26.868.132	-	-	26.868.132
Cash and cash equivalents	17.432.180	-	-	17.432.180
	44.300.312	-	-	44.300.312
Monetary liabilities				
Loans and borrowings	57.234.580	57.234.580	-	-
Trade liabilities and other liabilities	23.617.406	-	-	23.617.406
	80.851.986	57.234.580	-	23.617.406

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments, reported to the Company's management was the following:

	Book value	
	31 December 2017	31 December 2016
Fixed rate instruments		
Financial assets	12.230.723	-
Financial liabilities	114.260.355	-
	126.491.078	-
Variable rate instruments		
Financial liabilities	46.893.685	57.234.580
	46.893.685	57.234.580

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Sensitivity analysis of cash flows for fixed rate instruments

The Company does not account for financial assets and liabilities with fixed interest rate at fair value through profit or loss, and does not designate derivatives (interest rate swaps) as hedging instruments within a pattern of accounting for operations coverage of fair value against risks. Therefore, a change in interest rates at the reporting date would not affect the profit or loss account.

Sensitivity analysis of cash flows for variable rate instruments

A change in interest rates by 100 basis points at the reporting date would have increased or decreased equity and profit or loss by RON 468,937 (2016: 572,346). This analysis implies that all other variables, particularly exchange rates, remain constant.

28. OPERATIONAL LEASING

Leasing as Lessee

The company has leased its headquarter. The leasing contract is signed until December 31st 2018, with the renewal option after this date. Lease rates are increased annually to reflect market rents.

The leasing contract was initiated several years ago. The Company has concluded that this contract is an operating lease considering that its duration is relatively short compared to the economic life of the building and the present value of the minimum lease payments is insignificant to the value of the leased asset.

During the financial year ended December 31st, 2017, an amount of 2.443.530. RON was recognized as an expense in the individual statement of profit or loss and other comprehensive income for operating leases (2016: 2,905,460 RON).

At the end of the reporting period, the minimum future uncancellable lease payments due are as follows:

	2017	2016
Less than 1 year	2.989.934	2.913.833
Between 1 and 5 years	947.392	2.875.363
	3.937.325	5.789.196

Leasing as a Lessor

The Company leases part of its investment properties. The leasing agreements are not irrevocable.

During the financial year ended December 31st, 2017, an amount of RON 1,123,429 was recognized as lease income (2016: RON 1,468,822). The utilities expenses for leased properties are included in the total expenditures with the utilities for the inhabited properties in the total amount of 3,264,092 RON in 2017 (2016: 2,878,913 RON). These costs were fully charged to tenants and landlords with a mark-up, the Company obtaining a revenue amounting to RON 6,781,232 in 2017 (2016: US \$ 2,707,080). All these elements are found as individual positions in the individual situation of profit or loss and other elements of the overall result.

29. CAPITAL COMMITMENTS

As at December 31st, 2017, the Company has no capital commitments contracted.

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30. CONTINGENT ASSETS AND LIABILITIES

Litigations

At the time of these individual financial statements, the Company was involved in 42 ongoing litigations. In 19 of them, the Company is plaintiff or contesting party, and in 23 of them the Company is defendant.

The management periodically analyzes the status of all ongoing litigations 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.

Taking into account the information available, the management of the Company considers that there are no significant ongoing litigations, except the ones detailed below.

a) Cluj City Council – Cluj Municipality (hereinafter „CLC”)

The Company and one of its subsidiaries (Clearline Development and Management SRL) are parties in 2 cases in which CLC is counterparty. The Company and its subsidiary request amounts arising from investments made by the Company and its subsidiary for the finalization of Lomb project to which CLC has not contributed with the land, thus the Company being unable to finalize the project and being unable to obtain any revenues from it.

The case number 79/1285/2012 has been registered to the Cluj Commercial Court, based on which the Company has requested the dissolution of the framework-contract no. 55423/04.07.2007 concluded between CLC and the Company. In addition, the Company requested compensation provisionally valued at 4,008,222 Lei plus related interest, computed from the date of the damage up to the date of collection of the amounts.

The case number 1032/1259/2012 has been registered to the Arges Commercial Court, based on which the Company's subsidiary, Clearline Development and Management SRL, has requested to CCC payment of compensation provisionally estimated to 17,053,000 Lei plus related interest, computed from the date of the damage up to the date of the registration of the claim, provisionally estimated to 500,000 Lei.

The Company and its subsidiary have recognized the works performed under *Inventories*. Up to the date of these Individual Financial Statements, the courts have ordered preparation of technical expertise of urbanism that established the value of the investments made by the Company and its subsidiary. Based on the first expertise prepared, both the Company and its subsidiary have recognized impairment losses to the respective inventories down to the values determined by the expertise already performed, without recognizing any contingent liabilities.

In the course of the year 2016, in both cases, procedural documents on the administration of evidence with technical expertise, followed by objections and / or requests for rehabilitation of these specialized works, were made, which postponed the completion of the administration of the evidence until the date of this report.

The following are set for April 24, 2017 at the Cluj Commercial Court and 16 May 2017 at the Arges Commercial Court. The Company's management does not expect significant changes in the results of the expert's experience that could have a significant impact on the recoverable amount of inventories.

b) SC Summa Romania SA (renamed later in SC Floreasca Construction SA, which in turn is canceled at the reporting date, its claims against the Company being assigned to Brooklyn Property Management SRL, hereinafter referred to as "the Constructor")

On trial before Bucharest Court, Section VI – Civil and Bucharest Court of Appeal Section VII – Civil, there are also three cases recorded (no. 45886/3/2009, 32874/3/2010 and respectively 23619/3/2009**) in which the Company and the Constructor are parties.

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30. CONTINGENT ASSETS AND LIABILITIES (continued)

- b) SC Summa Romania SA (renamed later in SC Floreasca Construction SA, which in turn is canceled at the reporting date, its claims against the Company being assigned to Brooklyn Property Management SRL, hereinafter referred to as "the Constructor") (continued)**

Case no. 45886/3/2009 covers the refund from the Company to the Supplier of the value of a letter of guarantee in amount of 317,422.39 EUR, because the Company executed this letter improperly. This case has been suspended starting with 2010 until the case no. 23619/3/2009* shall be concluded. The Company did not consider necessary to recognize any provision in these Individual Financial Statements in respect of this litigation because, following consultation with the Company's legal representatives, there is judicial precedent in a similar situation, whose application would be favorable to the Company.

The file 23619/3/2009 ** represents an action for establishing the lack of the right of the Constructor to receive from the Company the value of some stages of works executed as a result of the intervention of the legal compensation with the equivalent of a part of the delayed penalties owed by the Company builder for the non-delivery of the works deriving from the foreclosure agreements previously concluded between the two parties. The amount of execution requested by the Constructor and refused to pay by the Company is 7,602,447 lei. Part of the amounts for the alleged works are included in the amounts requested by the Constructor in file 32874/3/2010. File no. 23619/3/2009 ** was terminated and sent from the supreme court to the appeal court (twice), the second time for the continuation of the appeal in the contradictory appeal with the Brooklyn Property Management, as a result of the transmission of the passive procedural quality, which is the transferee of a party to the litigation claim for which he / she opposes compensation. Currently, the SUMMA (FLOREASCA) Brooklyn Property Management LLC is the subject of the deal, but it can not be opposed to claiming compensation under IMPACT derived from Contract no. 42/2007, which has been definitively and irrevocably established as not legally effective. The next term in this file is April 13, 2017.

Case 32874/3/2010 covers the Contractor's claims from the Company for recovery of an amount of 9.13814 million lei representing unpaid executed works (3.48396 million lei) and delay penalties, calculated until the date of the request (5.65418 million lei). This case is suspended until the resolution of Case 23 619/3/2009 **.

Thus, in the contractual relationship between the Company and the Supplier, the following is relevant:

- the amounts to be paid by the Company in case the above litigations shall be settled unfavorably: 10,561,682 lei, out of which the amounts recognized and disclosed in these Individual Financial Statements: 5,153,623 Lei;
- the amounts to be collected by the Company or compensated against the amounts payable where the final consolidated table of creditors remains unchanged: 13,442,674 Lei, out of which the amounts recognized and disclosed in these Individual Financial Statements: 8,205,266 Lei (please see Note 14).

Because of the complexity of the above described cases, the lawyers involved in these litigations could not evaluate the Company's chances to win. However, the management of the Company considers that the amounts recognized and disclosed in these Individual Financial Statements follow the requirements of the standards in force, Company's exposure to the penalties requested for payment being minimized following the final acceptance of the Company's receivables in the final consolidated table of creditors.

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30. CONTINGENT ASSETS AND LIABILITIES (continued)

Letters of guarantee

As at 31st of December 2017 the Company has letters of guarantee issued to suppliers in amount of 718.084 RON (31st of December 2016: RON 1.280.271).

31. AFFILIATED PARTIES

Shareholders

The structure of the shareholding on 31st of December 2017 and 31st of December 2016 is presented in Note 15.

Company subsidiaries

The Company's subsidiaries and the nature of their activity are as follows:

	Registration country	Scope of activity	2017	2016
Clearline Development and Management SRL	Romania	Real estate development	✓	✓
Actual Invest House SRL	Romania	Real estate development	✓	✓
Bergamot Developments	Romania	Real estate development	✓	- *
Bergamot Developments Phase II	Romania	Real estate development	✓	- ***
Impact Finance	Romania	Ancillary activities to financial intermediations	✓	- ***

Affiliated parties transactions

	Transactions value for the year ended December 31		Balance as of December 31	
	2017	2016	2017	2016
Sale of goods and services				
Subsidiaries				
Actual Invest House	297.335	158.446	40.441	100.185
Clearline Development and Management	8.985	8.406	45.936	36.951
Bergamot Developments	9.005.122	-	5.329.027	-
Bergamot Developments Phase II	3.416	-	1.442	-
Impact Finance	4.424	-	1.191	-
	9.319.283	166.852	5.418.037	137.136

	Transactions value for the year ended December 31		Balance as of December 31	
	2017	2016	2017	2016
Purchase of goods and services				
Subsidiaries				
Actual Invest House	5.383.489	2.449.552	1.801.115	138.093
Clearline Development and Management	-	-	699	699
Bergamot Developments	-	-	-	-
Bergamot Developments Phase II	-	-	-	-
Impact Finance	-	-	-	-
	5.383.489	2.449.552	1.801.814	138.792

The attached notes form an integral part of these individual financial statements.

31. AFFILIATED PARTIES (continued)

Granted loans	Balance on 31st of December	
	2017	2016
Subsidiaries		
Actual Invest House	-	-
Clearline Development and Management	-	1.130.338
Bergamot Developements	12.210.000	-
Bergamot Developements Phase II	6.000	-
Impact Finance	10.000	-
	12.226.000	1.130.338

Transactions with key management personnel

Remuneration of key management personnel comprises salaries and related contributions (social and medical contributions, unemployment contributions and other similar contributions). Company's management is employed contractual based, as disclosed in Note 21.

32. EARNINGS PER SHARE

	2017	2016
Profit / (Loss) of the period	52.758.746	29.610.138
Number of ordinary shares at the beginning and end of the period	277.866.574	277.866.574
Base earnings per share (lei / share)	0.19	0.10

33. SUBSEQUENT EVENTS


Company's management does not consider that any events occurring subsequent to December 31st 2017 up to the date of approval of these Individual Financial Statements would require disclosure or adjustment.

On 19.01.2018, the Impact Board of Administration decided to designate Mr. Bogdan Oslobeanu as General Manager of the Company, on a four-year term, starting with 01.03.2018 until 28.02.2022. He replaced Mr. Bartosz Puzdrowski, who request the Company to terminate the mandate for personal reasons with the date of March 1, 2018.

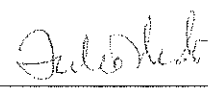
Mister Bogdan Oslobeanu has 19 years of experience in the financial field, management of the industrial projects and development projects, working for Ernst & Young and KazMunayGas. He is a graduate of the Polytechnic University of Bucharest.

Mister Bogdan Oslobeanu will continue the Company's development strategy at the level of existing projects, as well the initiation of new projects to strengthen the top position Impact currently holds in the residential market.

These individual financial statements were approved by management on March 26, 2018 and signed on behalf of the company by:



Bogdan Oslobeanu
 Chief Executive Officer



Iuliana Mihaela Urda
 Chairman of Board of Administrators



Elisabeta Ion
 Chief Financial Officer

