Impact Developer & Contractor

Annual Report - 2011

www.impactsa.ro

IMPACT
Developer & Contractor

Impact Developer & Contractor

1

The first local developer listed on the Bucharest Stock Exchange (BSE)

16

Residential projects developed until now

20

Years of activity, focusing mainly in the development of mixed-used projects after initially its main activities were the rental and maintenance of luxury villas and the development of small residential compounds.

1995

Was the year when IMPACT introduced the concept of the “residential compound” on the Romanian market.

2166

Residential units completed in Bucharest, Oradea, Ploiesti, Constanta

25 000

Sqm, of office and retail spaces delivered.

60 000 000

EUR were invested in Greenfield Residence project since 2006.

2011 in figures

The increase of the number of the contracted units confirms an upward trend of customer's interest for Impact's products

KALEIDOSCOP The Unboring and multifunctional home "3 in 1" offers three functions in one living space , an innovative product for Romanian real estate market.

ACTIVE HOME is a new type of house launched by IMPACT in partnership with Destiny Wheel , based entirely on an integrated solution of water suply, sewer, heating and electricity, designed for those who want to live in areas without public. utilities

CUSTOM MADE HOUSE represents a new type of product, offering the clients the freedom and flexibility in designing their dream home close to the forest.

Outcomes

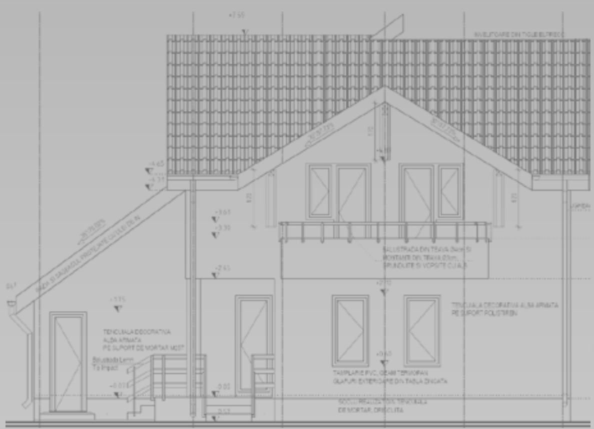
40% more units contracted in 1Q2011 compared to 4Q2010

27% more units contracted in 2011 compared to 2010

15% increase in the number of signed contract in 1H2011

150 renting and sales contracts were signed in 2011

1000000 EUR + VAT was the transaction of the year: a 3 story building of 919 sqm plus the land and an additional land plot of 693 sqm was sold in August, 2011



2nd Tree Planting Campaign organized in Greenfield, gathered together 160 volunteers, including children. Over 600 trees were planted in this second edition.

45th Is the rank Impact holds in CEE's Top 50 Residential Developers of the Decade from countries like Czech Republic, Hungary, Poland, Slovakia and Romania.

2 More innovative products were launched on the market in 2011: "Kaleidoscop" and "Active Home

Content

This report covers the financial year ended 31 December 2011. For more detailed information, please refer to our website at
www.impactsa.ro
http://www.impactsa.ro/actionari-investitori/rapoarte-financiare/raport-anual/

CORPORATE GOVERNANCE

Managing Board of Management

DAN IOAN POPP

Chief Executive Officer

Present day situation:

- President of the Board of IMPACT Developer & Contractor S.A.
- Main shareholder of IMPACT Developer & Contractor SA
- USAID partner on housing and mortgage related matters

Responsibilities:

- overall management and leadership
- building business relationship
- driving the strategic direction

Other professional training and experience:

2010 – 2011: Producer & editor of TV program ”Metropolis” and “Dan Popp si invitatii”
2009 – 2010: Member of “Guvernul Privat” nominated and broadcasted by money.ro &tmctv
2009: Member of PSC Bord (Building companies owners association)
2007: Producer& editor of TV program “Casa de piatra”
2006 – 2007: Producer & editor of the radio program “Afaceri imobiliare”
2005: Associated Professor in ‘Real Estate Investment” at Master Courses organized by The Bucharest Academy of Economic Studies
2004 – 2006: Organizer of the real estate Bucharest yearly fair “TPV-Tirgul privat de vile”
2002 – 2004: Coordinator & producer of two real estate books “Cum sa-ti construiesti o casa” and” Cum sa iei credit pentru o casa”
2000: President of UNAI (National Union of Real Estate Brokers)
1999: Lecturer and President of the Examining Commission of the Real Estate Institute IRECSON
President of the Romanian Agency of the Real Estate Companies (ARAI)
Founder and Vice-President of the National Federation of Real Estate Development
1998: Member of the National Association of Home Builders in USA
1995: Management training- University of Austin- Texas-USA
1995: Founder of the Bucharest Stock Exchange -Romania
1994: Founder of ARAI (Romanian Agency of Real Estate Companies)
1990 – 1994: Experience in setting up and running, as General Manager, of IMPACT S.A.
1984 – 1989: Research engineer in aeronautics- INCREST – Bucharest /Romania
1983: Post graduated in “robotics” IPB
1982: Graduated as control engineer in Bucharest Polytechnic Institute

Employment History at IMPACT: Since 1991 – CEO

CARMEN SANDULESCU

Chief Financial Officer

Present day situation:

- Executive Manager of IMPACT Developer & Contractor S.A.
- Shareholder of IMPACT Developer & Contractor S.A.
- USAID partner on housing and mortgage related matters

Responsibilities:

- financial planning of business development
- coordination and evaluation of business expansion initiatives

Other professional and training experience:

2004 – Present: Experience related to economic and development issues as Economic and Development Manager with IMPACT S.A.

1991 – 2003: Experience in the field of Capital Markets and Currency Markets as Financial Manager with IMPACT S.A.

1993 – 1995: Graduate of many training programs, including: Evaluation of Trade Companies; ANEVAR Bucharest, Investment Planning; KPMG Romania, Training in the field of Capital Markets with specialists of Know How Fund

Employment History at IMPACT: Since 1991 – CFO

Board of Directors

According to the available legislation and the company Deed of Partnership, The General Meeting of Shareholders is the company administration and decision supreme forum which takes activity decisions.
The company is administered by the Board of Directors represented by three administrators, natural persons:

- Dan Ioan Popp – Chairman of the BoA
- Radu Bugica
- Valeriu N. Ionescu

The current members of the Board were re-elected through the decision no. 4/October 11th, 2011 of the Extraordinary General Meeting of Shareholders, for a four years mandate, until October, 2015, excepting Mr. Radu Bugica who was elected in the position of administrator for a four year mandate, on April 16th, 2011 through the Decision no. 1 of the General Meeting of Shareholders.

Mr. Dan Ioan Popp – The Managing Board President

In October 11th 2011, during the Extraordinary Shareholders Meeting, Mr. Dan Ioan Popp was elected the Chairman of the Board of Administration. He also holds the CEO position in the company.

Mr. Radu Bugica

Mr. Radu Bugica graduated the Technical Institute of Bucharest in 1990 the Economic Academy of Bucharest on 1997.

Mr. Radu Bugica is the Manager for Romania for SIGMABLEYZER INVESTMENT GROUP LLC (Since 2004), and President of the Board of Directors for Covalact and and Primulact (companies in the portfolio of the Sigma Bleyzer South East Europe Fund IV) (since 2008), and he held various managing positions in the past, such as: Institutional Sales Manager, Member of the Executive Committee and General Manager for Global Valori Mobiliare, a Subsidiary of the Global Securities (1997-2004),

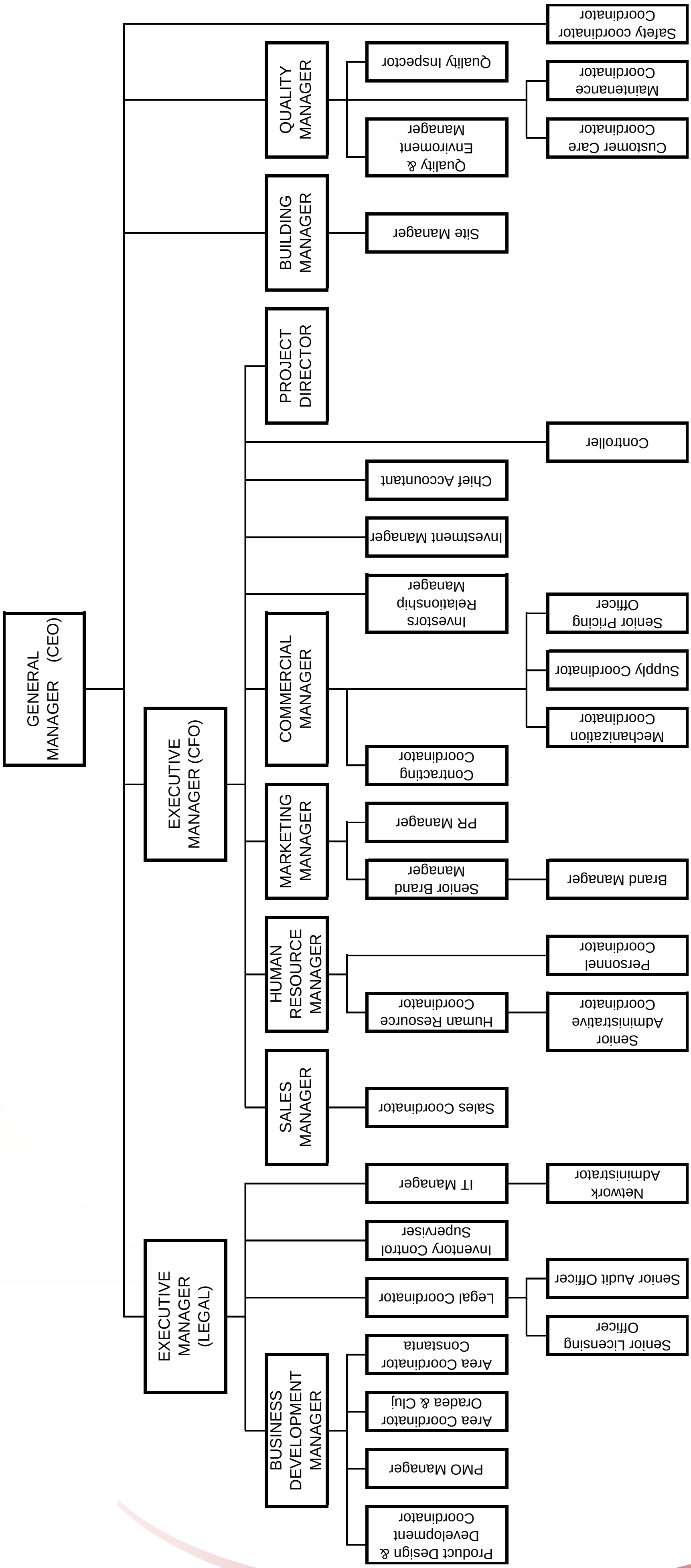
Mr. Valeriu N. Ionescu

Mr. Valeriu Ionescu graduated the Technical Institute of Bucharest – Faculty of Electronics and Telecommunications in 1976. He graduated the Master of Business Administration held by ASEBUSS and University of Washington in 1995.

Mr. Valeriu Ionescu held various managing positions within international companies such as: Country Director for International Executive Service Corp. (1991-1995), Regional Manager for New Europe Fund (1998-2004). Also he was part of the Board of Directors of various companies, such as: S.C. Astral SA (2000-2002), Luxten SA (1999-2003), deputy director of Orange (1999-2004).

Mr. Ionescu was funding partner of Focus Sat Romania S.A., being Sr. Vice-president of this company from its incorporation until its full sale to UPC (April 2006). Currently, Mr. Valeriu Ionescu is Managing Partner of Valeriu Ionescu & Asociatii SRL as from 2004, which is a company of consulting and services in the field of direct investments.

Company Organogram



Report of the Independent Auditor

To:

The Shareholders and Board of Administrators of Impact Developer and Contractor S.A.

1. We have audited the attached standalone financial statements of Impact Developer and Contractor S.A. ("the Company"), which comprise: the balance sheet as of 31 December 2011, the income statement, the statement of changes in equity, and the cash-flow statement for the year closing on that date, as well as a summary of significant accounting policies and other explanatory notes. The above-mentioned financial statements refer to:

	- Lei - 31 December 2011
Total equity	296,828,111
Net turnover	13,540,400
Net turnover (loss)	(22,261,046)

Management responsibility for the financial statements

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with OMFP no. 3055/2009.This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Except for the issues presented in paragraph 5, 6 and 7, we conducted our audit in accordance with the International Standards on Auditing (ISA) as adopted by the Chamber of Romanian Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. With the exception of the issues laid out in paragraphs 5, 6, and 7, we consider that the audit evidence we have obtained is sufficient and adequate in order to form the basis for our audit opinion.

Limitation of the scope of the auditor's work:

5. As the company has not established the net realizable value through valuation reports issued by independent evaluators for all houses held as stocks and presented in the financial statements as of December 31, 2011, we cannot express an opinion on the accounting value of these stocks as of December 31, 2011 and on the possible impact of the results of such valuation reports on the profit and loss account.Our audit report on the financial statements drawn up as of December 31, 2010 by the company also includes a similar limitation of scope.

6. As of December31, 2011 Impact Developer and Contractor S.A. showed in its financial statements an investment in Clearline Development S.R.L. (a subsidiary, formerly

named Lomb S.A.) with a total value of 26,900,000 lei. The cash invested was partially used (lei 17,036,601) by the subsidiary to undertake a residential project on Lomb Hill in association with the Cluj City Hall. This project was stopped in 2010 as a result of the fact that the Cluj City Hall did not transfer the land that would have been developed into association.

Because Clearline Development S.R.L. did not establish the net realisable value of the work in progress recorded in its accounts, we cannot express any opinion on the accounting value of the Impact Developer and Constructor S.A.'s investment into Clearline Development S.R.L. and on the possible impact of the results of such valuation on the profit and loss account. Our audit report on the financial statements drawn up as of December 31, 2010 by the company included an emphasis of matter in this respect.

7. For the legal litigations presented in Note 11 ("Contingent Liabilities", paragraph B2) to the financial statements, either we have not received confirmation from the company lawyers, or we have received confirmations but without an estimate of the result of each respective litigation. In the absence of this information, we cannot estimate the risks that might arise for the company and the possible impact on the company's position and financial performance.

Opinion

8. In our opinion, with the exception of the adjustments that might have been necessary if we had been able to ensure ourselves on the aspects mentioned at paragraphs 5, 6, and 7 above, the financial statements give a true and fair view of the financial position of Impact Developer and Contractor S.A. as of December 31, 2011 and of the results of the company's operations and its cash flow for the year then ended in accordance with OMFP no. 3055/2009 and the accounting policies described in the notes to the non-consolidated financial statements.

Emphasis of matters:

9. Without qualifying our opinion, we draw attention to the following matters:

a. As a result of the financial crisis and of the global economic downturn, the Romanian real estate market was subject to a significant fall in 2011 compared to previous years with regard to the individual value of transactions as well as their volume. This trend also became manifest in the case of Impact Developer and Contractor S.A. Given this situation, the company management drew up and presented in Note 14 ("Other juridical and economic information") to the financial statements drawn up as of December 31, 2011 a action plan on minimising over the following twelve months the negative effects of the shrinkage of the real estate market.

b. In the audit report on the financial statements drawn up on 31 December 2010, we did not express any opinion with regard to the correctitude of the calculation of the tax liability due to the local budgets with regard to the property tax (buildings and land), the value of the debts accruing from local taxes and their possible impact on the profit and loss account. In 2011 a tax inspections were carried out by the local authorities, with the scope of establishing the aforementioned local taxes liability, which resulted in shortfalls of local taxes of immaterial value to be paid by the company.

c. As of 31 December 2011 Impact Developer and Contractor S.A. presented work in progress in connection to the Lomb Hill project in an amount of 4,008,222 lei. These investments, mainly representing the drawing up of urban zoning documentation and road access for the Lomb Hill estate, were contracted through the frame contract no. 55423/4 July 2007 signed by Impact Developer and Contractor S.A. and Cluj Local Council as a condition prior to incorporation of the Clearline Development Company (formerly Lomb S.A.).In 2011 Impact took Cluj Municipal Local Council to court (case no. 79/1285/2012) demanding compensation for damages and interest with a provisory value of 4,008,222 lei and 500,000 Euro respectively. According to the estimates of an independent lawyer office, there are significant chances for the company to recover these amounts from Cluj Local Council (see Note 10 to the financial statements).

d. As presented in Note 13 ("Subsequent events"), in March 2012, at the request of the Public Ministry, a Bucharest Tribunal's Court decided that goods belonging to Impact Developer and Contractor S.A. up to the sum of 16,823,946 lei to be sequestered at the A.N.A.F (internal Revenue Agency) disposal. The company has appealed against this decision.

e. As laid out in Note 1, the paragraph titled "Shares owned in affiliated entities", in December 2011 the Impact management decided to sell 36 shares owned in Bipact 1995 S.R.L. in an amount of 900 lei. As a result of this transaction, the Impact holdings in Bipact decreased from 63% to 4.83%.

f. As laid out in Note 1 at the paragraph titled "Shares owned in affiliated entities and Note 10 ("Other information: Inventories"), Impact owns shares in value of 2,329,020 (45%) in Millennium Consult Invest 2002 S.A., the developer of the Greenfield 2 Business Support Centre, a project co-financed from the European Development Fund via the Regional Operational Programme and has executed investments (work in progress) with a value of 3,129,378 lei. Although in 2010 the Management Authority accepted the Greenfield 2 Business Support Centre project, this acceptance following to be finalised through signing of a financing contract, after evaluation of the conformity of the technical plans and a visit to the site, the Management Authority then rejected the project in 2012. Millennium Consult Invest 2002 S.A. has appealed this decision and, upon the case, it will take legal action against the Management Authority, considering that the project was rejected illegally.

g. As mentioned in the Notes to the financial statements, independently from the audit of the individual financial statements of Impact Developer and Contractor S.A. drawn up by the company's management in conformity with OMFP. 3055/2009, the auditor, R.S.M. Scot S.R.L., has also been hired to audit the consolidated financial statements of the Impact Developer and Contractor S.A. group of companies, drawn up by the management in conformity with International Financial Reporting Standards (IFRS).

Report on other legal and regulatory requirements

10. Given the provisions of OMFP.3055/2009, we have also reviewed the administrator's report issued on the same date as the financial statements appended to the present audit report. Consequent to this review, we have not identified any aspect that might indicate significant inconsistencies between the administrator's report and the attached financial statements drawn up by the management.

11. The present Auditor's Report was prepared with a view to its use by the company and its shareholders gathered in General Meeting of Shareholders according to the provisions of Law no. 31/1990 (republished). To the fullest extent permitted by law, we do not accept or assume liability to anyone other than the company or the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Dan Schwartz
Managing Partner
C.A.F.R. member (no. 404/09.12.200(

Camera Auditorilor Financiari din România
Schwartz Dănuț
Nr.404

On behalf of the company

AUDITORS · ACCOUNTANTS · TAX ADVISORS
RSM SCOT
S.R.L.
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R.S.M. Scot S.R.L.
C.A.F.R. member (nr. 322/31.05.2001)

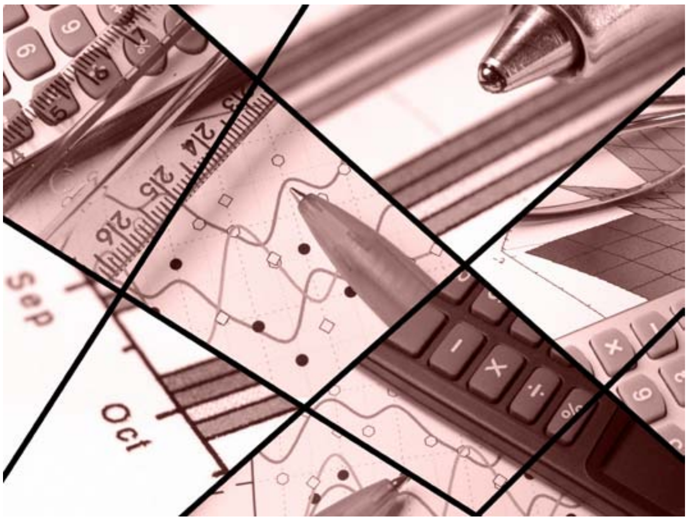
10 April 2012
Bucharest

Risk Management

Market risks: Even if the 2011 was the year of recovery for Romanian economy, the European public debt crisis brought another wave of uncertainty for Romanian economy, affecting mainly the banking sector.
For most of individuals, during the 2011, the decision to take a mortgage loan and to buy a new house continued to be postponed.

Exchange rate and higher cost of financing are the major sources of financial risk. The access to financing is more difficult and more expensive as the new credit regulation gets even more restrictive, and the RON currency depreciates relative to the EUR. However, the Romanian currency exchange rate registered in 2011 a high stability against Euro, comparing with the other currencies from the Region.
The year 2011 started with an exchange rate of 4.27 RON/EUR, and after a minimum of 4.07 RON/EUR, caused by the economic recovery hopes in the spring of 2011, the international problems of EURO zone in the last half of 2011 led to RON depreciation relative to the EUR at 4.32 RON/EUR at the end of 2011.
The average exchange rate for 2011 was of 4.24 RON/EUR.
The exchange rate variations affect the financial result because the company loans contracted in foreign currency.

Price risk: The price correction of apartments from the previews years have stabilized during 2011. According with Colliers Report the apartment's price decreased with only 10% in 2011.
The company prices during 2011 were at the same level as in 2010.
Regarding the land market, according with Colliers Report, the prices decrease within 5% to 15% on average compared to 2010. Peripheral locations as well as those areas with limited development potential (lack or poor infrastructure, residential use only) continued to experience decreasing prices, up to 35-40% compared to 2010.



During 2011 the company registered an increase of demand for small land plots in Bucharest and Ploiesti for residential purpose and small enterprises. For this kind of transactions, the price obtained by the company was above the company valuation reports.

The Colliers Report said that ***Property financing remains a crucial element to the market and we are unlikely to see an increase in demand for land until financing becomes readily available and demand for future developments picks up.***

[1] Romania Research & Forecast Report 2012

THE COMPANY

Company Introduction

Founded in 1991, by public subscription, Impact Developer & Contractor S.A. (also called IMPACT) is one of the first private companies active in the real estate industry. Initially, its main activities were the rental and maintenance of luxury villas in the Bucharest area. In 1995, Impact introduced the concept of the "residential compound" to the Romanian market and thereafter progressively evolved into a pure real estate developer. In 1996, Impact was listed on the Bucharest Stock Exchange (BSE). The company's shares were promoted to the first tier of the stock market in 2006, becoming the first company in the real estate development and building sector to do so.

Initially a developer of small, residential properties in Bucharest, Impact now focuses mainly on developing large-scale and mixed-use projects in Bucharest.

Residential Units Completed

Bucharest
1011 villas

Ploiesti
38 villas

Bucharest Greenfield
10 ha already developed and more than 668 units

Constanta
151 villas

Oradea
298 villas

Company Overview

IMPACT is the company that builds more than dwellings, it develops communities

Over the last 20 years, Impact has developed more than 2,000 dwellings and expanded its activities in Bucharest, Oradea, Ploiesti, Constanta. The portfolio is completed by 25,000 sqm of office and retail space comprised in the first A class office building developed in Pipera area and in the retail spaces from mixed-use developments developed by IMPACT.

IMPACT focused in the last few years its attention more towards projects with mixed destination (ample residential areas, custom made houses, office, retail areas, as well as to education systems - schools, kinder gardens- and medical facilities). Its pipeline is dominated by its major project Greenfield Residence development, a mixed-use real estate project in the North Part of Bucharest.
Having a total of 16 residential completed projects and always trying to find new solution to fulfill client's needs, Impact continue to introduce for the first time in Romania innovating concepts:

Kaleidoscop - multifunctional dwellings, with kitchen, living room and bedroom in the same room, just using a rotating wall

Active Home - a new type of house, based entirely on an integrated solution of water supply, sewer, heating and electricity

Mission

The mission of Impact is to turn into reality the clients' real estate dreams through the employees' professionalism which is continually developing, thus fulfilling the investment expectancies of the owners/shareholders.

IMPACT identifies a clean location for its projects, linked to the city by modern roads; offers level plans and facades which can cover a larger area of the financial possibilities of its clients; accomplishes durable and high quality construction and fittings; grants performance guarantees and more flexible payment mechanisms, adapted to the financial availability of the clients.

In order to draw respect and exceed the expectations of the real estate market, IMPACT promotes its values, applying them in any activity.

The Company’s organizational culture is based the following set of values:

- ✓ **Client satisfaction** – translated as client orientation, by providing high quality products, adapted to client’s needs;
- ✓ **Communication** – we believe that efficient communication is at the core of the development;
- ✓ **People** – the concern for people is translated through the attention offered in representing the interests of our employees and shareholders;
- ✓ **Pro-activity** – or choosing the progress through the identification of new development opportunities;
- ✓ **Continuous learning** – is the essential lever to be competitive on a developing market that is changing quickly;
- ✓ **Business ethic** – granting safety to clients and suppliers.

Business Overview

Even if the real estate investments in CEE countries have doubled in 2011 compared with 2010, in Romania, the economic recession led to a 13% decrease of the investments volume on the real estate market to 262.9 mil EUR in 2011.

Despite this, Impact's strategy for 2011 was to capitalize on its assets portfolio, land bank and completed dwellings, and to analyze and identify new opportunities that arised on the market in the restrictive economic conditions.

In 2011 the total number of the contracts signed for residential dwellings increased from 118 contracts signed in 2010 to 150 contracts signed in 2011. From the total number of 150 dwellings, 69 were either paid in full or paid in installments, and the rest of 81 dwellings were rented. The renting contracts increased with 84% compared with the previous year, so in 2011 there was registered a preference for renting over purchasing residential units comparing with 2010.

In 2011 there were also sold small land plots for housing and small businesses in Bucharest-Ilfov and Ploiesti, totaling 6350 sqm.

Management keeps an eye on the market's pulse and responds appropriately to any changes in demand by adapting very quickly to the market changes.

Strengths

- *Experienced management team;*
- *Track record provides leverage with lenders and customers alike;*
- *The company's strategy with flexible product range allows the company to react to the market conditions;*
- *Creative financing solutions for residential customers may support sales figures further in 2012;*
- *Impressive land stock can provide potential source of cash inflow and collateral for financing for future projects in the medium and long term;*
- *Company has enough stock of finished dwellings to respond quickly to a recovery in the residential market;*
- *Low indebtedness compared to CEE peers;*
- *Attractive characteristics of the company's core project – Greenfield project - 58 ha, located close to office and commercial area in an unpolluted area of Bucharest.*

Weaknesses

- *Operating profitability has been under pressure due to market conditions, and will likely remain under pressure through 2012;*
- *Customers' preference for renting over purchasing could threaten short-term profitability. Impact overcomes this weakness by offering to its customers the possibility to buy the dwelling they rent in the first 9 months of the renting contract and to recognize part of the rent paid by the customer as advance payment at the moment they decide to purchase the dwelling.*

Opportunities

- *Housing deficit leaves room for sustainable residential market growth in the long term (much more than any other CEE country);*
- *Beneficiate of dwellings which meet the requirements for the First House government program;*
- *Prepared to capitalize on the good location of the land stock.*

Threats

- *Prolonged tight credit conditions and deterioration of households' expectations on their financial standing will persist on the market in 2012 and could threaten short-term operating profitability;*
- *Higher cost of funding;*
- *Competitor's low-priced products, sold with aggressive offers, could affect the company's sales plan.*

Strategy and Business Model

In 2011, in the fourth year of the financial crisis, Romania's strong performance in industrial production, as well as its solid export performance helped the recovery of the country's GDP. Favorable economic conditions, including lower unemployment rates started a slight recovery in domestic demand. Although sentiment has improved globally with sharp declines showing signs of leveling off, both investors and lenders remain risk averse and investment and lending activity remain very restrictive.

Under such conditions IMPACT quickly adapted to the new market conditions and to the uncertainty induced by the length of the recession in Romania by measures of:

(i) Fixed costs reduction even from the beginning of the recession period by reducing the office areas and the company personnel;

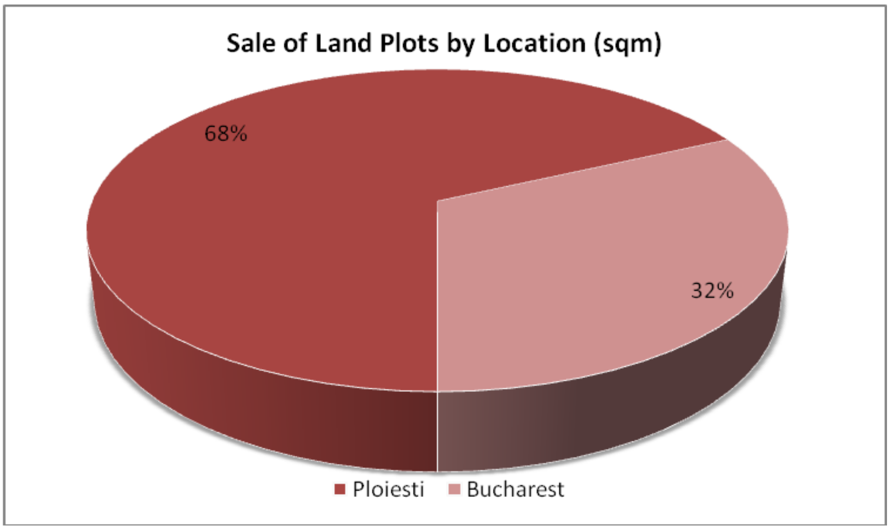
(ii) Redesigning some of the dwelling in order to best possibly fulfill the new clients' requirements, therefore taking measures of modifying the future projects, as well as the projects in progress;

(iii) Decreasing the debt rate to approx. 27% of the value of assets in 2011 compared to approx. 32% as it was in 2010;

Therefore Impact signed 150 contracts in 2011, of which 69 sale contracts and 81 lease contracts with 27% more contracts than in 2010.

Regarding the company strategy, IMPACT, in 2011 had as goals:

- To focus on capitalizing on the finished dwellings and redesigning the estates in different stages of execution, allowing changes such as to best possibly fulfill the market requirements, adapting the sale strategy to the market conditions by introducing new *selling* solutions (Home Upgrade and Max Avantaj)*;*
- To offer for sale small land plots to individuals and small companies for the development of houses and/or small businesses. As a result, in 2011 there were sold over 6000 sqm of land plots in Bucharest, and Ploiesti.



- To release two new innovative products: KALEIDOSCOPE – multifunctional dwelling "3 in 1" that offer three living functions in one space, and ACTIVE HOME – a house with independent solutions for utilities, which is based on an integrated system for water, sewage, heating and electricity;
- To identify partners at the project level in order to diminish the risk of the projects to be developed
- Other activities in analysis

Focusing on capitalizing on the finished dwellings:

Due to the changes registered on the real estate market in the past three years, in 2011 Impact continued to make changes in the operational activity and to adapt it to the current market conditions. In the past two years it could be seen the customers' preference for renting over purchasing increased due to the very restrictive lending conditions. All these translated to a decrease in the customers' confidence much more in Romania compared with the EU countries or other CEE countries, and an increase of their expectations in regard to the quality of the habitat. As an alternative solution for financing, some of the customers take in consideration the non-banking purchasing solutions, and some of them also choose to get financing from the developer for the acquisition of dwellings. Impact is constantly improving its financing solutions to better respond to the new social values and more sophisticated habitat requirements, and also is constantly improving the public facilities from its residential projects by bringing various operators for: English private school, restaurant, pharmacy, grocery store, dental care facility etc.

Another important strategy was the reduction of the dwellings size offered for sale. Considering all these, IMPACT decided to redesign the Quartz assembly, making available for potential customers apartments with reconfigurable areas between 40 and 200 square meters. Therefore, beneficiaries may choose the area corresponding to their financial possibilities, after which, assisted by IMPACT architects, they configure the walls layout on several adequate perimeters, such as to obtain the number of rooms the customers want. This new concept was implemented in the GF+2 and GF+3 buildings, located within Greenfield project.

Impact launched a new product In Boreal compound (Constanta) "the apartment with green yard". Each villa has two apartments with separate entries, one at the ground floor and one on the first floor, and each one of them has its own green yard of about 60 sqm. "The apartment with green yard" is addressing to the families who enjoy the nature, the green areas, the fresh air, and in the same time that don't need a very big living area and appreciate a modern apartment in a new residential compound.

Sale strategy for existing projects

The financial crisis, which started in the second half of 2008, led National Bank of Romania to increasingly restrictive monetary policy. The new regulations issued by the central bank significantly tightened the conditions of mortgage lending terms.

Due to the difficult access to financing, starting with 2008 Impact offered diverse financing solutions customized to the customers' needs. They were continued in 2011, by new financial solutions, which were adapted in order to improve the sale of the completed units developed by IMPACT.

Therefore currently we offer several financial products for our clients, with a down payment between 10% and 50%, and the difference to be paid in a period of 2 years, 4 years, 6 years, 8 years and 10 years.

The dwellings offered by IMPACT are in 3 stages of completion: red completion stage, grey completion stage, as well as completely finished dwellings, the customers having the possibility of choosing the one that fits the best their needs and income.

Nevertheless, IMPACT has chosen to address, through varied possibilities of purchasing, to different typologies of customers: from buyers with cash, to those with less financial resources, to whom "Max Avantaj" product is addressing to.

At the end of 2011 IMPACT had 258 dwellings that were not contracted or reserved, out of which 120 dwellings in Bucharest and 138 dwellings in Constanta, Ploiesti and Oradea.

Prospecting the market for attracting partners in order to diminish the risk of the new projects

The company has a flexible strategy on one hand to attract partners in order to capitalize on the assets portfolio (land and completed dwellings), and on the other hand to improve the range of services available in the ongoing projects.

In 2011 Impact continued the strategy of attracting financial and strategic investors to capitalize on the land bank by discussing with various investors interested in medical center, technological park, car wash, hotel, sport area, and deposit areas; and to capitalize on the completed dwellings portfolio by discussing with investors interested to invest in creativity center, private school, and kindergarten.

In August 2011, IMPACT has signed a sales contract of 1 mil EUR + VAT. The transaction included one building GF+2, with a total built area of 919 sqm and the allocated land plot, plus a land plot of 693 sqm located in the immediate vicinity of the building. The destination of the building and the land plot is for a private school.

Other activities under analysis

Medical Center Project- in Greenfield, Bucharest

For the best capitalization of the land owned by IMPACT and further to the identification of market opportunities, IMPACT started at the end of 2010 and continued in 2011 the prefeasibility study for the development of a medical and spa center in the Greenfield project. Currently we are in the process of identifying potential strategic and financial partners at the project level in order to ensure the necessary project financing, and we have discussions with specialized operators for this specific development.

Ghencea land plot, Bucharest

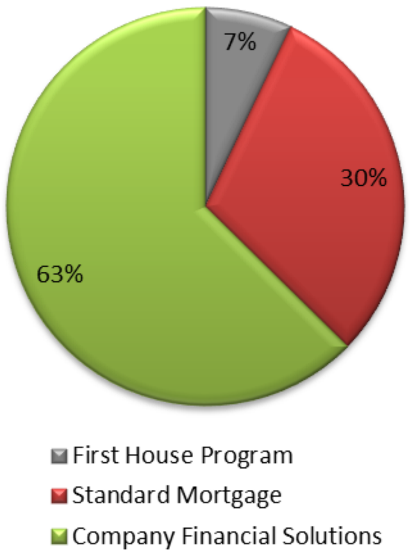
For the land from Prelungirea Ghencea that Impact owns, the company is considering two strategies: either capitalization of the land by selling it, or by developing a real estate development.

Currently, IMPACT is analyzing the opportunity to develop a logistic park. In 2011 IMPACT has done the prefeasibility study and began discussions with potential strategic and financial partners in order to ensure financing sources needed to develop this project.

Key Factors and Major Drivers for the Development Business

First House program

The "First House" program has continued during 2011 and it is addressing to the low products segment. The program has suffered a lot of significant changes during 2011 when individuals who already own a house smaller than 50 sqm become eligible in this program. The Government kept the guarantee threshold at 1.7 bill EUR, and there was decided to share the guarantee for the current mortgages with the banks in order to be able to continue the program.



This program was appreciated for its effects on the real estate market. It also creates competition between banks regarding the standard mortgage loans.

Regarding IMPACT Developer & Contractor sales activity in 2011, only 7% from all units sold during 2011 were acquired by its customers through "First House" program, while 30% of the units were sold through standard mortgage loans and 62% of the buyers have chosen the company's financial solutions.

The "First House" program will remain in place in 2012 and it is exempted from the new regulation of NBR (25% down payment for euro contracted mortgages and a 15% down payment for those granted in RON).

This program has a favorable impact on the company's sales, on one hand directly through its customers that are eligible for the "First House" program, and on the other hand indirectly through customers who sell an old apartment to someone else that beneficiates of the "First House" program and decides to buys a new apartment from IMPACT.

The VAT

While the VAT reduce rate of 5% which applies for low products segment (for transaction that do not exceed the amount of RON 380,000 and only for dwellings with a maximum utile area of 120 sqm) represents an oxygen bubble and a lot of transaction have befit for this facility, the Government decision to rise the VAT from 19% to 24% negatively affects the demand for middle and upper middle projects that do not fit to the requirements for the 5% VAT.

The gap between the demand and the supply on the residential market

It must be considered that the Romanian residential real estate market is still substantially lacking supply in residential units compared to other peer countries in the CEE region. This fact gives further confidence in the long-term potential of the residential real estate market.

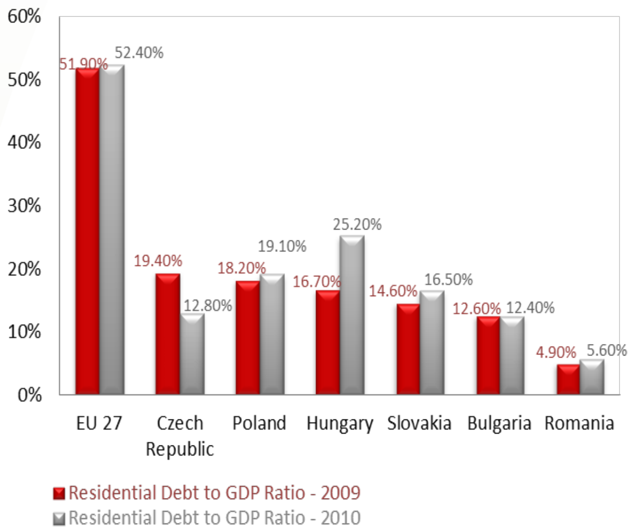
It could be seen in the last period an increase of demand for the land plots, from individuals who intend to build a house.

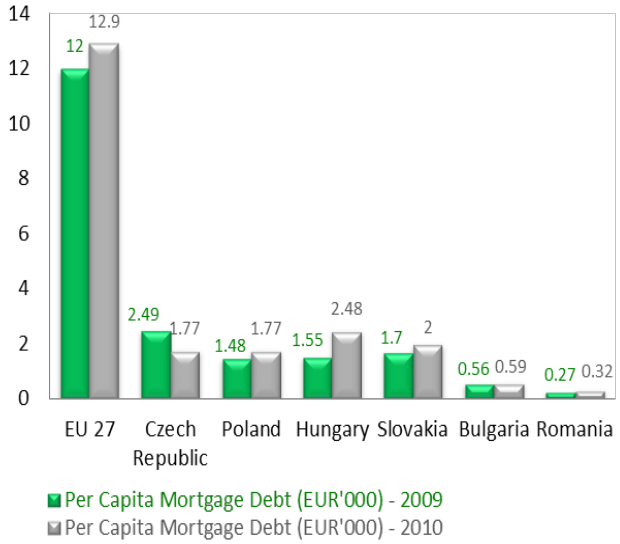
The number of rented units in 2011 was 81, which represents an increase of 84% compared with the rental contracts signed in 2010. The increase of the number of leases (which contain purchasing option available 12 months after signing the lease agreement) might suggest the end of the price decrease trend for the new homes residential market. Moreover, in 2011 IMPACT kept the same sales prices, which remained unchanged since May 2010.

Mortgage loan market is still undeveloped and the bank availability for the new mortgages is increasing

Romania continues to hold the last place in EU in terms of mortgage loans to GDP ratio.

The figures below show that, despite the difficult situation of the real estate sector, on the medium and long term, Romania will continue to remain an attractive market for banks. The growth potential in this segment is significant.





Data source: European Mortgage Federation, hypo.org

The current business environment, where National Bank of Romania decreased the Monetary Policy Interest Rate, and increased the minimum advance payment for a foreign loans, give a strategic sign for loans market, trying to stimulate the loans denominated in national currency.

Despite this NBR decisions, a mortgage loan denominated in national currency, remains still expensive, comparing it with a mortgage loan denominated in Euro currency.

Completed Products

1996 – 1998

Impact has built individual luxurious housing with a modern design, with attention for details and for client's satisfaction. The build area of the houses was between 180 sqm and 350 sqm.

1998

The company started to build semidetached houses, more accessible villas, with a built area between 120 sqm and 150 sqm. Those villas were for people who appreciate family values, people who want their dreams to come true.

2003

It was introduced the raw houses product with a built area between 80 sqm and 115 sqm. This was a product for young people, for those who aspire and are in a continuous ascension, for those who want more from life.

2006

Impact started to develop mixt used projects with blocks and flats with two, three and four bedrooms design for active people who want a new, spacious, functional home. In the residential compounds there were also developed small retails spaces with a built area between 300 sqm and 1000 sqm in order to serve the community needs.

The company, also, entered the market of office spaces one with the delivery of the Class A Office Building Construdava Business Center.

CONSTRUDAVA Business Center is located in the northern part of Bucharest, an area where are concentrated over 60% of the office building of the city. The office building has 11 floors, with a structure of 2BS+GF+8FL and is located just 20 minutes drive away to Victoriei Square and 15 minutes to the International Airport Henri Coanda.

Customer Care Department

Customer Care Department as a key component of any successful business provides a valuable link between our clients and our company.

The main goal of the Customer Care department is to meet the client needs, to make sure the clients are satisfied with the services provided.

In order to increase the customer satisfaction, Impact is using research questionnaires and analysis mad by the Customer Care Department. Also a priority for this department is to improve the speed, quality and consistency of the responses to client's enquiries by generating the information in a format that can be easily accessed.

Each Customer Care representative is focused to build a win-win relationship between the company and its clients.

Maintaining after sales relationships with customers involve activities such as:

- Talking to the clients and transmitting their complaints to those who are responsible to solve them;
- Setting a schedule for solving the enquires, monitoring the progress of the resolution process and ensuring the customer is informed with the solving process;
- Provide a prompt, courteous and knowledgeable response to all customer enquiries;
- Provide information to the customers regarding the events, programs, status observation/ claim issues and utility services

Process: All complaints are recorded in a CRM database which contains a complete list of Impact's clients. Customer Care Representatives forward these messages to those in charge to solve the enquire and then keep in touch with the customer in order to make sure the customer is satisfied with the service provided. Reports are sent regularly to the Quality Manager to ensure that the appropriate corrective and preventative measures are been taken.

Management of Quality, Environment, Occupational Health and Security Employees

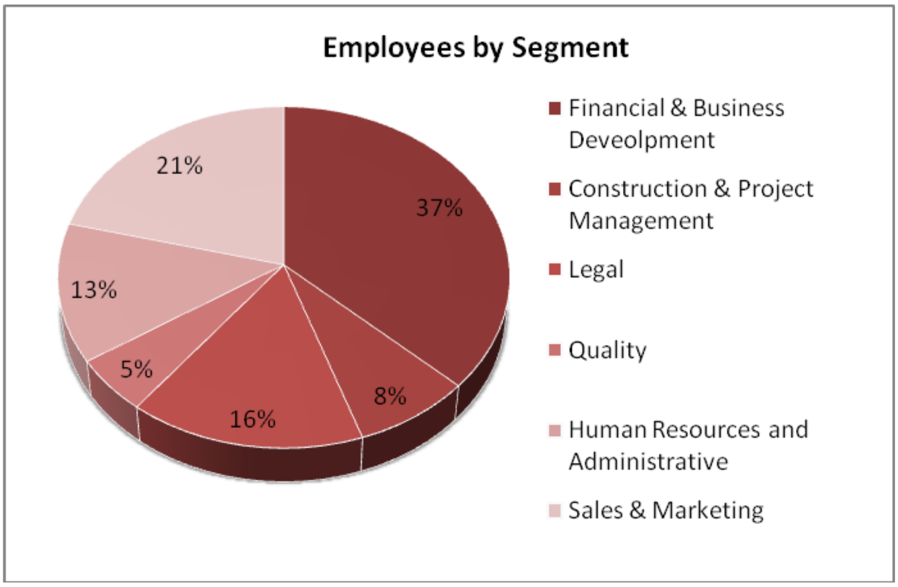
IMPACT Developer & Contractor is permanently attentive to the quality of the products and services provided. It is also focusing on the improvement of the life quality of its employees and for the protection and development in a systematical and conscientious mode of the environment.

All these were materialized in 2008 when Impact obtained the certification of the SRAC body. By the implementation of this integrated management system IMPACT Developer & Contractor S.A succeeded to ensure the coherence of the three aspects (quality, environment, occupational health and security) inside the processes, minimizing the dissipation of responsibilities and, at an equal extent, having an unitary vision upon the projects development or upon the provided products and services. Also, the integrated management system allowed the constitution of the framework for putting into application in an efficient way of the specific concepts and techniques of project management.

On external plan, the concern for quality, environment, occupational health and security took shape by keeping under control the outsourced process for the execution of the construction works and of the installations related to these. Thus, IMPACT Developer& Contractor S.A imposed to all its partners to apply consequently its quality, environment and occupational health and security policies.

Employees

We believe the employees are the strength and the backbone of any organization. It is their efficiency, performance and knowledge that will determine the level of success for any company. As employee development is crucial for the growth and prosperity of our business, we constantly develop the skills and the talents of our employees, in order for us to be updated with the growing technology and the change in consumer needs.



Considering the benefits of the social networking in today's business climate, in 2011, the sales team participated to training session *Internet Success*. Since 2010, when we participated at a course approved under the Ministry of Education and CNFPA (National Council for Adult Training) and obtained accreditation for a trainer in the sales department, Regularly internal sessions of training, coaching, evaluations are being organized in order to improve the skills of the sales team.

OUR PROJECTS

Completed Projects

Impact has successfully developed a diverse range of projects in the Northern part of Bucharest, and in other secondary cities, allowing it to become one of the most important developers in Bucharest.

Residential Project	Residential Units	Built Area (sqm)	Started	Completed
Alpha	40	7000	1995	2001
Beta	70	12,250	1998	2002
Gamma&Delta	250	43,750	1999	2003
Epsilon&Zeta	106	19,950	2001	2005
Junior	54	7840	2004	2005
Class	202	41,375	2001	2006
Azur 1&2	150	53,500	2004 & 2005	2007
Europa	298	112,000	2004	2008
Boreal 1	151	60,000	2002	2008
Rubin	154	18,155	2006	2009
Topaz	123	9,420	2006	2011
Onix	104	7,580	2006	2011

Figure: Completed Projects

Alpha Project

Completed in 2001, Alpha was the first residential compound built by Impact and comprises 40 luxury houses. Financed with the support of a bank loan in 1995 – which was repaid 15 months later, Impact succeeded in proving its competence, resourcefulness, viability and its worth as a trusted company.

Beta Project

Initiated in 1998 and completed in 2002, Beta Project is the second residential compound developed by Impact. The project includes 70 deluxe and prestige villas and is located in the North Part of Bucharest, just 25 minutes drive away from International Airport Henri Coanda and 20 minutes drive away from the center of the city.

Gamma & Delta Projects

Gamma & Delta developments were started in 1999 and completed in 2003. These compounds comprise 250 units including personalized deluxe, prestige and freedom villas.

Epsilon & Zeta Projects

Initiated in 2001 and completed in 2005, the Epsilon & Zeta compounds comprise 106 houses including luxury and prestige-type villas. Both are located on the Pipera lakeside and benefit from special landscaping.

Junior Project

Comprising 54 town houses, Junior was initiated in May 2004 and completed in 2005. Muguras and Margarit type villas were built with one structured as a ground floor and attic, the other as ground floor, first floor and attic.

Class Project

Class was initiated in 2001 and completed in 2006. Developed on an area of 75,000 m², the compound includes 202 villas and a number of playgrounds. After only 6 months, 60% of the compound had been contracted.

Azur 1&2 Projects

Azur 1 project was initiated in September 2004 and was developed on a 53,500 m² area. The complex includes 150 Prestige and Junior type villas, supplemented with sports grounds, playgrounds, green areas and 50 parking spaces. Azur2 development was initiated in February 2005. Both developments were completed in 2007.

Europa Project

In close proximity to the university and with easy access to the Oradea city centre, Europa Project is developed on plot of 130.000 sqm and a total built-area of 112,200 sqm with 298 villas.

Boreal 1 Project

Located in Constanta and comprising 151 villas, Boreal 1 was initiated in 2002. Developed on an area of 60,000 m², the project includes villas with 150-700 m² plot and 115-450 m² built area.

Rubin Project

Rubin Residential Compound came as a response to the desire for diversity and new built apartments for an active person who wants a high standard of living, comfort, free of pollution place, privacy and accessibility. It comprises 34 villas (Valetta and Sienna) and 120 apartments in blocks with 2 or 3 floors.

Topaz Project

Topaz Residential Compound comprises 123 units and the inhabitants benefit of a new life style characterized by a very low noise and unpolluted air due to the 900 a of forest that surrounds Greenfield Projects.

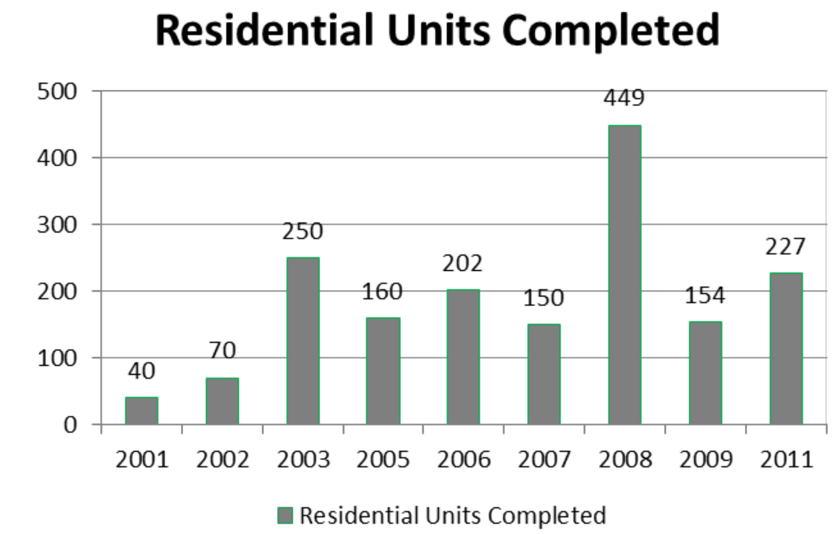
Onix Project

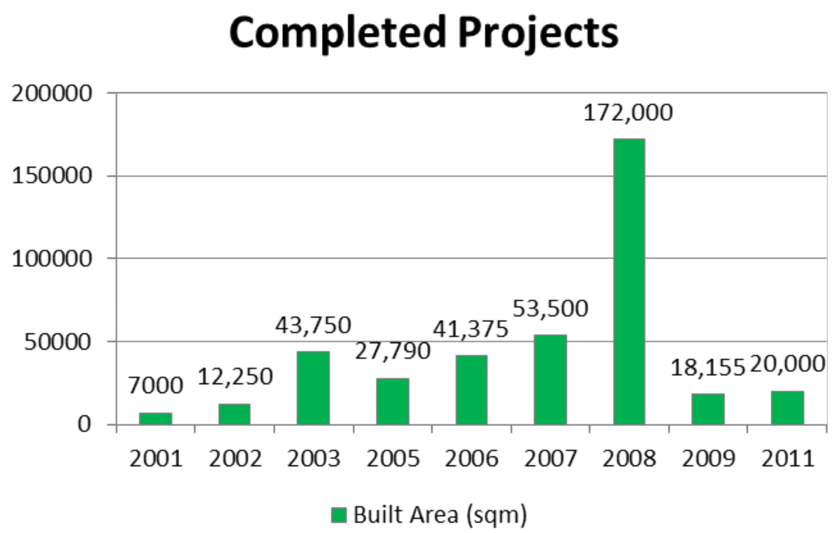
Located in the north part of Bucharest as part of Greenfield Project, Onix Compound includes 104 residential units.

Construdava Business Center

CONSTRUDAVA Business Center, is the first A-class office building from Baneasa-Pipera area and hosts, besides the headquarters of IMPACT, also the headquarters of some prestigious companies. These companies have chosen to perform their activities in high class premises, accomplished by the profile of Western standards.

With a total built area of 13.236 sqm, the office building has 11 floors, with a structure of 2BS+GF+8FL. **Its location offers easy access downtown** just 20 minutes of driving from Victoriei Square. The building is located also15 minutes to the Henri Coanda Airport and the tenants benefit of an overview upon the entire residential area from Pipera-Baneasa.





Ongoing Projects

Greenfield Project in Bucharest

In the last 8 years the North of Bucharest, has developed considerably by attracting investments in large retail projects, residential developments and office buildings (60% of office buildings are constructed in this part of the city). The development of the area was primarily influenced by the availability of large land plots, good infrastructure, the vicinity to Baneasa Airport and Baneasa Forest (the only one existing forest in Bucharest) as well as the importance of immediate access to Bucharest – Ploiesti Road (DN1).

Greenfield is one of the largest mixed-use development projects in Romania, located in the North of Bucharest, bordered on two sides by Baneasa Forest and Tunari Forest. This provides a relaxed and unpolluted environment together with landscaped green areas.

Greenfield is just 2 km away from the crossroads with the DN 1 Bucharest – Ploiesti (National Road) and from the future Bucharest – Brasov highway, less than 10 minutes away from Henri Coanda International Airport and in the close vicinity of retail facilities such as Metro Cash&Carry, Selgross, IKEA, Mobexpert, Carrefour Feeria, Bricostore.

Surrounded by 900 ha of forest, with a community of more than 1000 inhabitants, Greenfield offers a new life style creating a habitat characterized by a low noise and unpolluted air. Greenfield is based on a "neighbourhood" concept, providing all types of facilities required by habitants of a modern city: residential neighbourhoods – flats, office buildings, shopping malls and commercial galleries, hotels, public facilities – schools, health care facilities, kindergarten, and leisure areas – tennis courts, playgrounds, parks.

The project was conceived in two phases, Greenfield 1 (phase 1, which comprises Rubin, Topaz, Onix, Blue and Quartz residential compounds) and Greenfield 2 (which is phased in 6 sub-phases).

Currently, in Greenfield the apartments are being sold at three different stages of completion (completely finished, without interior finishings or without interior partitioning), the clients having opportunity to choose the most suitable for their income.

Little London

With more than 80% of the project sold, new business partners came to Greenfield offering to the entire community facilities such as restaurant, fitness, minimarket, beauty salon, pharmacy, dental care office and the private school Little London.

In 2011, the private school Little London who has started its activity in a new building in September 2010 in Quartz Compound, decided to purchase the entire building and an additional land in Greenfield. Their purpose is to develop a school which will cover all the needs of a complex curriculum Little London: with primary school building, secondary school building, 2 outdoor sports fields, indoor sports halls, media-center (library), labs, music labs, art workshops, computer room, dining and outdoor areas for play and recreation.

Boreal 2 Project in Constanta

The Impact's decision to invest in developments within Constanta, one of the largest ports in Europe, was influenced by the important role the area plays for the country as a whole. This area has an exciting development potential which, together with its close proximity to Bucharest and the completion of the new highway, will increase considerably the demand.

Boreal 2, the second phase of Boreal Project, is located just 3.5 km from the beach, in the near vicinity of Boreal Project on a land plot of 5,578 sqm and selling built area of 3,578 sqm.

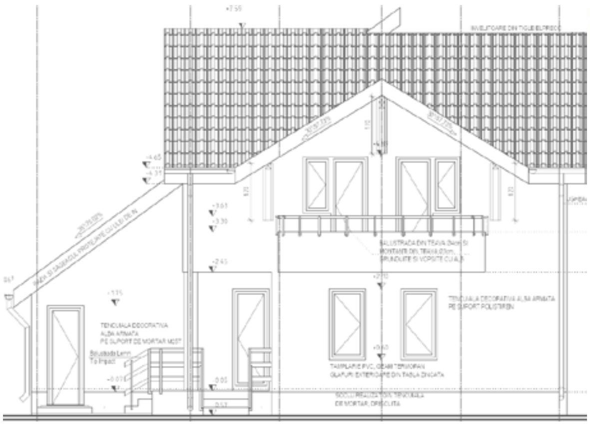
The residential compound incorporates children's playground and entertainment centres.

Lotus Project in Oradea

Lotus Residential Project fits perfectly to the ones who choose a quiet and unpolluted area. The project comprises villas with 300 – 500 sqm plot and 150 – 280 sqm built area. Lotus 1 was started in 2004. The compound is situated close to the Criş River, and about 4 km far away from Oradea city, which is close to the Hungarian border.

Roua Project in Ploiesti

Roua is a residential project comprising more than 38 houses that represent a new era in the company's activities: the expansion in to another market – the city of Ploiesti, located in the close vicinity of the future highway Bucharest-Brasov, the main road towards the north and west provinces and the Western EU. The compound was started in November 2004. Developed on 13.000 sqm, the project has villas with 140 – 300 sqm plot and 125 – 135 sqm built-area.



Future Projects

Overview of the Greenfield II Project in Bucharest

Part of the mixed use Greenfield project, the second phase will be developed on 4 hectares, having a total number of 628 residential units, in 16 blocks of flats with reduced heights. Greenfield II Project will comprise 5 blocks in Tattoo Residence compound, 6 blocks in Bloom Residence compound and 5 blocks in the Briza Verde compound. These new residential compounds are being designed for young people, with high aspirations (Tatoo Residence), for families with children (Bloom Residence) and for those clients with a busy daily schedule and looking to relax at home in an eco-friendly environment (Briza Verde).

The project will start developing one block of flats in each one of the three compounds, which will include 127 residential units (48 apartments in Tattoo Residence compound, 44 apartments in Briza Verde compound and 35 apartments in Bloom Residence compound). Depending on the compound, the blocks will comprise studios, 1,2 or 3 bedrooms apartments.

The architects designed the buildings with a large interior garden, used as semi-private spaces accessible only to the tenants. Also, Tattoo Residence, Briza Verde and Bloom Residence will benefit of all the advantages offered by the great location: 900 ha of forest, near the Baneasa Forest, only 5 minutes from Baneasa commercial area - Metro Cash & Carry Selgross, Ikea, Mobexpert, Carrefour Feeria, Bricostore, easy access to DN1 Bucuresti - Ploiesti, 5 minutes far away from two airports: Henri Coanda and Baneasa Airport.

Medical Hub and SPA in Bucharest

Analyzing the market opportunities in the North of Bucharest, Impact has completed a prefeasibility study for developing a medical center and spa in this area.

Taking advantage of the unique healing power of mineral thermal water springs and green environment, Medical Hub and SPA is projected as one of the most ambitious investments in the medical field in Romania. It represents a step forward for Romanian medical infrastructure in providing an integrated health and wellness facility for the cardiovascular problems, metabolism upsets, rheumatism or respiratory complaints as well as anti-ageing clinical facilities and laboratories. The highly skilled and competitive medical staff and doctors would provide human-touch patient oriented medical services, using latest medical technologies in chronic diseases and anti-ageing treatment.

At the moment we are at the stage of identifying potential investors for this project and providing the necessary funding sources.

Custome Made Houses

As the real estate reports show a slightly increased demand coming from private individuals who are searching for small plots suited for villas(500-1,000m2) in peripheral residential areas(Sisesti, Bucurestii Noi, Baneasa), we came with a new type of project for north area, Land Acquisitions with Custome Made Houses.

There is an entire team involved to design and build fully customize homes. People realy appreciate the freedom and flexibility to build an affordable home, with the help of an experienced and well known developer. This is what Custom Made Houses is offering to them: a land plot close to the forest and their dream home.

Overview of the Retail Project from Extension Ghencea

For the land owned by Impact in Ghencea extension, the company has two strategies: either develop a logistics park or to capitalize on the land by developing a housing project.

Currently, IMPACT explores the opportunity to develop a logistics park. In 2011 IMPACT conducted a feasibility study and has begun discussions with potential financial and strategic partners to ensure funding sources needed to develop this project.

Overview of the Business Support Center Project in Bucharest

IMPACT continues to develop the mixed used project Greenfield, with a B class office building of 11,000 sqm to be financed with EU Funds. The Business Support Center will provide a total rental area of 6,280 sqm for offices. All the tenants will benefit of a conference room for 60 persons, dinnig room, 5 meeting rooms placed on each level, large number of parking places.

In April 2011, after the site visit, the Management Authority for Regional Operational Program had recommended the signing of the financing contract. During May-November 2011 the contract was suspended, and in late November 2011it was restarted the process of contracting and in this respect it took place another site visit in December 2011. In 2012 the project was rejected by the Managing Authority for ROP. The project company contested this decision, and to the extent that it does not receive a positive response to the appeal, it will appeal the decision of the Managing Authority for Regional Operational Program in court.

THE YEAR 2011 AND OUTLOOK

Events

March, 2011

Project Expo

Impact participated in March, 2011 at the real estate fair Project Expo. The organizers announced there were more than 7,000 visitors to the fair. Following the event 135 contacts were gathered for Greenfield and 65 contacts for land acquisition by Impact's sales team.

GCC-ROMANIA Economic Forum

Romania, being an EU member, represents an important market and an attractive opportunity to place the investments and to conclude business.

In March 2011, IMPACT Developer&Contractor participated at GCC-ROMANIA Economic Forum, the first economic event of its kind in the region.

During this forum, 4 projects were presented by IMPACT's representatives. This event created a great opportunity to present projects of over 35 million euro to a delegation of over 120 investors or representatives of the authorities from the Gulf Area.

April, 2011

TIMON

In April, Impact participated at the TIMON Exhibition, which reached its 18th edition. There were gathered 84 new contacts during this event for apartments and villas. Also, 32 individuals were interested in land acquisitions.

The second tree planting campaign organized in Greenfield

Over 600 trees were planted in the second edition of tree planting organized by our company at the end of April, 2011. Altogether 160 volunteers, including children, took part at this campaign, which follows the success of the first one started in 2009 when 200 people and inhabitants of Greenfield planted more species of ash, oak and birch.



May, 2011

IMPACT launched a new product for Romanian real estate market: KALEIDOSCOP – The Unboring Home

Kaleidoscop, multifunctional home "3 in 1" offers three functions in one living space. The new product is located in Greenfield, the residential compound with over 650 residential units developed by Impact D&C and situated in the northern part of Bucharest.

"Our challenge was to make dwellings more affordable: a space of 36 sqm equipped with multiple functions. Based on a rotating wall and multifunctional furniture, we found the fastest solution to transform one living space in the kitchen, bedroom or workspace" says Dan Ioan Popp, CEO, Impact Developer & Contractor SA.

The target clients for this new product is represented by young people, 23-35 years old, unmarried, with an active life style, spending around 10 hours at the office and want a home in accordance with their modern life style.



TNI

In May, 2011 Impact participated at the TNI Fair. More than 62 contacts were interested in Impact’s leaving and financial products.

ACTIVE HOME - a new type of house launched by IMPACT in partnership with Destiny Wheel

After launching the new concept of multifunctional home "3 in 1" – Kaleidoscop, Impact Developer&Contractor in partnership with Destiny Wheel comes with a new product, **Active Home**. This is a new type of house, based entirely on an integrated solution of water supply, sewer, heating and electricity, designed for those who want to live in areas without public utilities or for those wishing to escape of the inconvenience caused by repeated interruptions of utilities supply.

October, 2011

CAPITAL MARKET DAY in GREENFIELD

Impact continued the events "Capital Market Day 2011", presenting the financial situations to the analysts of the capital market. The event took place in Greenfield and more than 17 financial analysts participated, having the opportunity to familiarize and analyze IMPACT's activity in a period of global economic recession.

December,2011

In December 2011, Impact hosted The Traditional Fair, which took place in Greenfield. During the event, residents of Greenfield Residence and not only them could enjoy delicious traditional culinary specialties from different areas of the country.

Highlights 2011

March

"IMPACT" IS LOOKING FOR STRATEGIC INVESTORS FOR AN INVESTMENT OF 125 MILLION DOLLARS

Bursa

"Impact Developer & Contractor" (IMP) seeks strategic investors to develop a medical clinic complex project, investment estimated to about 125 million dollars. Primary source for medical services provided by future medical clinic could be mineral springs around Bucharest.

HOW ROMANIA COULD BECOME A SMALL DUBAI

Capital

The concept of Bucharest Techology & Information City aims to put together the major IT&C companies and educational environment for establishing a private university to handle Information Sciences and Technology. The proposal comes from the Impact Company and requires an investment of 473 million dollars. The project presents the buildings in the form of microprocessors and streets, in the form of integrated circuits.

WHO WANTS TO BUILD A DISNEYLAND IN BUCHAREST FOR 140 MILLION EURO

Gandul

The first amusement park is going to be built in Romania in the west of Bucharest, on an area of 26 hectares, near Bucharest's ring road. Investment for Bucharest World of Adventures Park is estimated at nearly 140 million, and its construction will stretch over three years, according to the project presented by Impact Developer & Contractor, during the Forum Arab-Romanian who has recently taken place in Bucharest.

April

INSOLVENCY INFORMATION NOTE

The opening procedure of the insolvency procedure of Impact Developer & Contractor SA has been irrevocably closed.

May

IMPACT RELEASES KALEIDOSCOP, A MULTIFUNCTIONAL HOUSE, FROM 39.990 EUR

Impact Developer & Contractor SA launches a new product on residential market: Kaleidoscop, multifunctional home "3 in 1", which provides three functions in a single living space. The new product is in Greenfield residential compound, developed by Impact SA in Baneasa Forest Area, in Northern Bucharest.

June

DO YOU WANT TO BUY A LAND PLOT IN BUCHAREST? THE MOST EXPENSIVE NEIGHBORHOOD IN BUCHAREST

incont.ro

The financial crisis seems it did not affect as much city residents. When it comes to selling land plots, the price exceeds 1,400 euro per square meter in District 1 of Bucharest. The inhabitants of Bucharest are looking for the average land price, looking at the neighborhood in which it is located and not at the available building area, according to a survey Impact Developer & Contractor.

THE AVERAGE PRICE OF DWELLINGS IN BUCHAREST, IN THE LAST FIVE MONTHS, IS 1,294 EURO / SQM

Financiarul

An analysis made by Impact Developer & Contractor in terms of housing preferences of Bucharest inhabitants reveals that District 1 remains the leader, and District 6 the slacker, and currently the most valuable neighborhood is Aviatorilor, while the most impaired is Ferentari.

July

HOW DOES IT LOOK A COMPLETELY AUTONOMOUS HOUSE?

Adevarul

Looking for the lowest price, a local developer launches a new real estate concept: field house, an independent house from utilities providers. "We try to be closer of what the market wants," says Dan Ioan Popp, the main shareholder of Impact

Developer & Contractor, which states that a prototype of such houses can be visited in the Pădurea Neagră Street, in Bucharest.

THE APARTMENTS WITH GARDEN FROM BOREAL COMPOUND, FROM CONSTANTA, BETWEEN 55,000 AND 65,000 EUROS WITH VAT

Financiarul

Impact Developer & Contractor SA is the developer of Boreal Compound from Constanta, a new concept focused on building apartments with garden. Dwellings have the particularity to give each family the opportunity to use an exclusive garden of about 60 sqm.

August

IMPACT SA HAS CONCLUDED A PROPERTY TRANSACTION OVER 5.2 MILLION LEI IN GREENFIELD RESIDENCE

343 EUR / sqm is a new reference price for the land traded near Baneasa Forest.

15% INCREASE OF CONTRACTS NUMBER AND LIQUIDITY OVER 5 MILLION EURO IN THE FIRST HALF OF 2011

The cash availability for the first half of 2011 for Impact Developer & Contractor SA (Impact SA) increased to 22.9 million lei (5.34 million EURO) from 8.6 million lei (2 million EURO) as of 30.06.2010.

The 15% increase in the number of contracts compared to the same period from last year, was offset by recording a turnover of 40% of that of the first half of 2010, reflecting preferences for rental housing market and the postponement of purchase.

IMPACT: THE MOST EXPENSIVE HOUSES FROM THE CAPITAL ARE IN THE 1ST DISTRICT

The selling average price per square meter for a house in Bucharest starts with 1,418 euro, compared with 1.284 euro the average price per square meter for an apartment, according with a study made by Impact Developer & Contractor. Even if a dwelling with courtyard is now on average with only 10% more expensive than a dwelling at block of flats, in the luxury areas these dwellings are twice more expensive than apartments in the same area, while at the periphery the "lodge" houses are half the price of a nearby apartment, says the study of Impact.

September

IMPACT STUDIOS FOR RENT TO STUDENTS FROM 250 EUROS

imobiliare.ro

Impact Developer & Contractor announced a seasonal offer for students from Bucharest, where they can rent flats in Greenfield residential compound, from Baneasa, with prices starting at 250 euro per month.

THE CHEAPEST RENTAL HOUSING IN BUCHAREST

Money.ro

On the eve of a new academic year, students looking for accommodation should take out of pocket in average 253 EUR per month in order to rent a studio located in Bucharest, according to a study made by Impact Developer & Contractor.

October

THE NUMBER OF CONTRACTS SIGNED IN THE FIRST 9 MONTHS EQUALS THE CONTRACTS SIGNED IN THE WHOLE YEAR 2010!

IMPACT Developer & Contractor (IMPACT) has signed during the first nine months of 2011 a total of 117 contracts for dwellings, almost the same with the 118 contracts signed throughout the year 2010. Additionally, during the first three quarters of 2011, IMPACT signed contracts and pre-contracts for the sale of land plots for construction of individual houses, for a total area of about 5,500 sqm.

November

EXCEED WITH 43% OF THE ESTIMATED VALUE OF CONTRACTS IN 3Q2011

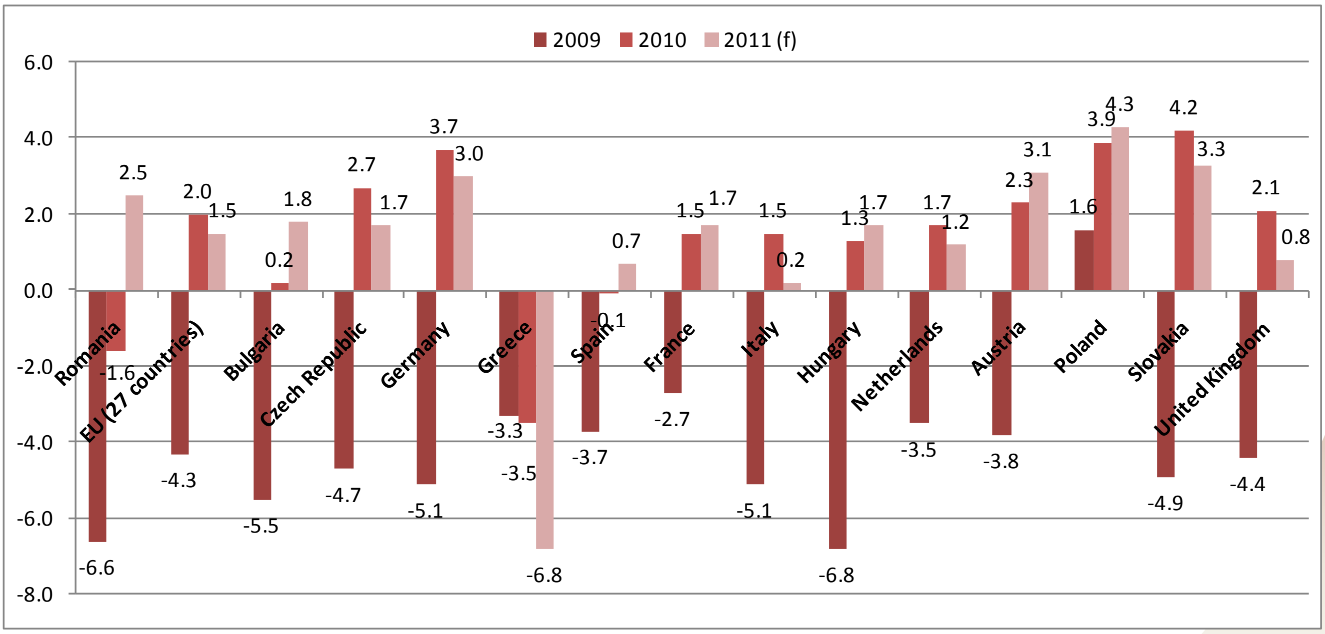
In the third quarter of 2011, Impact Developer & Contractor SA (Impact) has signed real estate contracts totaling 8.37 million LEI. The contracts' value was 43% higher than expected for this quarter.

The Economy

After two years of recession, 2011 was the year of economic recovery. The Agriculture production (11.3% growth) and industrial production (5%) sustain the economic growth in 2011.
Also, the Romanian exports surged to new highs, as demand from Asia and Europe (especially Germany) rose.

For Europe, 2011 was the second year of economic growth, but the European economy showed signs of slowing down in the last part of the year. Despite the overwhelming problems caused by sovereign debt, the economies of the most of the European Countries have shown signs of slow economic growth, and the average Real GDP growth rate for EU 27 registered only 1.5% increase.

Real GDP growth rate - percentage change on previous year

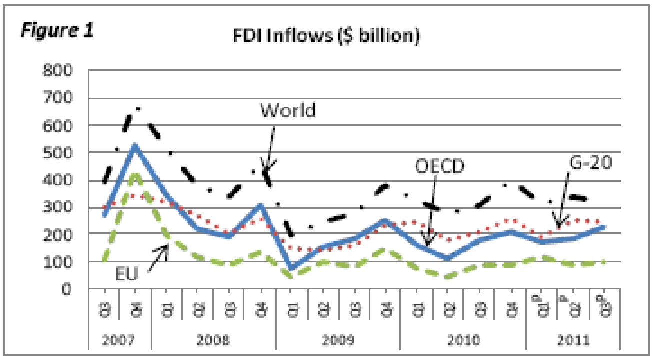


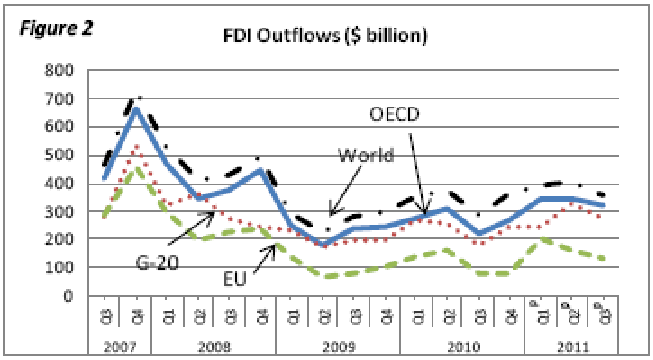
Data source: EUROSTAT

While Poland, Slovakia, Austria and Germany leaded the top of countries with the highest economic recovery and the rest of CEE Countries registered an economic growth close to the EU average, the Romania economy registered in 2011 year a 2.5% economic growth, which is over EU-27 average, according with EUROSTAT and with the latest estimates of National Statistics Institute.
This economic growth is higher than the official forecast for 2011 of 1.5% made by National Prognosis Commission.

Foreign Direct Investment

According to preliminary estimates[2], foreign direct investment (FDI) activity slowed down in Q3 2011 following steady increase over the previous three quarters. FDI outflows world-wide dropped by -13% from the Q2 2011 to USD 354 billion which is, however, 23% more compared with investments made in the same period of 2010. The quarterly average of global flows for the first nine months of 2011 is USD 380 billion.

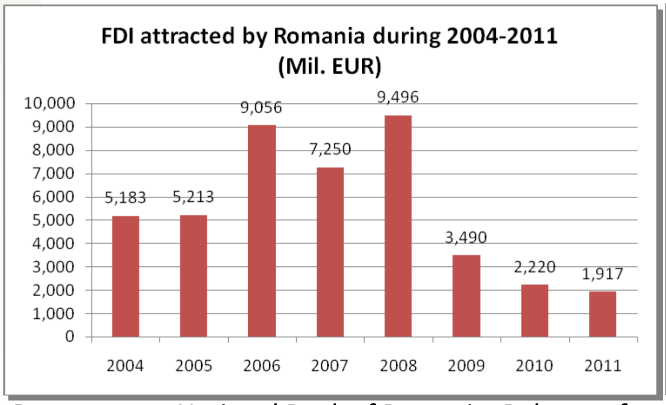


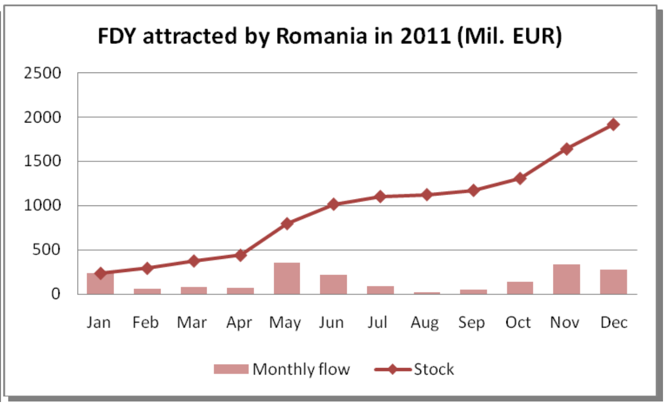


Data source: OECD, www.oecd.org

OECD countries accounted for 90% of global outflows (USD 323 billion) and 70% of inflows (USD 228 billion). Even though OECD continues to be net exporter of investments, outflows have declined by -6% in Q3 2011 from the previous quarter whereas inflows increased by 26% largely due to higher investments in Germany, Switzerland, the United Kingdom and the United States.

Foreign direct investment in Romania dropped 13.6% last year compared to 2010, at only 1.92 billion euros, five times less than the highs of 2008, according to data released by the National Bank of Romania (BNR).





Data source: National Bank of Romania, Balance of payments

Of the total foreign direct investment, the equity investments consolidated with estimated net loss totaled 1.43 billion euro, and intra-group loans amounted to 487 million euro.

The financial crisis and recession that entered Romania in 2009 have seriously reduced the foreign direct investment, which was just 2.2 billion euros in 2010, compared to the peak of 9.5 billion euro in 2008.

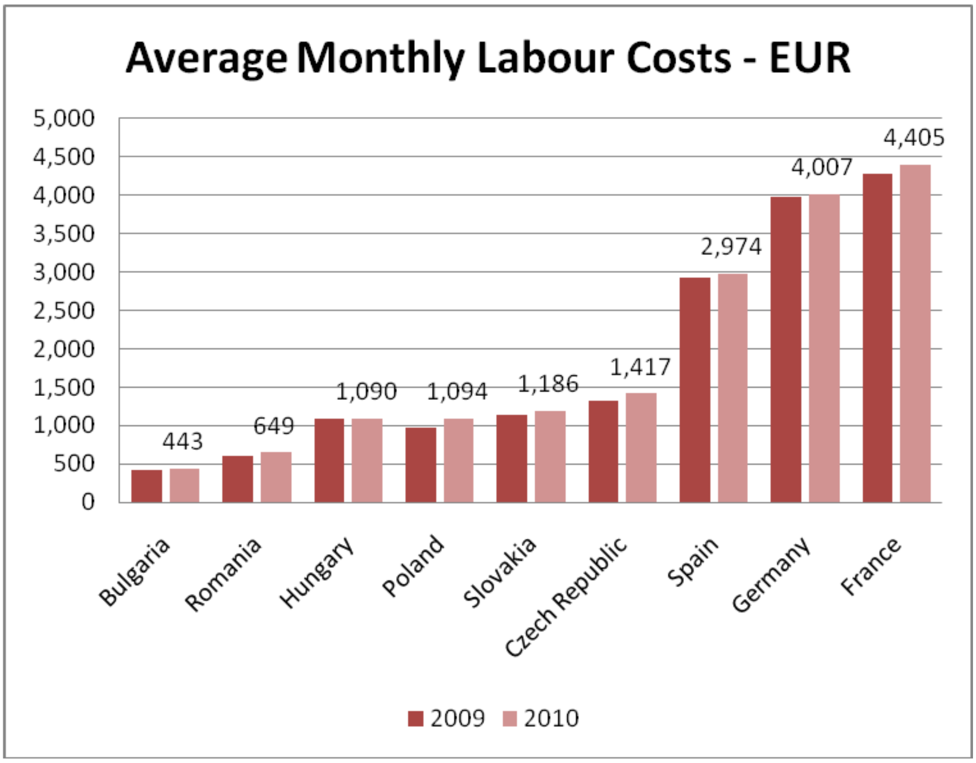
According to NBR, the current account deficit was financed last year at a rate of 33.7% by non-residents' direct investment in Romania.

[2] www.oecd.org

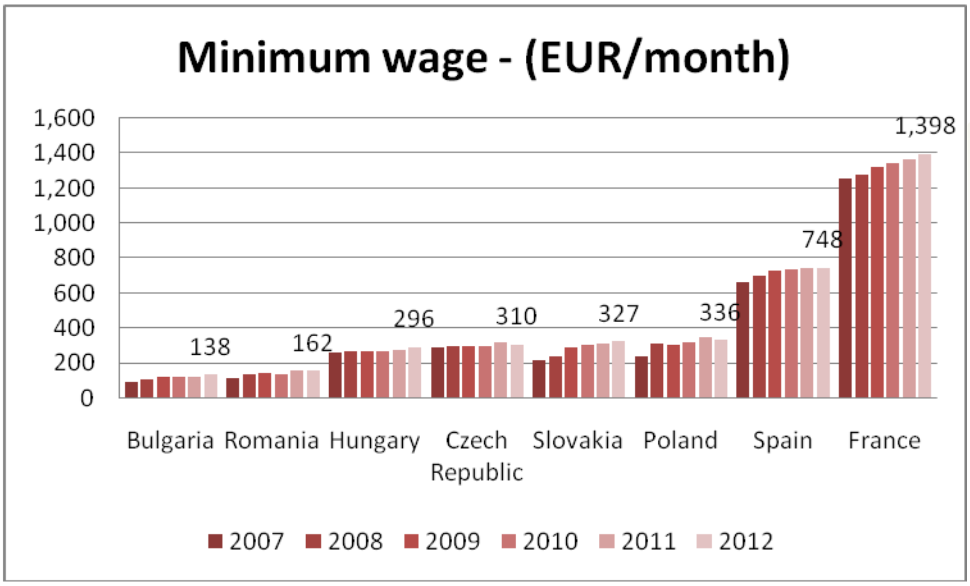
In 2011 the current account of payments balance recorded a deficit of 5.68 billion euro, up with 3% from 2010, mainly due to the increase of income deficit by 22%. Also, external long and medium term debt was of 75.6 billion euro at December 31, 2011 (76.7% of total external debt), up 3.7% from the end of 2010.

Labour costs

With some of the lowest Labour costs from Central and Eastern Europe, Romania represented in the last years a real target for Foreign Investors.

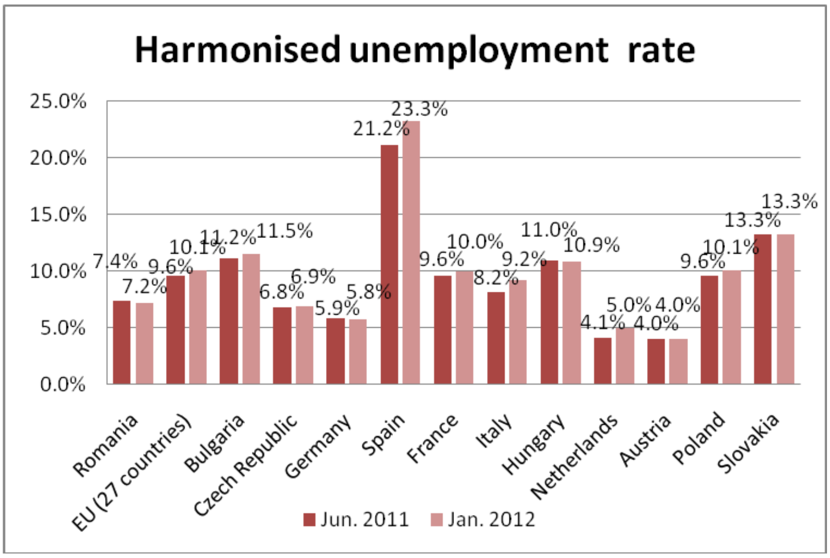


Data source: EUROSTAT



Data source: EUROSTAT

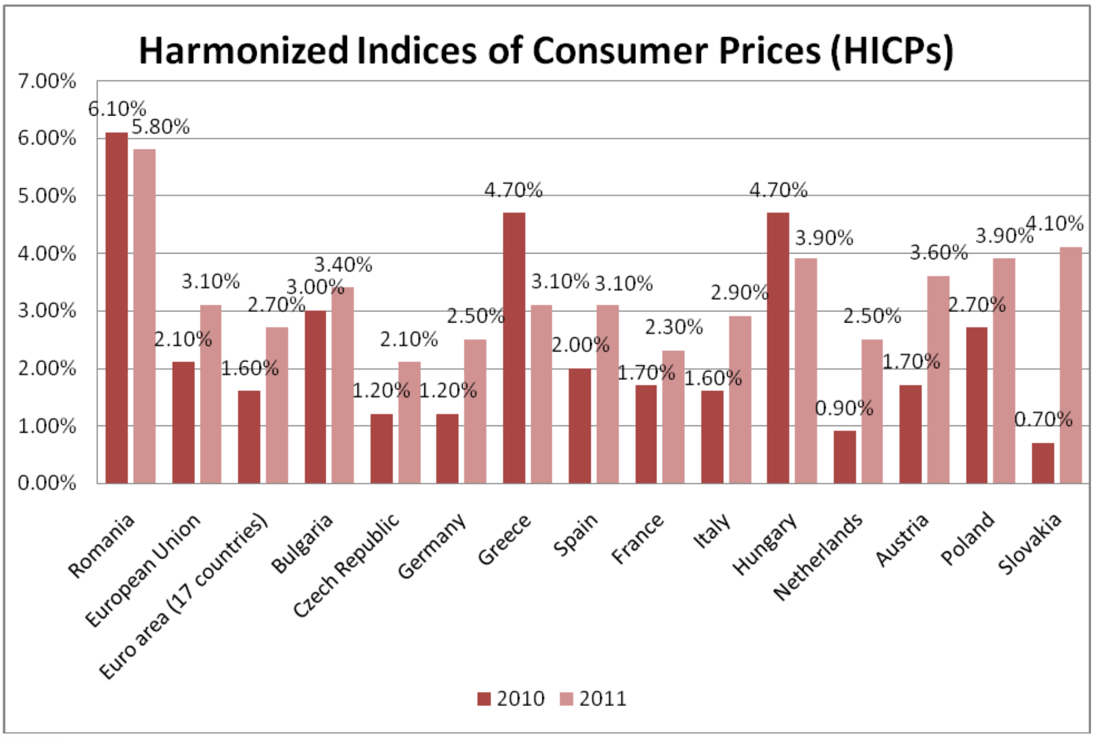
Unemployment rate



Data source: EUROSTAT

According to the survey, provided by the Eurostat report, the financial crisis made the unemployment one of the major problems of the European countries. As a result of the slowdown of the economic in most of the European Countries, the Unemployment Rate showed a slow increase at the end of 2011 and at the beginning of 2012.

Inflation Rate



Data source: EUROSTAT

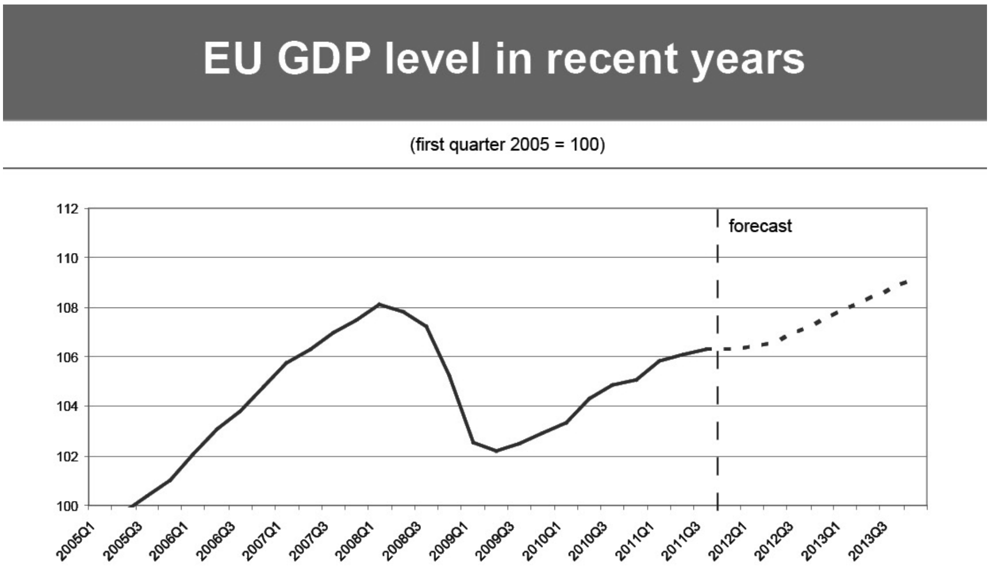
In Romania, the Inflation Rate registered in 2011 is at the lowest level from the last years, despite de influences of government decision to raise VAT at 24% in 2010. (ATENTIE CA MAI JOS TE CONTRAZICI)

As the EUROZONE Governments made significant efforts to save countries from sovereign debts, a higher inflation rate from Euro Zone will be one of the costs for these efforts, and on the medium term, the inflation will affect also the Non Euro Countries.

Euro area annual inflation is expected to be 2.7% in February 2012 according to a flash estimate issued by Eurostat, the statistical office of the European Union. In January 2012 the inflation was 2.6%.

Economic Outlook 2012

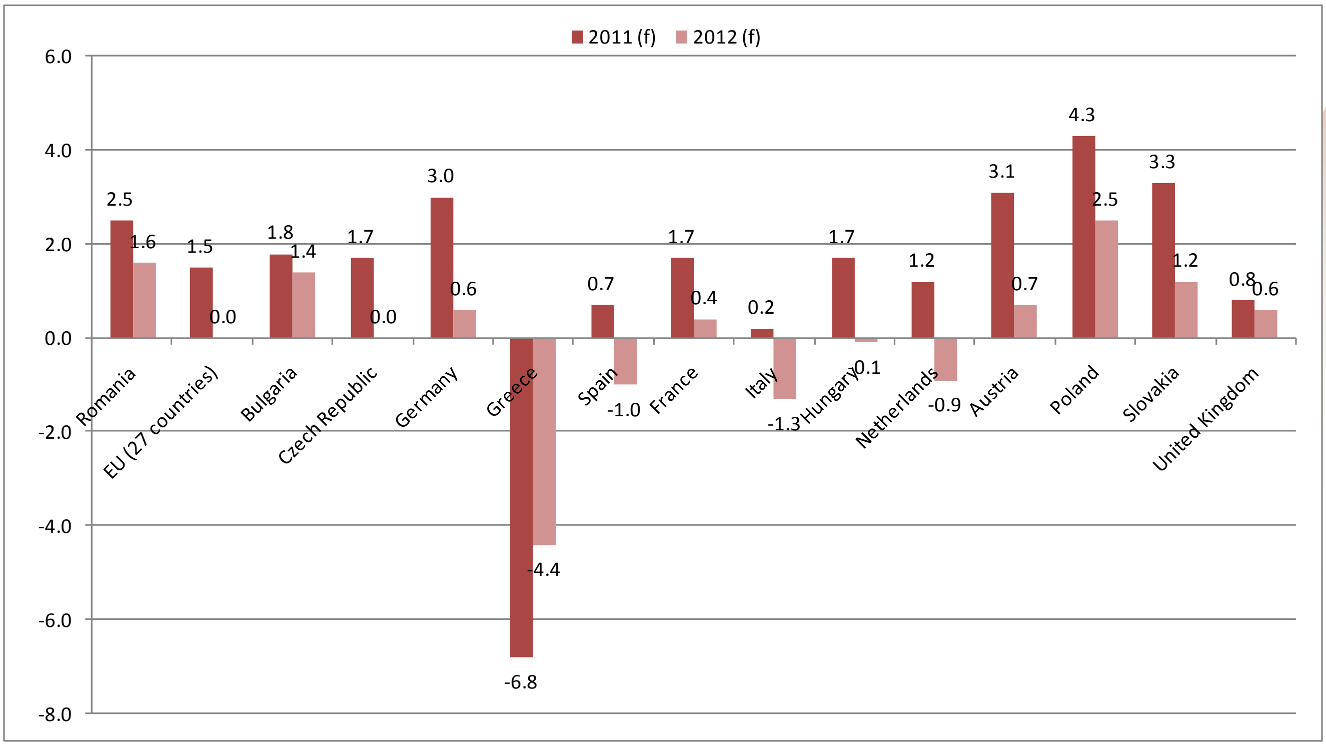
EU GDP level in recent years



Data source: European Commission

EU GDP grew strongly early in 2011, but has slowed substantially since then. The GDP growth in 2012 is expected to be slow. Real GDP in the area is still below its pre-recession level, and it is stagnating

Prognosis of Real GDP growth rate - percentage change on previous year



Data source: EUROSTAT

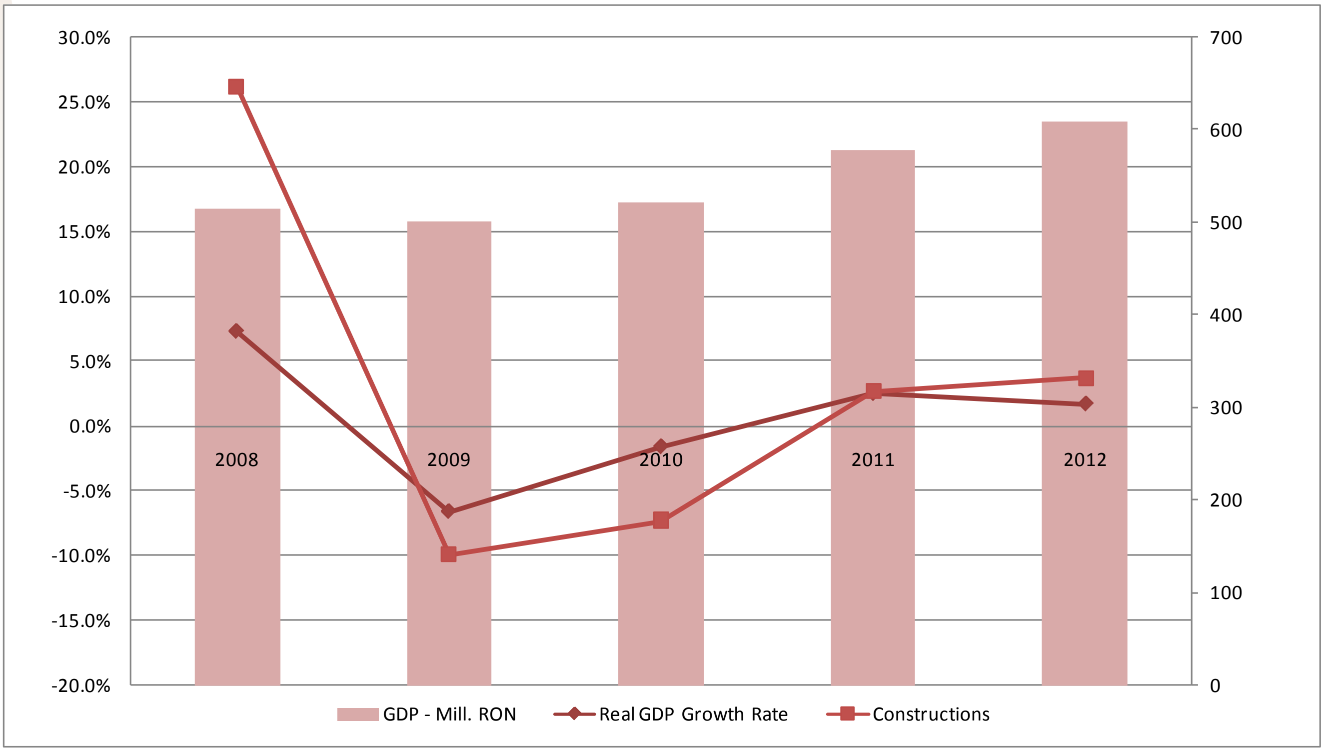
Within the five priorities outlined by the European Commission, EMPHASISES that macroeconomic and fiscal policies at national and EU level should be focused in 2012 on pursuing determined growth-friendly fiscal consolidation taking into account country-specific fiscal and macro-financial risks; ensuring a healthy financial system and robust banking sector to re-establish investor confidence and restoring normal lending to the economy; and advancing structural reforms to support smart, sustainable and inclusive growth, promote competitiveness and to correct macroeconomic imbalances; RECALLS that public acceptance of budgetary consolidation and major structural reforms is key to successful implementation; therefore when designing reforms, equity considerations and distributional effects should be taken into account.

EC predicts that the main engine of economic growth for Romania will be domestic demand for this year, although the population will continue to go through a period of financial adjustment in the first half.

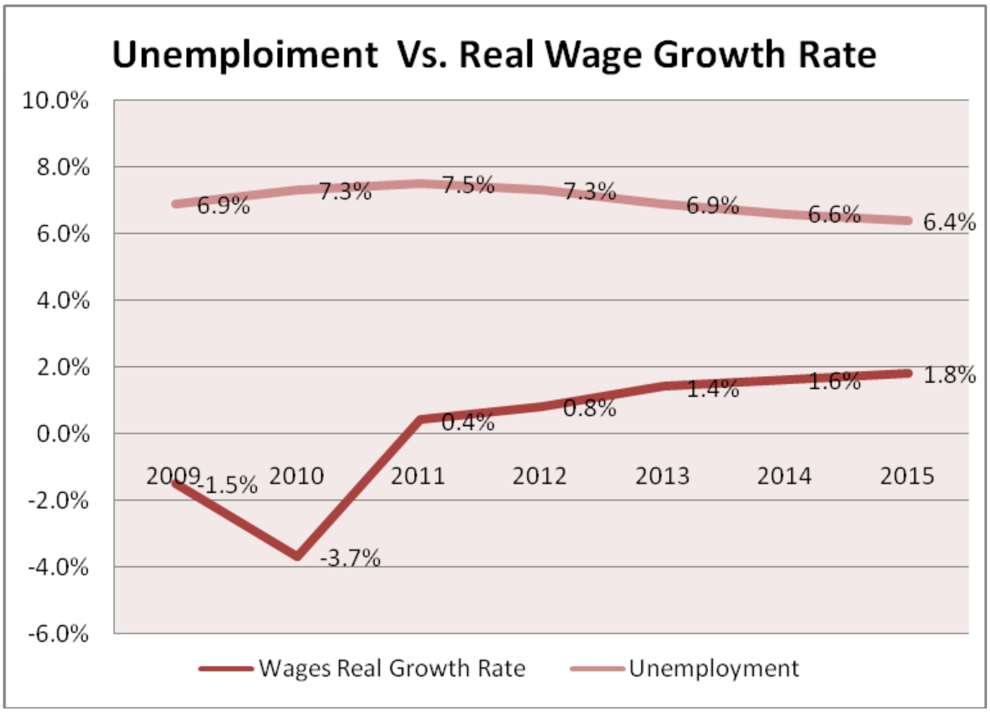
In 2012 the Romanian economy premises for economic growth are creating new jobs, salary increase and credit recovery to sustain a GDP growth of 1.6%, according to estimates by the European Commission.

The IMF Head of mission in Romania, Jeffrey Franks, recently predicted that "the euro area will go into recession this year, which will have effects that will spread in Romania", but adjustment policies followed, will help mitigate this negative impact. "We expect a modest increase of 1.5-2%, still located significantly above the EU average," Franks concluded.

Romania GDP prognosis

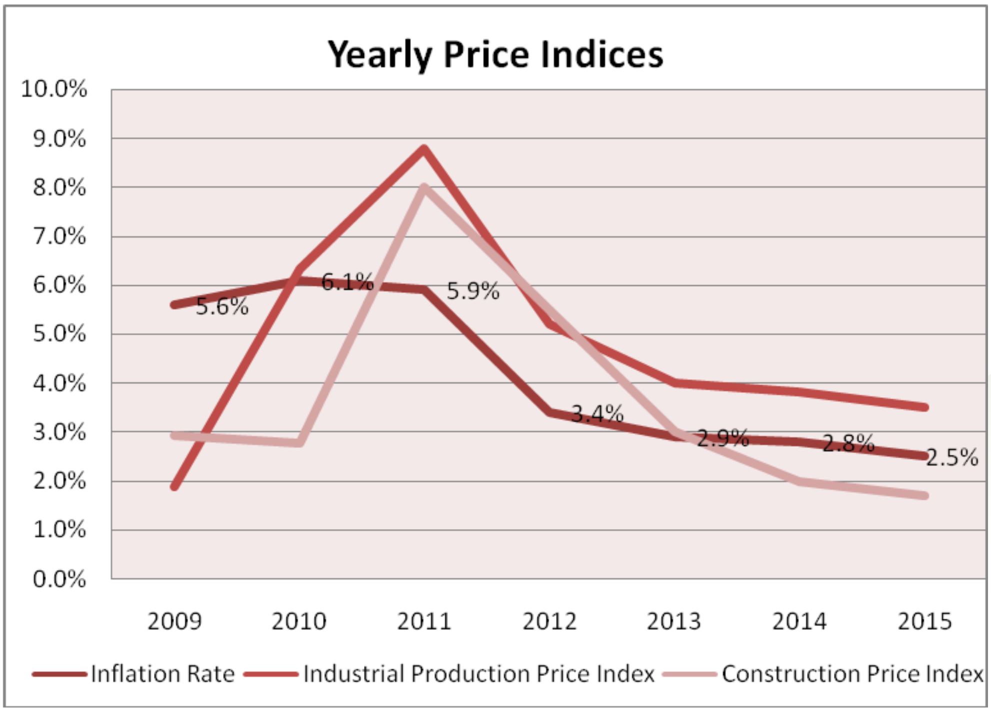


Data source: National Prognosis Commission



Data source: National Prognosis Commission

The Unemployment Rate it is expected to be around 7% for medium term, while Real Wage Growth Rate it is expected to stabilize around 1.5% for each year.



Data source: National Prognosis Commission

The construction market amounted 9.3 billion euros in 2011 while in 2010 it was 9.7 billion euros and in 2009 it was 11.6 billion euros. In 2012, we believe that the construction market will remain somewhere around 9.3 to 9.5 billion euros, said Mr. Laurenţiu Plosceanu the president of Romanian Association of Construction Entrepreneurs (ARACO).

Residential Market[3]

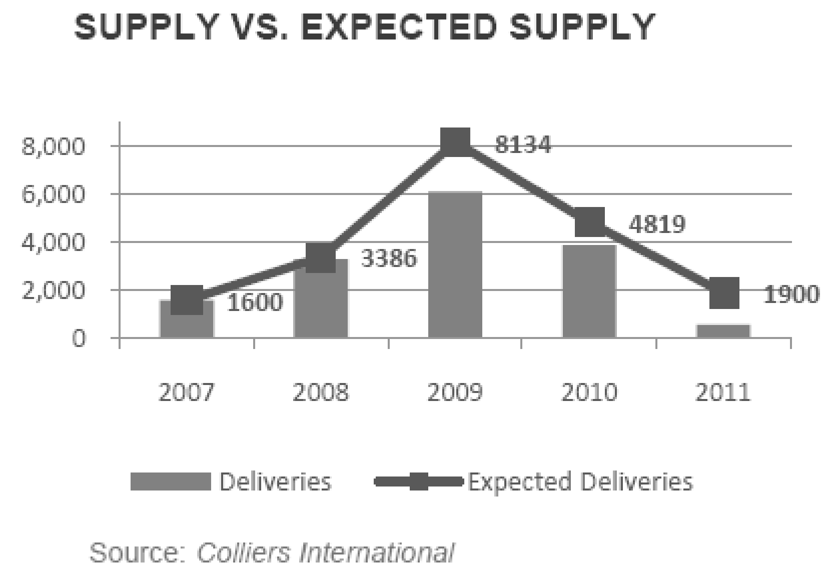
The first year of Romanian economic recovery was a year of prize stabilisation in the residential real estate market. Even though prices stabilized at an average of €1,000 built m^2, and sales volumes were relatively constant over the last 36 months consumer confidence still remained low. Investors have slowly returned to the market, although transactions continue to be a few.

Not surprisingly, for the third consecutive year since the economic crisis, the most active segment of the market has been the one consisting of projects targeting the low income population.

Supply

Of the current stock of 15,700 apartments in compounds with more than 200 units, 64% were delivered in the first two years from the beginning of the financial crisis. In 2011 there was significantly reduced number of deliveries in similar projects (only 16% out of the average of the previous two years).

In the last three years there was delivered a number of smaller projects, addressing to the low income population, located mainly on the outskirts of the traditional residential neighbourhoods. These developers have adapted to the new conditions of the residential sector and have replaced generous areas, luxurious finishes and central locations, with small affordable units with prices similar to old apartments prices.



Demand

Nevertheless the gap between developers' expectations and end-users' actual purchasing power continues to be wide, despite to the prices decrease. With an average of 40.2 real estate transactions per 1,000 inhabitants, (third highest in the EU), Romanians are more willing to buy the communist cheaper apartments rather than new units. Only 25% of the granted loans through Prima Casa were destined for new residential units, the remaining buyers securing apartments in old blocks of flats.

Residential investors were more active on the market than in previous years. As projects went into default, they were able to buy apartment packages at preferential prices.

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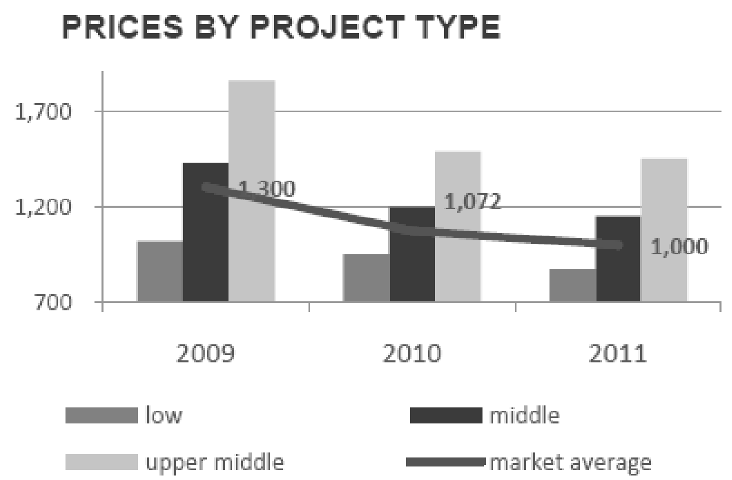
[3] Research & Forecast Report, 2012, COLLIERS INTERNATIONAL

Prices

Between 2005 and 2008, the market, encouraged by the high demand and accessible financing conditions, registered an asking price growth of 15% YOY, or even more in 2007 and beginning of 2008. In the two years of economic recession, prices had a steep drop of around 10%-20% per year, followed by a price stabilization in 2011.

The asking price per built sqm reached an average of € 1,000 (VAT not included) at the end of the year.

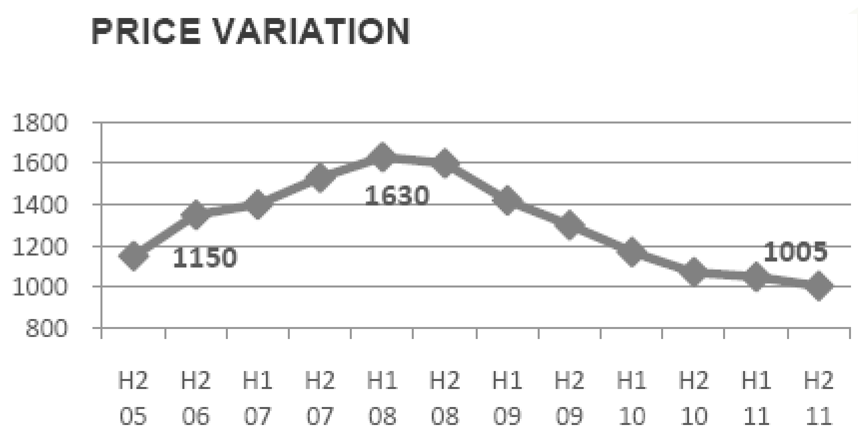


Forecast

2012 is expected to have a similar growth pattern to that of the previous year. Despite the positive local economic outlook, the recent European public debt crisis has made both investors and developers sceptical about the recovery pace of the Romanian real estate segment.

Demand will be directly dependent on financing conditions. As of January 31st 2012, the National Bank of Romania has imposed 25% equity condition for euro contracted mortgages and a 15% down payment for those granted in RON. The Prima Casa program will be in place in 2012 and is exempt from this new regulation. As it was the case in the previous semesters, demand from end users will most likely be focused on Low income projects and sales will remain at current levels.

It is improbable for prices to register any significant fluctuations in the next few months. The difficult financing conditions will avert both buyers and developers from making decisions in the next period. An upward trend is expected as the current stock is absorbed and end users together with financial institutions regain their confidence in the local economy.



Source: *Colliers International*

OUTLOOK AND GOALS

The extended currently economic crisis is continuing to affect consumer's sentiment, and has resulted in a significant reduction of market activity in the real estate sector. Relative to the residential sector this is a „consumer confidence crisis of an ex-communist country having experienced a short-lived boom business cycle rather than a market suffering from oversupply of housing as with other European countries (e.g. Spain). Banks are beginning to market mortgage products, with emphasis on refinancing for good customers from other banks, but consumers are waiting in the sidelines in anticipation of a much clearer picture regarding their income sustainability.
In spite of the economic problems Romania faces due to the global economic crisis (the crisis that led to the destabilization of the real estate market), for 2012 IMPACT has set targets by which to respond effectively to the market needs, customers, and partners. The optimism over the market and of the relationship IMPACT has with its customers is given by the diversification of the real estate products and of the financial products offered to the clients, managing to respond to the difficult access to funding sources and to the increase of the customer expectations for quality habitat.

After three years of price decrease in the residential market, and one year of price stabilization, in 2012 we are expecting one year of stability and a starting point for a new cycle in the next period. Sales prices are at the lowest in the past 3 years and in the next couple of years we might face a defficit of new dwellings on the market due to the absorbtion of the finished dwellings and the low number of the new projects on the market.

The offer proposed by the company for 2012 is a complete and complex one, offering a wide range of products: from land plots suitable for houses or even different size developments, finished residential units or dwellings without finishings, buildings with reconfigurable surfaces, to off-plan products. Also in order to add value to the projects to be developed, a better evaluation of the existing buildings and for a better land use it has under its property, in 2012 IMPACT aims to establish partnerships with different operators/investors.

The company's activity for 2012 is focusing:

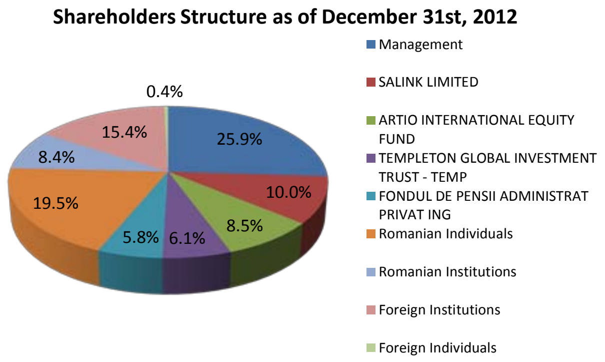
- To sale and rent the dwellings in Greenfield, Roua, Boreal 2 and Oradea projects in total value of 29.4 mil RON
- To sale land plots in total value of 8.7 mil RON;
- To develop custom made houses on land plots with areas between 200 and 1000 sqm from IMPACT's land portfolio. A team of architects, engineers, and project managers are involved to design and build custom homes at client's request;
- To finalize the architectural drawings and design, to secure the financing and to start the construction works for the second phase of Greenfield project in the second half of 2012 or beginning of 2013;
- IMPACT also aims to enter into partnerships for the development of a medical hub in the north of Bucharest and of a logistic park in west of Bucharest.

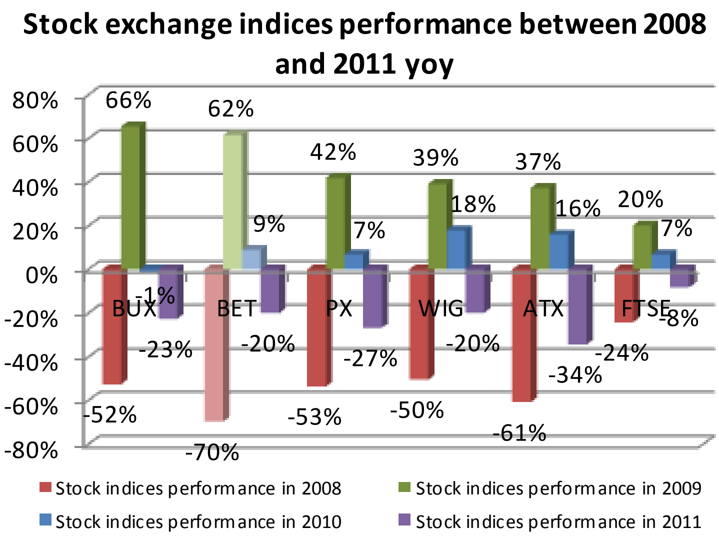
The IMPACT Developer & Contractor Shares and Shareholders

The company Impact Developer & Contractor SA is traded on Bucharest Exchange since 1996, and as from 2006 its shares in number of 200 million at the end of 2011, are traded at I rank. Exchange capitalization of the company at the end of year 2011 was of 8.44 mil EUR.

As of January 15th 2012, 74.07% of the company shares are free-float and 25.93% of the company's shares are held by the management of the company. The shareholders with blocks of over 5% are: Dan Ioan Popp with 16.34%, Salink Limited with 9.99%, Carmen Sandulescu with 9.59%, Artio International Equity (known as Julius Baer Fund) with 8.46% of shares, and Templeton GIT Emerging Markets 6.09%., Fondul de Pensii Administrat Privat ING 5.81%.

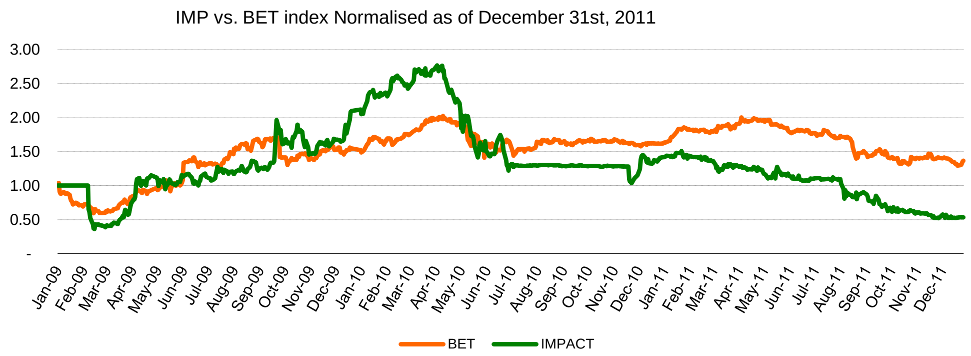
At the end of year 2011, 54.14% of the shareholders were legal persons and 45.86% were natural persons.

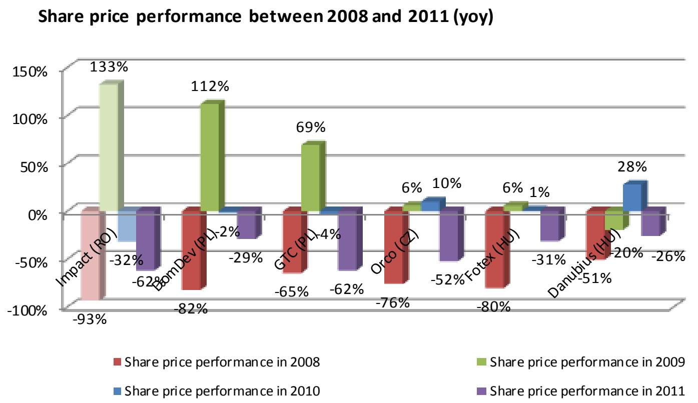




After the upturn from 2009 and 2010, in 2011 there was a downturn of the stock indexes. In 2008, when the financial crises has started there was a decrease of the BET stock index by 70%. In 2009 and 2010 we assisted to a yoy increase by 62%, respectively by 9%. In 2011, the BET index decreased by 20% due to the extension of the financial crisis and the decrease of the investors' confidence.

Source: IMPACT





Source: IMPACT

In 2011 the economic climate continued to be unfavorable, IMP shares having a 62% decrease compared to 2010. If in the beginning of the year 2011 IMP shares registered some stability with a maximum share price of 0.5095RON/share recorded on January 25th, 2011, starting with February there was gradually decrease of the share price during the whole year 2011, so at the end of the year the share price decreased with 62% compared with the beginning of the year. The lowest IMP share price was of 0.1800 ron/share and it was recorded on December 23rd, 2011.

A downward trend of the shares prices was also recorded by peer companies from countries such as Hungary, Poland, and Czech Republic during 2011.

Investors Relations

Professional investor relations has gained a high priority at Impact over the past year. The Investor Relations Manager reports directly into the Chief Financial Officer, but the work is also integrated closely with the Marketing and Communication Department. The goal of our investor relations activities is to provide a true and fair value of the company to current and future shareholders, and thereby facilitate a correct valuation of Impacts's shares.

During 2011, the Managing Board and the Investor Relations team met a significant number of investors and shareholders. The Impact website represents an important communications medium, and provides a wide range of information on the company as well as downloads of financial situations, the company's financial calendar, the annual report, and the reporting to the Bucharest Stock Exchange.

During last year Impact was covered by analysts, such as: ING Securities, KBC Securities, UniCredit CAIB Securities Romania, and BRD Securities

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Bucharest Stock Exchange:	IMP

http://www.bvb.ro/ListedCompanies/SecurityDetail.aspx?s=imp

FINANCIAL STATEMENTS

Financial Indicators

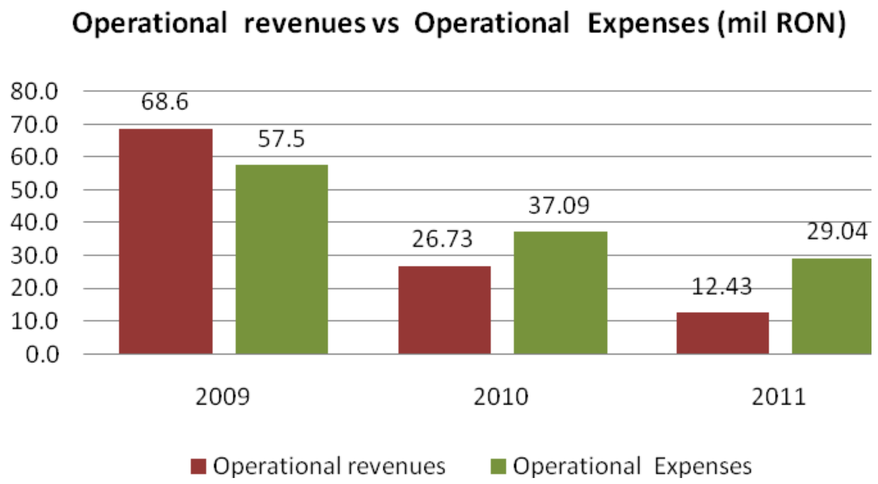
	Indicator (RON)	2009	2010	2011
Result Indicators	Turnover	54,233,682	34,288,805	13,540,400
	Operational revenues	68,557,322	26,730,406	12,433,515
	Operational expenses	57,526,000	37,096,903	29,041,616
	Operational result	11,031,322	(10,366,497)	(16,608,101)
	Financial revenues	10,090,020	13,053,009	15,106,896
	Financial expenses	20,623,970	20,222,177	20,759,841
	Financial result	(10,533,950)	(7,169,168)	(5,652,945)
	Total revenues	78,647,342	39,783,415	27,540,411
	Total expenses	78,149,970	57,319,080	49,801,457
	Gross profit	497,372	(17,535,665)	(22,261,046)
	Net profit	141,540	(17,546,665)	(22,261,046)

	Indicator (RON)	2009	2010	2011
Patrimony Indicators	Total fixed assets	87,624,247	94,201,345	90,810,963
	Total inventories	311,575,489	280,619,736	258,299,960
	Total circulating assets	417,579,832	367,101,178	317,322,814
	Total assets	505,590,140	461,659,952	408,352,467
	Share capital	200,000,000	200,000,000	197,866,574
	Equities	333.512.530	315,930,582	296,828,111
	Total debts	172,077,610	145,729,370	111,524,356

Company Revenues

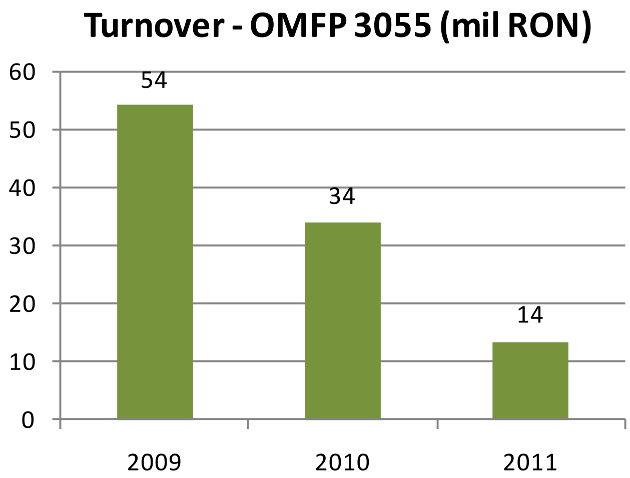
In the year 2011 the company revenues were subject to a decrease by 31% compared to 2010, because of the decrease of operational revenues.

Oprational revenues in 2011 had a decrease by 53% compared to 2010, and the operational expenses had a decrease by about 22% compared to the year 2010. This decrease of the operational revenues and expenses is due to: the termination of 33 sale contracts signed in the year 2008 with a value of 12.7 mil RON; increase of the preference of clients for the lease of dwellings unfavouring the purchase because of the restrictive financing conditions; and focus of IMPACT mainly on the finishing of the residential compounds under execution, without beginning the development of new products that would generate additional revenues and expenses.

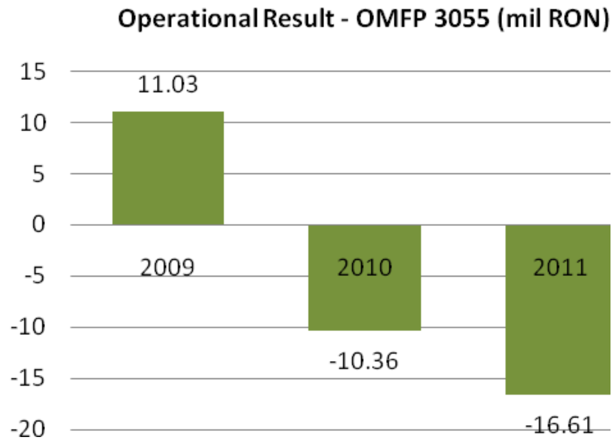


Turnover

The decrease of dwelling prices and the diminishing of the purchase volumes on the real estate market, and also the failure to begin some new real estate projects determined the turnover of IMPACT in 2011 to be of 13.54 mil lei, in decrease by 61% compared to the level of 2010. To the extent new projects had begun, the revenues would have been recognized at the level of the operational costs, that would have led to the turnover increase.

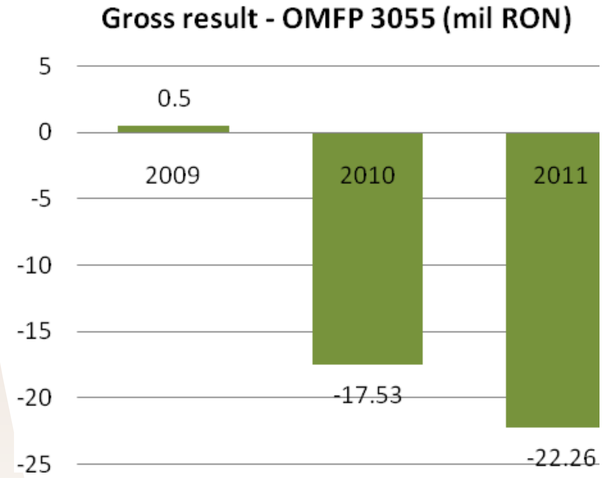


In the year 2011 there were terminated 39 sale-purchase contracts with a total amount of 15.6 mil RON, that had a negative impact upon the turnover.



Operational result

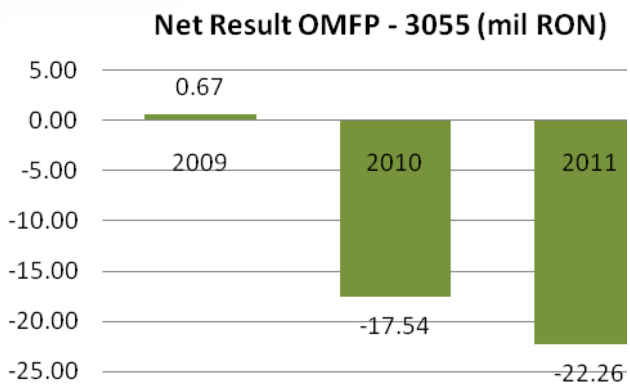
Even if the monthly average of the company sales was over the market average, the sale revenues did not cover the operational expenses, and the result was an operational loss of about 16.61 mil lei according to OMFP 3055.



Gross result

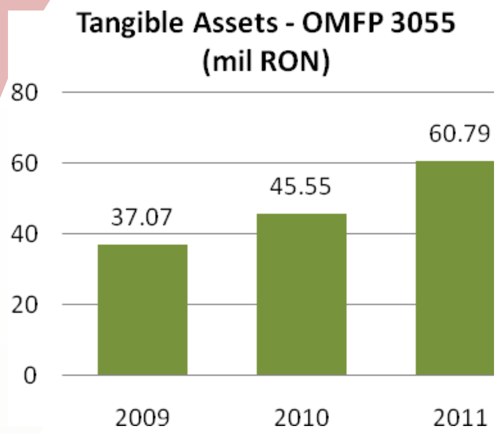
According to OMFP 3055 the gross loss registered in 2011 was of 22.26 mil RON following the record of the operational loss and of the financial loss. From the financial activity there resulted revenues of 15 mil lei (16% smaller than in 2010), but due to the financial expenses (interests and expenses from exchange rate differences) of 20.8 mil lei, the financial result records a loss of 5.7 mil lei.

Due to the accounting modality to treat loans in Euro, that involves the evaluation of the balance of credits at the end of the year, on the date of 31 December 2011 there was recorded a loss in the financial activity of 5.7 mil RON. This accounting procedure makes that the value, in the books, of the loans in Euro would be determined by the leu/euro exchange rate at the end of the year. But this loss is just an accounting one and is not effectively accomplished from the operational point of view, because the loans, that keep the same value in Euro, will be reimbursed during the following years, respectively until 2015.



Net result

In the year 2011 the company recorded a net loss, according to OMFP 3055, of 22.26 mil RON.

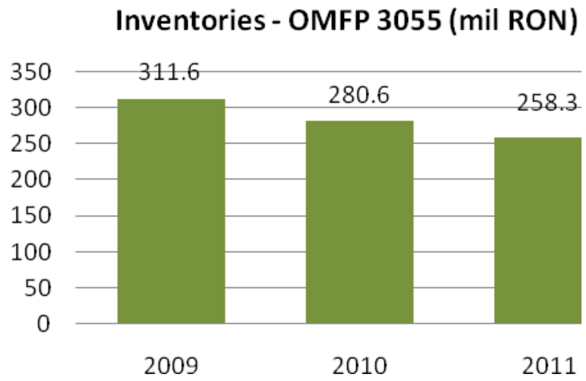


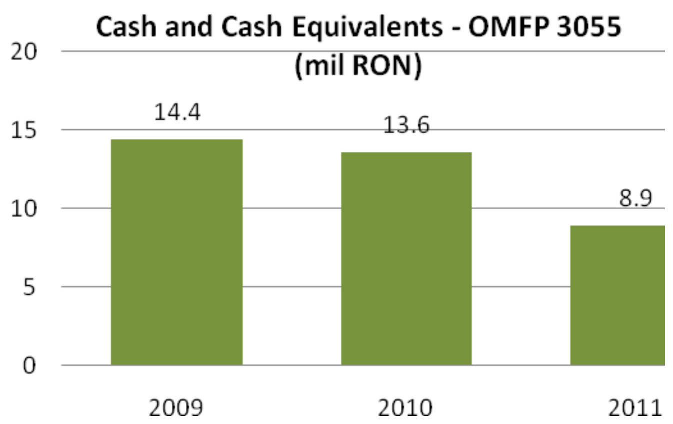
Tangible assets

According to OMFP 3055, the tangible assets increased by about 33% in the year 2011 compared to the year 2010, from 45.55 mil RON to 60.79 mil RON. This increase was mainly due to the reclassification of the leased buildings from the inventories account into the tangible assets account.

Inventories

According to OMFP 3055, the inventories recorded a decrease of 8%, from 280.6 mil RON in 2010 to 258.3 mil RON in 2011. The decrease of 8% is due on one side to the reclassification of the leased buildings from the inventories account into the tangible assets account, and on the other side to the finishing of the dwelling units that were under work at the end of the year 2010.

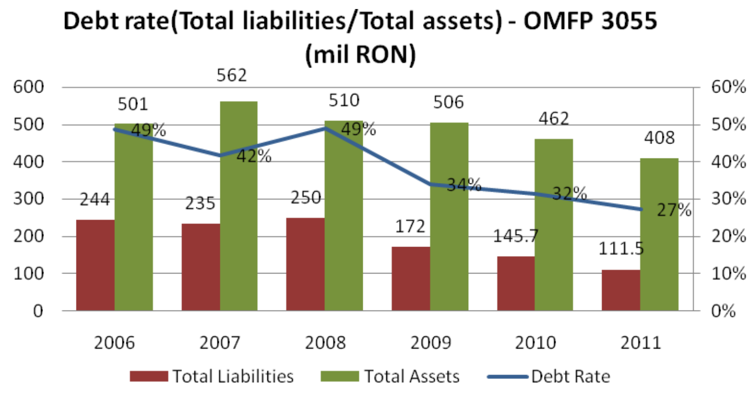




Cash and Cash Equivalents

The cash availabilities recorded a decrease of 35% from 13.6 mil RON in 2010 to 8.9 mil RON in 2011.

The diminishing of availabilities was mainly due to the reimbursement of the credits, in the year 2011 being reimbursed credits with a value of 31.7 mil RON



Total debts

According to OMF 3055, the total debts decreased by 23%, from 145.7 mil RON in 2010 to 111.5 mil RON in 2011, on the reporting date the amounts granted by the credit institutions having a weight of 80% in the total debts. The amounts due to the credit institutions decreased in 2011 compared to 2010 by 26% following the payment of credits in an amount of about 31.7 mil RON. At the same time there also decreased the short-term debts by 1% from 40.9 mil RON in 2010 to 40.6 mil RON in 2011.

The total assets of the company decreased by 12% from 461.7 mil RON in 2010 to 408.4 mil RON in 2011.

The inventories decreased by 8%, and the receivables decreased by 31%, due to the decrease of the commercial receivables following the decrease of the number of signed contracts with payment in installments, a situation generated by the preferences of the clients to take benefit of the Prima Casa Program or other forms of bank credit.

Even under these conditions, the indebtedness rate decreased from 32% recorded as at 31.12.2010 to 27% recorded as of 31.12.2011. As the average indebtedness rate of the companies of this type in Central and Eastern Europe is between 50% - 90%, IMPACT is favourably positioned with regard to the percentage of debts out of total assets.

Share capital

The share capital of the company was decreased from 200,000,000 RON in 2010 to 197,866,574 RON in 2011, following the cancellation of 2,133,426 shares held by the company.

Individual Financial Statements

BALANCE SHEET

As of 31.12.2011
Form 10

- LEI -

Name of indicator	Row no.	Balance Sheet as of	
		01.01.2011	31.12.2011
A	B	1	2
A. FIXED ASSETS			
1. INTANGIBLE ASSETS (acc. 201+203+205+2071+208+233+234-280-290-2933)	01	163.816	108.562
2. TANGIBLE ASSETS (acc. 211+212+213+214+223+231+232-281-291-2931	02	45.549.085	60.789.028
3. FINANCIAL ASSETS (acc. 261+263+265+267*-296*)	03	48.488.444	29.913.373
TOTAL (ROW 01 TO 03)	04	94.201.345	90.810.963
B. CURRENT ASSETS			
1. INVENTORIES (acc. 301+321+302+322+303+323+/-308+328+ 331+332+341+345+345+346+/-348+351+354+356+357+358+ 361+326+/-368+371+327+/-378+381+/-388-391-392-393-394-395-396-397-398+4091-4428)	05	280.619.736	258.299.960
2. RECEIVABLES(acc. 267*-296*+4092+411+413+418+425+4282+431+437+4382+441+4424+ 4428+444+445+446+447+4482+451+453+456+4582+461+473-491-495-496+5187	06	72.856.152	50.107.626
3. SHORT TERM INVESTMENTS (acc. 501+505+506+508+5113+5114 -591-595-596-598)	07	0	0
4. CASH AND CASH EQUIVALENTS (acc. 5112+512+531+532+5541+ 542)	08	13.625.290	8.915.228
TOTAL (ROW 05 TO 08)	09	367.101.178	317.322.814
C. PREPAYMENTS (acc. 471)	10	357.429	218.690
D. PAYABLES WITHIN ONE YEAR (acc. 161+162+166+167+168-169+269+401+403+404+405+408+419+421+423+424+426+ 427+4281+431+437+4381+441+4423+4428+444+446+447+ 4481+451+453+455+456+457+4581+462+473+509+5186+519	11	40.898.780	40.564.811
E. CURRENT ASSETS, NET CURRENT LIABILITIES,RESPECTIVELY (rows 09+10-11-19)	12	324.801.326	275.638.642
F. TOTAL ASSETS LESS CURRENT LIABILITIES (ROW 04+12)	13	419.002.671	366.449.605
G. PAYABLES IN MORE THAN ONE YEAR (acc. 161+162+166+167 +168-169+269+401+403+404+405+408+419+421+423+424+ 426+427+4281+431+437+4381+441+4423+4428+444+446+ 447+4481+451+453+455+456+4581+462+473+509+5186+519)	14	98.520.610	64.696.047
H. PROVISIONS	15	2.177.383	2.409.656
I. DEFFERED INCOME (ROW. 17+18)	16	4.132.597	3.853.842

- LEI -

Name of indicator	Row no.	Balance Sheet as of	
		01.01.2011	30.09.2011
A	B	1	2
Subsidies for investments (acc. 475)	17	0	0
Deferred income (acc. 472) – total (row 19+20):	18	4.132.597	3.853.842
Deferred income within one year (acc. 472*)	19	1.758.501	1.338.051
Deferred income for more than one year (acc. 472*)	20	2.374.096	2.515.791
Negative goodwill (acc. 2075)	21	0	0
J. SHARE CAPITAL AND RESERVES			
I. SHARE CAPITAL (ROW 22+23+24):	22	200.000.000	197.866.574
1. Subscribed and paid in share capital (acc. 1012)	23	200.000.000	197.866.574
2. Subscribed and not paid in share capital (acc. 1011)	24		
3. Patrimony (acc. 1015)	25		
II. PREMIUM RELATED TO CAPITAL (acc. 104)	26	84.768.851	84.768.851
III. REVALUATION RESERVE (acc. 105)	27	8.067.870	11.190.233
IV. RESERVES	28	45.110.156	45.146.368
Own shares (acc. 109)	29	2.427.929	0
Earnings from sale or annulment of equity instruments (acc. 141)	30		
Losses from the equity elements	31	432.470	726.973
V. PROFIT OR LOSS REPORTED Balance C (acc.117)	32	0	0
Balance D (acc. 117)	33	1.609.231	19.155.896
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR Balance C (acc.121)	34	0	0
Balance D (acc.121)	35	17.546.665	22.261.046
Appropriation of profit (acc. 129)	36	0	0
TOTAL SHAREHOLDERS' EQUITY – TOTAL (row 21+25+26+27-28+29-30+31-32+33-34-35)	37	315.930.582	296.828.111
Public patrimony (acc. 1016)	38		
TOTAL EQUITY (ROW 36+37)	39	315.930.582	296.828.111

*) Account assigned to the nature of those elements

ROW 06 - Amounts submitted to this row and taken from the 267 are finance debt from the finance leases contracts and other similar contracts and also of other receivables, due in a period of less than 12 months.

ADMINISTRATOR,
Name and Surname:
DAN IOAN POPP
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DRAFTED BY:
Name and Surname:
Lidia Varzaru- Chief Account

ROMANIA ★ VOLUNTARI ★ IMPACT DEVELOPER & CONTRACTOR S.A.

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THE PROFIT AND LOSS ACCOUNT

31.12.2011

- LEI -

Name of indicator	Row no.	Financial period	
		2010	2011
A	B	1	2
1. Net turnover (rows 02 to 06)	01	34.288.805	13.540.400
Sold production (acc. 701+702+703+704+ 705 +706+708)	02	33.432.668	13.431.091
Revenues from sales of commodities (acc. 707)	03	856.137	109.309
Commercial discounts given (acc.709)	04	0	0
Revenues from interests incurred by the entities whose object of activity is leasing (acc.766)	05	0	0
Revenues from operation subsidies relative to the net turnover (acc. 7411)	06	0	0
2. Movements in stocks of finished goods and of ongoing production (acc. 711+722)			
Balance C	07	0	0
Balance D	08	24.628.667	27.884.020
3. Own work capitalized (acc. 721+722)	09	10.332.401	24.647.083
4. Other operating revenue (acc.7417+758)	10	6.737.867	2.130.052
- Out of which, income from negative goodwill	11		
TOTAL OPERATING REVENUE (rows 01+07-08+09+10)	12	26.730.406	12.433.515
5 a) Raw materials and consumables expenses (acc. 601+602-7412)	13	1.835.438	2.053.504
Other materials expenses (acc. 603+604+ 606+ 608)	14	200.174	247.042
b) Other utilities expenses (energy and water) (acc. 605-7413)	15	3.058.126	2.561.263
c) Purchases of goods (acc. 607)	16	828.954	83.594
Commercial discounts received (acc.609)	17		
6. Salary expenses (rows 18+19) out of which:	18	2.028.207	1.128.428
a) Salaries and indemnities(acc. 641+642-7414)	19	1.602.344	911.347
b) Social security contributions (acc. 645-7415)	20	425.863	217.081
7.a)Adjusting the value of tangible and intangible assets (rows 21-22)	21	2.216.206	6.453.603
a. 1) Expenses (acc. 6811+6813)	22	2.216.206	6.473.076
a. 2) Revenues (acc. 7813)	23		19.473
b) Adjusting the value of current assets (row24-25)	24	1.771.268	-101.569
b. 1) Expenses (acc. 654+6814)	25	2.457.917	1.187.302
b. 2) Revenues (acc. 754+7814)	26	686.649	1.288.871
8. Other operating expenses (rows 28 to 31)	27	23.111.790	15.761.890

- LEI -

Name of indicator	Row no.	Financial period	
		2010	2011
8.1 Third parties services (acc. 611+612+613+ 614+621+622+623+624+625+626+627+628- 7416)	28	17.007.563	13.096.999
8.2 Other taxes, duties and assimilated payments (acc. 635)	29	3.143.127	917.183
8.3 Other expenses	30	2.961.100	1.747.708
Expenses pertaining to the refinancing interests registered by the entities whose object of activity is leasing (acc. 666)	31		
Adjustments for provisions (rows 32-33)	32	2.046.740	853.861
- Expenses (acc. 6812)	33	2.164.172	3.008.484
- Revenues (acc.7812)	34	117.432	2.154.623
TOTAL OPERATIONAL EXPENSES (rows 12 to 15-16+17+20+23+26+31)	35	37.096.903	29.041.616
OPERATING RESULTS			
- Profit (rows 11-34)	36	0	0
- Loss (rows 34-11)	37	10.366.497	16.608.101
9. Income from participation interests (acc. 7611+7613)	38	2.010.000	0
- out of which revenues from related parties	39	2.010.000	0
10. Income from other financial investments and loans, part of fixed assets (acc. 763)	40		
- out of which revenues from related parties	41		
11. Income from interest (acc. 766*)	42	2.542.236	1.339.328
- out of which revenues from related parties	43		
Other financial revenues (acc. 762+764+ 765 + 767+768)	44	8.500.773	13.767.568
TOTAL FINANCIAL REVENUES (rows 37+39+41+43)	45	13.053.009	15.106.896
12. Adjustment of financial assets and investments held as current assets (rows 46 - 47)	46	386.881	27.000
- Expenses (acc. 686)	47	1.128.838	27.000
- Revenues (acc. 786)	48	741.957	0
13. Interest expenses (acc. 666*-7418)	49	6.499.818	5.804.102
- out of which revenues from related parties	50		
Other financial expenses (acc. 663+664+ 665+ 667+668)	51	13.335.478	14.928.739
TOTAL FINANCIAL EXPENSES (rows 45+48+50)	52	20.222.177	20.759.841
FINANCIAL RESULTS			
- Profit (rows 44-51)	53	0	0
- Loss (rows 51-44)	54	7.169.168	5.652.945
14. CURRENT PROFIT OR LOSS			

- LEI -

Name of indicator	Row no.	Financial period	
		2010	2011
-Profit (rows 11+44-34-51)	55	0	0
-Loss (rows 34+51-11-44)	56	17.535.665	22.261.046
15. Extraordinary revenues (acc. 771)	57		
16. Extraordinary expenses (acc. 671)	58		
17. EXTRAORDINARY RESULTS:			
-Profit (rows 56-57)	59	0	0
-Loss (rows 57-56)	60	0	0
TOTAL REVENUES (rows 11+44+56)	61	39.783.415	27.540.411
TOTAL EXPENSES (rows 34+51+57)	62	57.319.080	49.801.457
GROSS PROFIT OR LOSS:			
-Profit (rows 60-61)	63	0	0
-Loss (rows 61-60)	64	17.535.665	22.261.046
18. Income tax (acc. 691)	65	11.000	0
19. Other taxes which are not shown under the elements above (acc. 698)	66		
20. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR			
-Profit (rows 62-63-64-65)	67	0	0
-Loss (rows 63+64+65-62)	68	17.546.665	22.261.046

ADMINISTRATOR,
Name and Surname:
DAN IOAN POPP
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DRAFTED BY:
Name and Surname:
Lidia Varzaru - Chief Account

Statement of Changes in Equity

	Balance as of 01.01.2011	increases		decreases		Balance as of 31.12.2011
		Total, out of which	By transfer	Total, out of which	By transfer	
Subscribed capital	200,000,000			2,133,426		197,866,574
Premium related to capital	74,217,746					74,217,746
Merger premium	10,551,105					10,551,105
Revaluation reserves	8,067,870	4,177,449		1,055,087	36,212	11,190,233
Legal reserves	6,573,653					6,573,653
Reserves repres. revaluation reserve surplus	2,661,903	36,212	36,212			2,698,115
Other reserves	35,874,600					35,874,600
Own shares	2,427,929			2,427,929	294,503	0
Losses related to equity instruments	432,470	294,503				726,973
Carried forward result	-1,609,231			17,546,665		-19,155,896
Result of the accounting period	-17,546,665			4,714,381		-22,261,046
Distribution of profit	0					0
Total equity	**315,930,582**	**3,919,158**		**23,021,630**		**296,828,110**

Statement of Cash Flows by the Indirect Method

	31.12.2010	31.12.2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/Loss before income tax:	**(17,535,665)**	**(22,261,046)**
Adjustments for:		
Depreciation and amortization	2,216,206	6,473,076
Changes in provisions	3,076,051	732,819
Interest - net	3,957,582	4,464,773
Foreign exchange gain/loss - net	1,528,730	1,516,001
Gain/(Loss) from sale of fixed assets	(813,874)	(8,753)
		0
		0
Adjustments for non-cash-items	**9,964,695**	**13,177,918**
Decrease (increase) in trade receivables	16,027,445	18,300,961
Decrease (increase) in other receivables	0	2,398,145
Decrease (Increase) in inventory	13,929,137	3,858,030
Increase (decrease) in trade payables and of other nature	(1,529,943)	(1,693,567)
Increase (decrease) in advances receives from customers	0	228,565
Interest paid	(5,772,560)	(6,527,024)
Increase (decrease) in other payables and accruals	(122,790)	(132,323)
Change in operating assets and liabilities	**22,531,289**	**16,432,787**
Dividends received	0	0
Taxes paied	(11,000)	-
Net cash used in operating activities	**14,949,319**	**7,349,659**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of fixed assets	(66,122)	(63,790)
Proceeds from sale of other assets	2,198,045	35,098
Investment in affiliated companies	1,963,020	18,545,408
Lons granted to related parties	548,147	(31,000)
Interest received	2,572,405	1,209,581
Net cash used in investing activities	**7,215,495**	**19,695,297**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital - increase/decrease		0
Dividends paid		0
Payment of liabilities related to financial leasing	(264,258)	(42,746)
Variation of medium-term loans	(22,676,915)	(31,712,272)
Net cash used in financing activities	**(22,941,173)**	**(31,755,018)**
(Decrease)/Increase in cash	**(776,359)**	**(4,710,062)**
Cash at the beginning of the period	**14,401,649**	**13,625,290**
Cash at the end of the period	**13,625,290**	**8,915,228**

NOTES TO THE FINANCIAL STATEMENTS as at 31st of December 2011

Note 1 – Fixed Assets

The variation of gross value, of amortization and of net accounting value, as at 31st of December 2011, by each category of fixed assets, is presented as follows:

Intangible Assets

Description	Intangible assets
01.01.2011	**1,303,018**
Gross value	
Inflows	117,446
Outflows/Transfer	6,300
31.12.2011	**1,414,164**
Amortization	
01.01.2011	**1,210,129**
Inflows	95,474
Outflows/Transfer	-
31.12.2011	**1,305,603**
Net value	
01.01.2011	**92,889**
31.12.2011	**108,562**

Tangible Assets

Description	Land Plots	Constructions	Technical inst., means of transp.	Furniture, ap. and birotics	Advances and assets in progress	Total
COST						
As at 01.01.2011	12,175,738	33,069,534	6,534,545	809,626	199,807	52,789,250
Inflows	532,841	28,311,164	204,731	-	24,114,242	53,162,977
Outflows/Transfer	186,631	12,514,013	81,018	1,754	24,314,049	37,097,465
As at 31.12.2011	12,521,948	48,866,685	6,658,258	807,872	0	68,854,763
AMORTIZATION						
As at 01.01.2011	-	1,422,408	5,235,274	582,483	-	7,240,165
Inflows	-	1,435,069	504,906	100,957	-	2,040,931
Outflows/Transfer	-	1,144,331	69,569	1,463	-	1,215,363
As at 31.12.2011	-	1,713,146	5,670,611	681,976	-	8,065,734
NET VALUE						
As at 01.01.2011	**12,175,738**	**31,647,126**	**1,299,271**	**227,143**	**199,807**	**45,549,085**
As at 31.12.2011	**12,521,948**	**47,153,539**	**987,647**	**125,895**	**0**	**60,789,029**

Fixed assets are registered in accounting at cost or revaluated value and are depreciated from the moment of their putting to work on their normal duration of operation, according to the «Register regarding classification and normal durations of operation of fixed assets». There was taken into consideration the minimal provided duration of operation. The accounting amortization method is the linear method.

Assets in progress of accomplishment are depreciated beginning with the moment of their putting into work, a moment that coincides with that of their transfer in the category of fixed assets. Lands are not depreciated.

For the reflection in the accounting balance sheet, historical cost less accrued depreciation was revaluated in accordance with the Government Decisions no: 500/1994, 983/1998, 403/2000, 1553/2003, on the basis of some statistical price indexes established by the previously mentioned documents, as at 31.12.2006, at 31.12.2009 and as at 31.12.2010.

Beginning with the year 2009 the management of Impact made the decision to conclude with different clients lease contracts of dwelling units. Thus, for the previous years, 2009 and 2010 there were concluded a number of 80 lease contracts. According to OMFP 3055, these apartments were registered in the tangible assets accounts and the land related to these apartments was also registered in the tangible assets accounts in account 211. In the year 2011 there were signed 81 lease contracts with a value of 22.41 million RON (the construction and the afferent land).

The sale of dwellings built on the declared purpose of being sold, that on the sale moment (when finding a buyer) are registered from the accounting point of view in the category Fixed Assets (they were rented for a period), are put again in the category Inventories, and the revenue obtained from the sale will be accounted in an account from Group 70-"Net turnover", according to the Accounting Policies and Procedures of the Company.

This thing is based on the basic activity of the entity, the economic background of the transaction being the one of dwelling sale by a real estate developer.

Financial Assets

FINANCIAL ASSETS	**31.12.2010**	**31.12.2011**
Shares held in affiliated entities	48,374,955	29,828,647
Adjustments for the loss of value of the shares of affiliates	0	0
Loans granted to affiliated entities	1,242,328	1,240,564
Adjustments for the loss of value of loans	1,128,838	1,155,838
Net value	**48,488,444**	**29,913,373**

Participation Shares Owned to Affiliated Entities

Denomination of company	Registered office	Val. of share capital 31.12.2011	Net result of period 31.12.2011	Value of IMPACT investment 31.12.2010	Value of IMPACT investment 31.12.2011	IMPACT share participation 31.12.2011
Actual Invest House SRL	Voluntari, 50, Drumul Bisericii St., bl wing A fl. P	11,005,000		504,950	504,950	4.58837%
Bipact 1995 SRL	Voluntari, 4C, Pipera Tunari Road, fl.6	1,550		975	75	4.83870%
Hobbit Broker de Asigurare Reasigurare SRL	Voluntari, 4C, Pipera Tunari Road, fl.6	25,000	16,558	94,602	94,602	95.00%
Clearline Development&Management SRL	Voluntari, 4C, Pipera Tunari Road, fl.6 Construdava, ground fl.	26,900,000		45,445,028	26,900,000	100.00%

Millenium Consult Invest 2002 SA	Bucharest, 1st District, 145, Padurea Pustnicu St.	5,175,930	17,653	2,329,020	2,329,020	45.00%
				48,374,955	**29,828,647**	

During the year 2011, according to the decisions of the BoD from the year 2010 and from May 2011, in order to decrease the participations of Impact in other companies, the companies Biz-ar and Prest RV were cancelled, Prest RV in February 2011 on the basis of the resolution no. 16047 as of 24.02.2011 and Biz-Ar in April 2011 on the basis of the resolution no. 35838 as of 21.04.2011. Following liquidation, the profit of Impact was negatively influenced by the amount of 380 RON.

On the basis of the same decisions to restructure the holdings of Impact, in December 2011 the Board of Directors of Impact decides the alienation to their nominal value of 36 social parts that it holds in Bipact 1995 SRL, from the total participation of 975 lei. Following this transaction, the participation held by Impact in Bipact decreased from 63% to 4.83%, respectively from 975 to 75 lei.

The company SC Millenium Consult Invest 2002 SA is the titulary of a project that supposes the accomplishment and operation of a business support structure that would offer services for the SMEs in the Region Bucharest-Ilfov. It is about the Business Support Center – Greenfield 2, a project submitted to be cofinanced from the European Regional Development Fund, by the Regional Operational Programme. Impact holds 45% of the share capital of Millenium, respectively 2,329,020 lei.

The project was submitted in March 2010, in April 2010 the administrative compliance and project eligibility assessment were successfully finished, and in November 2010 the project was declared accepted for financing. In January 2011 the technical design compliance was finished, and in April 2011 there took place the visit on site, before the signing of the financing contract.

During the period May – November 2011 the contracting process was suspended because of a notice received from the owner of a land plot situated a few hundreds of meters far from the implementation place of the above mentioned project, that claimed the existence of some litigations with regard to the Zoning Plan.

The person that made the notice to the Bucharest-Ilfov Regional Development Agency filed for several actions in court, requesting the cancellation of the Zoning Plan, against Impact Developer & Contractor – the beneficiary of the PUZ, actions that he lost.

During the project contract suspension period the Management Authority for the Regional Operational Programme documented with regard to the case appeared and following the ascertainment of the eligibility conditions, it disposed the continuation of the contracting process with the remake of the visit on site (at the moment of the AM POR decision to continue the contracting, the sentences regarding the dismissal of the petitioner's actions were not ruled yet).

At the end of November 2011, the contracting process was resumed, and in this respect the visit on site was remade in December 2011.

Following the second visit on site from December 2011, the project financing was dismissed, because of the fact that a portion of approximately 400 m of the public road Aleea Tejani, District 1, Bucharest, being under the administration of the City Hall of the Municipality Bucharest, where the access to the designed project is provided, is not accomplished on a rigid structure (asphalt, concrete, pavings, cubic stone).
SC MILLENIUM CONSULT INVEST 2002 SA challenged the decision of AM POR for the project financing dismissal, because AM POR did not take into account the fact that the modernization / execution of a public road cannot be put in the charge and control of a private entity / economic operator. On the other hand, AM POR issued regulations regarding the characteristics of the access road, subsequently to the project submission, and these cannot be opposable to the project, retroactively, according to the law norms in force. Until the report date the challenge was not solved.

S.C. LOMB S.A. was established in the year 2008 as a share trade company that had as shareholders the Local Council of the Municipality Cluj-Napoca (51%) and S.C. IMPACT DEVELOPER & CONTRACTOR S.A. (49%). Impact subscribed in the year 2008 the amount of 45,445,027.51 RON to the share capital of the project company Lomb SA. This was the cash participation of Impact, that represented the participation of 49%, the Cluj-Napoca Local Council having the obligation to bring the land to the share capital of the project company.

In the autumn of the year 2010, due to the fact that the shareholder the Cluj-Napoca Local Council did not fulfil its obligation to deposit to the share capital the 179 ha of land that represented the land subscribed by the Cluj-Napoca Local Council, the Board of Directors of SC Lomb SA decided the cancellation of the shares of the Local Council in accordance with the provisions of Law 31/1990 with its subsequent modifications. Following this fact the share capital of LOMB SA was diminished, and at present Impact holds shares in a percentage of 100% in the company Lomb SA. On the date of 03 June 2011 following the Extraordinary General Assembly of Shareholders there was decided the decrease of the share capital up to the value of 26,900,000 lei, the change of the legal form from share company in limited liability company with a sole associate. The denomination of the company was changed from S.C. Lomb S.A. to S.C. Clearline Development &Management SRL.

Term Receivables

Company	Loan balance as at 31.12.2010	Loan balance as at 31.12.2011
ACTUAL INVEST HOUSE	0	4,949
BIPACT 1995 SRL	86,489	79,777
INTOP CONSTRUCTION	1,128,838	1,128,838
INVESTIMOB	27,000	27,000
TOTAL	**1,242,327**	**1,240,564**

Note 2 – Provisions

Related to the Protocol drafted by ANAF in the year 2010, following the partial remake of the control act by the General Directorate for the Administration of Large Taxpayers, there was issued the taxation decision no. 35 as of 15.12.2010, communicated as at 6 January 2011. By the decision no. 3740/ 24 June 2011 there is admitted the appeal declared by Impact Developer& Contractor and there is disposed the suspension of the execution for the taxation decision no. 35/15.12.2010 issued by D.G.A.M.C., until the ruling of the first instance. In the ruling of the first substance instance there was admitted partially the request of Impact for the tax on profit in an amount of 760,957 lei, and the file regarding the penalties resulted from the control document was suspended until the final and irrevocable ruling in the file that was ruled in first substance instance.

For the amount with a value of 2,152,777 lei a provision was constituted.

Provisions	Balance as at 31.12.2010	Balance as at 31.12.2011
Provisions for litigations	2,152,777	2,386,896
Provisions for deferred taxes	24,606	22,921
TOTAL	**2,177,383**	**2,409,817**

Note 3 – Analysis of Operating Result

Indicator	31.12.2010	31.12.2011
Turnover	34,288,805	13,540,400
Cost of goods sold and supplied services	29,145,484	11,509,340
Direct production expenses	23,093,745	9,119,552
Indirect production expenses	6,051,739	2,389,788
Net turnover afferent gross result	**5,143,321**	**2,031,060**
Sale expenses	916,452	1,230,074
General administration expenses	927,583	1,245,014
Other operating expenses	20,403,650	18,294,125
Other operating revenues	6,737,867	2,130,052
Operating result	**-10,366,497**	**-16,608,101**

The company includes in the production cost the direct expenses (direct materials, manual labour, equipments), land cost, indirect production expenses (indirect materials, indirect manual labour, indirect equipments, cost of site networks). In case of loans strictly afferent to the development of some real estate projects, the afferent interest was included in the production cost. General administration and marketing/sale expenses are not included in the production cost.

Due to the special context that led to the decrease of sales and especially to a lack of predictability of the economic environment, the management of the company made the decision not to start anymore the construction of new residential compounds, so as there resulted an underactivity of the company. A direct consequence of this fact is that the fixed expenses that until now were considered as production costs, became general administration expenses.

During the year 2011 there continued the diminishing of fixed costs and of salary costs in order to ensure a better correlation between the cash inflows and outflows.

In the turnover there is also comprised the revenue that comes from the sale of dwellings built on the purpose of being sold. The dwellings that are temporarily rented until the sale moment and that are recorded from the accounting point of view in the category of Fixed assets (temporarily – during the rent period) are put again in the category of Inventories at the sale moment, and the obtained revenue is accounted in Group 70 - "Net turnover". It is about the dwellings rented for a relatively short period. The record from the Fixed assets category into the Inventories category will be made at their remaining value.

Note 4 – Statement of Receivables and Debts

Receivables

The detailed statement of receivables as at 31st of December 2011 is presented as follows:

Denomination of receivable	Balance as at 31.12.2010	Balance as at 31.12.2011 out of which	Liquidity term	
			under 1 year	over 1 year
Trade receivables	61,449,128	42,564,504	15,275,487	27,289,017
Adjustments for deprec. of trade receivables	1,477,788	2,984,162	0	2,984,162
Trade receivables, invoices to be drawn	300,325	386,615	386,615	0
Advances granted to service suppl.	1,217,477	972,402	972,402	0
Granted guarantees	51,762	51,762	51,762	0
Sundry debtors	10,089,840	4,812,473	2,484,212	2,328,261
Adjustments for deprec. of receivables	2,627,965	1,851,131	0	1,851,131
Other receivables*	3,853,373	6,155,163	6,155,163	0
TOTAL	**72,856,152**	**50,107,626**	**25,325,641**	**24,781,986**

Other receivables*	Value
Operations under clarification	212,426
Interests to be collected	129,747
Amounts to recover from budget	5,812,990
TOTAL	**6,155,163**

On 26 May 2011, according to the decision of the BoD as of 27.04.2011 Impact Developer&Contractor SA alienates the receivables held to the Pasteur Institute to Sortway LTD for the amount of 1,500,000 Euros, that makes that the balance of the „Sundry Debtors” account would decrease by the amount of 6,913,637 lei on 31 December 2011. This receivable assignment had as its purpose the insurance of immediate liquidities to the company, without recording a loss related to the amounts registered in the books, resulting only a small loss due to the exchange rate difference from the payment performance moment and the moment of collecting the amounts related to the receivable assignment.

The amounts being in operations under clarification represent collected amounts whose destination was not clarified.

Debts

Denomination of debt	Balance as at 31.12.2010	Balance as at 31.12.2011, out of which	Chargeability term	
			under 1 year	over 1 year
Bank credits	120,697,455	89,143,924	26,988,751	62,155,173
Interests to be paid	722,829	47,559	47,559	
Financial leasing**	50,284	17,356	17,356	
Collected advances	498,116	726,681	726,681	
Trade debts*	11,766,018	10,062,632	10,062,632	
*Other debts****	5,684,688	5,262,708	2,721,833	2,540,875
TOTAL	**139,419,390**	**105,260,859**	**40,564,811**	**64,696,048**

Trade debts*	Value
Trade Payables	8,277,535
Trade Payables, unarrived invoices	1,785,097
TOTAL	**10,062,632**

Leasing**		Balance as at 31.12.2011
MOTORACTIVE	EUR	4,018
	Equivalent RON	17,356
TOTAL	**EUR**	**4,018**
	Equivalent RON	**17,356**

Bank credits		Balance as at 31.12.2011
BANC POST	EURO	683,925
	Equivalent RON	2,954,351
PIRAEUS	Euro	9,605,442
	Equivalent RON	41,492,627
BANCA ROMANEASCA	Euro	9,746,194
	Equivalent RON	42,100,636
BANCA TRANSILVANIA	RON	2,596,311
TOTAL	**RON**	**89,143,924**

Other debts ***	Balance as at 31.12.2011	Chargeability term	
		under 1 year	over 1 year
Guarantees of suppliers	3,323,986	847,411	2,476,575
Debts related to personnel	803,039	803,039	0
Non-exigible V.A.T.	91,856	27,557	64,299
Other taxes	332,788	332,788	0
Dividends to be paid	46,367	46,367	0
Sundry creditors	664,671	664,671	0
Total	**5,262,708**	**2,721,833**	**2,540,875**

The statement of the credits under performance at the end of the month of December 2011 is presented below.

At chapter subsequent events there appears the statement as at 31.03.2012 of the balance of credits.

1. Piraeus Bank

Credit contract no. 301/30.08.2006 Value: 12,807,256 EUR Due date : 31.07.2015

Object : financing in a proportion of 85% of the acquisition of a land plot situated in Bucharest, 6th district, Prelungirea Ghencea no. 402 - 412.

Interest: EURIBOR at 3 months plus a margin of 6 percentage points per year, the calculation of interests will be performed for the daily balance of the credit account and will be reported to a 360-days year.

Penalties : Annual rate by 6 percentage points higher than the interest rate.

The balance of drawings from this credit as at 31.12.2011 is of: 9,605,441.74 EUR

Reimbursement: the reimbursement of the Facility will be made according to the reimbursement schedule annexed to the Contract and an integral part hereto.

Guarantees: 3 blank promissory notes with the mention without protest and movable real guarantee upon the balance of all the current accounts opened by Impact with Piraeus Bank and mortgages on lands according to the situation below

2. Piraeus Bank

Credit contract no. 10/11.01.2007 Value: 257,927 EURO Due date 03.10.2012

Object : issue of two security letters with a value of 257,926.57 EURO, with a maturity on 03.10.2012.

Interest : EURIBOR at 3 months plus a margin of 3.15 percentage points per year.

Penalties : Annual rate by 6 percentual points higher than the interest rate

Reimbursement : reimbursement of the Facility will be made integrally on the due date.

The statement of the mortgaged assets for Piraeus Bank is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/Residential compound
first rank mortgage; second rank mortgage	6515/2/6/1	258,925.36	2781/31.08.2006; second rank by 129/23.01.2009	land	Bucharest, Prelungirea Ghencea no. 402-412, District 6
first rank mortgage; second rank mortgage; third rank mortgage; fourth rank mortgage; fifth rank mortgage	10252 - Constanta	31,400.00	2044/08.07.2005; second rank by 129/23.01.2009; third rank by 273/05.05.2011; fourth rank by 274/05.05.2011; fifth rank by 583/23.08.2011	land	Constanta, Constanta county, P VN 269
first rank mortgage; second rank mortgage; third rank mortgage; fourth rank mortgage; fifth rank mortgage	10250 Constanta	9,100.00	2044/08.07.2005; second rank by 129/23.01.2009; third rank by 273/05.05.2011; fourth rank by 274/05.05.2011; fifth rank by 583/23.08.2011	land	Constanta, Constanta county, P VN 264
first rank mortgage; second rank mortgage; third rank mortgage; fourth rank mortgage; fifth rank mortgage	10253- Constanta	13,600.00	2044/08.07.2005; second rank by 129/23.01.2009; third rank by 273/05.05.2011; fourth rank by 274/05.05.2011; fifth rank by 583/23.08.2011	land	Constanta, Constanta county, P VN 267/2

3. Bancpost

Contract of credit facility on term no. 58/23.09.2005

Value: „First subfacility" in an amount of up to 4,500,000 EUR; „Second subfacility" in an amount of 4,600,000 EUR; „Third subfacility" in an amount of 2,000,000 EUR; „Third subfacility bis" in an amount of 5,000,000 EUR; „Fourth subfacility" in an amount of 2,900,000 EUR. The undrawn amounts from the „first subfacility" will supplement "the fourth subfacility" „Fifth subfacility" in an amount of 2,000,000 EUR; Validity: 7 years from the signing date of the credit contract.

Interest : EURIBOR at 3 months plus a margin of 3 percentage points per year.

The interest will be calculated as of the drawing date on the basis of the number of effective days reported to a 360-day year and is due and payable monthly, on the last day of the current month. The interest will be accumulated daily, being calculated on the basis of the following formula: (credit balance x interest rate provided for in the previous paragraph)/360 days.

If the Borrower does not reimburse on the due date any part of the credit drawn from the Facility, the outstanding amount will lead to the payment of an increased interest rate equal to the amount of the provided interest rate and a margin of 3%.

The reimbursement date of the last installment of the Facility, according to the schedule, is 22.09.2012.

On 31.12.2011 there remained in the balance the value of 683,925.09 EUR from the second subfacility, intended for the financing of the „Europa" residential project. The other due subfacilities were integrally reimbursed on the 25.07.2007, summing up 12,795,602 EUR, for their payment being contracted other two credits with Banca Romaneasca.

The statement of mortgaged assets for Bancpost is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/Residential compound
first rank mortgage	1916/3/70	25,245.90	747/16.03.2007 Euros; 2864/21.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/6	498.45	747/16.03.2007 Euros; 2283/04.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/5	1,376.76	747/16.03.2007 Euros; 2283/04.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/7	235.52	747/16.03.2007 Euros; 2283/04.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/1	1,376.78	747/16.03.2007 Euros; 2283/04.10.2005 Euros	construction	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/2	498.45	747/16.03.2007 euro; 2283/04.10.2005 Euro	construction	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/4	223.42	747/16.03.2007 Euros; 2283/04.10.2005 Euros	construction	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/11	143.5	747/16.03.2007 Euros; 2864/21.10.2005	land + construction	Voluntari, 50/Junior, Drumul Bisericii St.

4. Banca Romaneasca

Contract for investment credit 50070065/25.07.2007. Value : 7,993,204 EUR. Validity: 7 years, 25.07.2007 – 24.07.2014 Object:

a) Refinancing of some credit facilities being in balance at SC BANCPOST SA, credit facilities that had as a destination the financing of the different real estate projects/real estate acquisitions or acquisition of shares in companies that owned such real estates.

b) Financing of the commission for anticipated reimbursement charged by Bancpost in case of credits that follow to be taken over from Bancpost by the present facility. Interests:

a) Current interest rate: EURIBOR (1M) + 2.5% p.y.

b) Penalty interest rate: Current interest rate plus 50% of the Current interest rate

Reimbursement: the credit facility will be reimbursed on a quarterly basis, in equal installments.

5. Banca Romaneasca

Contract for investment credit 50070066/25.07.2007. Value : 22,306,796 EUR. Validity: 7 years, 25.07.2007 – 24.07.2014. Object:

a) Refinancing of credits being in balance at SC BANCPOST SA, credits that had as an object the financing of the construction works for the Project;

b) Financing of the commission for anticipated reimbursement charged by Bancpost in case of credits that follow to be taken over from Bancpost by the present facility;

c) Financing / refinancing of construction costs related to the Project under development;

d) The amount of 3,000,000 EUR from the total of the present credit facility may be also used for the financing in a proportion of up to 100 % of the acquisition cost afferent to some lands where the Project will be developed, including for the acquisition by the Borrower of shares issued by companies that own such lands, but only on the prior agreement of the Bank.

Grace period: 18 months from the date of the first use

a) Current interest rate: EURIBOR (1M) + 2.5% p.y. The current interest is calculated according to the used balance of the credit facility, beginning with the date of the first use and is paid until the integral reimbursement of the Facility.

b) Penalty interest rate: Current interest rate plus 50% of the Current interest rate

Reimbursement: The credit facility will be reimbursed on a quarterly basis in equal installments after the finish of the grace period. Also, the credit facility will be reimbursed on a pro-rata basis from the collections related to the sale of each apartment/villa that is a part of the project.

The ratio that defines pro-rata is the following: Amount to be reimbursed = Value of Credit Facility * surface of apartment/villa sold according to the sale-purchase contract signed by the Borrower with the final client / Total surface of the Project.

On the date of 31.12.2011 the amount to be paid in balance afferent to these credits from Banca Romaneasca was of 9,746,194.30 EUR.

Guarantees:

- assignment of receivables from commercial contracts;

- assignment of receivables on all the rights that result from the insurance contracts;

- real movable guarantee coming from the guarantees that will be constituted by the constructor/ subcontractor

- assignment of the rights that come from the bank guarantee letters;

- pledge on the current accounts;

- 2 promissory notes issued without protest.

The statement of the assets mortgaged to Banca Romaneasca is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
first rank mortgage; second rank mortgage	20254	6,732.86	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Neagra no. 52-54
first rank mortgage; second rank mortgage	23574	4,837.44	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Neagra no. 52-54
first rank mortgage; second rank mortgage	22705	12,373.22	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Pustnicu no. 125-135
first rank mortgage; second rank mortgage	21763	23,959.37	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Neagra no. 56-64
first rank mortgage; second rank mortgage	18217/2/1	17,053.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	18217/2/2	3,817.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	18217/2/3	23,041.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	18216/2	19,931.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	26525/1	22,166.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank	26525/2	2,186.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1

Type of receivable mortgage	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
first rank mortgage; second rank mortgage	26525/3	33,074.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1

6. Banca Transivania

Credit contract no. 15/21.07.2009 value 9,000,000 RON , due date 20.07.2014.

Object: financing of current activity – finish of the projects being under development.

Interest : ROBOR at 6 months to which there is added the bank margin of 5.94%. The annual interest rate is fluctuating, being able to modify during the entire credit duration, according to the evolution of interests on the banking market.

Penalties: the penalty interest to credit is of 20%/an.

Reimbursement: The credit will be reimbursed in monthly installments, according to the reimbursement schedule. The anticipated reimbursement can only be made with the prior and express agreement of the Bank.

The balance afferent to the drawings from this credit as at 31.12.2011 is of 2,596,310.79 RON.

For the purpose of fulfilling the obligations that derive from the credit contract, between Impact and Banca Transilvania there were signed a series of receivable assignment contracts by which Impact constitutes in favour of the bank first rank guarantees having as an object the present and future receivables.

The statement of the assets mortgaged to Banca Transilvania is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
first rank mortgage	20254/36/1;2;6	101.91	218/21.07.2009	land and constructions	Padurea Neagra no. 52-54
first rank mortgage	20254/36/1;3;8	109.84	218/21.07.2009	land and constructions	Padurea Neagra no. 52-54
first rank	20254/40/2;1;3	90.61	218/21.07.2009	land and constructi	Padurea Neagra no. 52-

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
mortgage				ons	54
first rank mortgage	23574/1/1/6	22.01	218/21.07.2009	land and constructions	Padurea Neagra no. 22-28
first rank mortgage	21763/1/2/6/2/1;1;6	59.60	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/6/2/1;2;9	59.60	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/7/2/1;2;9	53.48	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/7/2/2;2;8	40.45	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/9/2/1;2;8	44.60	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/9/2/2;1;4	74.85	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/10/2/2;2;9	63.70	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/11/2/1;1;5	46.99	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/11/2/1;2;7	49.83	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/11/2/2;2;7	78.97	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	7603	321.00	218/21.07.2009	Land and constructions	26, George Palade St., Oradea, Bihor
first rank	7604	375.00	218/21.07.2009	Land and constructi	26, George Palade St.,

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
mortgage				ons	Oradea, Bihor
first rank mortgage	153317	220.00	218/21.07.2009	Land and constructions	38, George Palade St., Oradea, Bihor
first rank mortgage	153318	83.00	218/21.07.2009	Teren	38, George Palade St., Oradea, Bihor
first rank mortgage	7610	200.00	218/21.07.2009	Land and constructions	40, George Palade St., Oradea, Bihor
first rank mortgage	7613	200.00	218/21.07.2009	Land and constructions	46, George Palade St., Oradea, Bihor
first rank mortgage	7689	342.00	218/21.07.2009	Land and constructions	95, George Palade St., Oradea, Bihor
first rank mortgage	7537	470.00	305/04.06.2010	Land and constructions	152, George Palade St., Oradea, Bihor
first rank mortgage	7752	200.00	305/04.06.2010	Land and constructions	131, George Palade St., Oradea, Bihor
first rank mortgage	7541	325.00	120/09.03.2010	Land and constructions	160, George Palade St., Oradea, Bihor
first rank mortgage	7540	362.00	120/09.03.2010	Land and constructions	158, George Palade St., Oradea, Bihor

In total, the total accounting value of the assets mortgaged to the banks is of about 213.5 million RON

During the year 2011 there were finished the controls of the Bucharest District 1 local authorities with regard to the mode of establishment and payment of the local taxes owed for the buildings and lands held under property. The differences established by the control bodies were to recover 200,860 lei tax on land paid in addition, from District I.

Note 6 – Accounting Principles, Policies and Methods

Basics of Drafting Financial Statements

Financial statements were drafted by the company, in accordance with the Order of the Minister of Finances number 3055/2009 for the approval of accounting regulations compliant with the European directives, with the observance of the Accounting Law number 82/1991 with its subsequent modifications and requirements for the presentation of annual financial statements.

Accounting Principles

The financial statements for the year 2011 were drafted in accordance with the following accounting principles:

Going Concern Principle. There must be presumed that the entity develops its activity on Going Concern basis.

This principle supposes that the entity continues its operation normally, without coming into a liquidation condition or significant reduction of the activity. If the administrators of an entity were acknowledged of some unsafety elements related to certain events that may lead to its incapacity to continue its business, these elements must be presented in the explanatory notes. In case the annual financial statements are not drafted on the basis of the Going Concern Principle, this piece of information must be presented, together with explanations regarding their drafting mode and the reasons that laid on the basis of the decision according to which the entity cannot continue its business anymore.

Principle of Methods Permanence. The assessment methods must be applied consequently from an accounting period to another.

Principle of Prudence. The assessment must be made on a prudent basis, and especially:

a) there may be included only the profit realized on the balance date;

b) there must be taken into account all the debts occurred during the current accounting period or during a prior accounting period, even if these become obvious only between the balance date and the date of its draft;

c) there must be taken into account all the predictable debts and potential losses occurred during the current accounting period or during a prior accounting period, even if these become obvious only between the balance date and the date of its draft;

d) there must be taken into account all the depreciations, irrespective if the result of the accounting period is a loss or profit.

Principle of Accounting Period Independence. There must be taken into account the revenues and the expenses afferent to the financial accounting period, irrespective of the collection date or of the payment date of these revenues and expenses.

Principle of Separate Assessment of Asset and Debt Elements. According to this principle, the components of the asset or of debt elements must be assessed separately.

Principle of Intangibility. The opening balance for each accounting period must correspond to the closing balance of the preceding financial accounting period.

Principle of Non-compensation. Any compensation between the asset and the debts elements or between the elements of the revenues and expenses is forbidden.

The eventual compensations between the receivables and debts of the entity to the same economic agent may be performed, with the observance of the legal provisions, only after the registration into the accounting of the revenues and of the expenses to their entire value.

Principle of Economic over Juridical Prevalence. The presentation of the values within the elements in the balance and the profit and loss account is made taking into account the economic basis of the reported transaction or operation, and not only their juridical form.

In the case of the assets of the nature of dwelling assemblies or complexes that initially were intended for sale and subsequently changed their destination, following to be used by the entity for a long period or be rented to thirds, in the accounting there is recorded a transfer from inventories to tangible assets. The transfer is performed on the date of destination change, to the value to which the assets were recorded in the accounting (represented by cost).

Basics of Accounting

The interim financial statements, drafted by the company on the date of 30.12.2011, constituted of :

- Accounting balance sheet
- Profit and loss account
- Statement of Changes in Equity
- Cash Flow Statement
- Accounting policies and explanatory notes

are compliant with the specifications of the Accounting Law no. 82/1991, of OMFP no. 3055/2009 for the approval of the accounting regulations harmonized with the European directives.

Reporting Currency

The pieces of information are presented, within the financial statements, in Romanian lei.

Use of Estimations

As a result of the inherent uncertainties in the development of activities, many elements of the financial statement cannot be precisely assessed, but only estimated. The estimation process involves reasonings based on the most credible recent pieces of information that we had available.

There may be realized, for example, estimations for:

- uncertain clients
- moral use of inventories
- real value of assets and of financial debts, etc

The use of some reasonable estimations represents an essential part of the financial statements drafting and does not undermine their credibility.

An estimation may need a revision, if there take place changes regarding the circumstances that estimation was based upon or following some new pieces of information or subsequent experiences.

By its nature, the estimation revision is not related to previous periods and does not represent the correction of an error. Thus, the company management proceeded to the revision of the respective elements' value and to their influencing with the effects of some possible circumstance modifications, of some events subsequent to the closing of the accounting period, or of other pieces of information, if these were considered significant.

The use of estimations led, for the company, to the set-up and registration of provisions for the depreciation of the assets and for risks and expenses. The effect of such operations was included within the positions in the balance afferent to the respective elements and affected the profit and loss account.

Conversion of Transactions in Foreign Currency

The transactions of the trade company in foreign currency were registered to the exchange rates communicated for the dates of the transactions. The receivables and debts in foreign currency are converted into lei at the end of each financial year, on the basis of the exchange rates communicated by the National Bank of Romania. The earnings and losses resulted following such operations are acknowledged in the profit and loss account.

Revenues

The main revenues obtained from exploitation are those from the sale of the built houses/apartments. Thus, the revenues afferent to the sold houses/apartments are acknowledged at the moment of the constructions handover to the beneficiary. A part of the contracts concluded with the beneficiaries provides the execution of the building with the payment by execution stages. Beginning with the year 2007, the

Company opted for the modality to acknowledge the revenues generated from such contracts at the moment of the handover, based on a handover minutes for work stage. Thus, the Company also acknowledges the revenues to the extent of the handover of work stages for the constructions. However, in the year 2008, due to the fact that there existed permanently a stock of finished apartments and houses, such contracts were not concluded anymore, the sales taking place directly from the stock.

With regard to the production in progress, the revenues are registered at the level of the costs distributed to each house under work and are reported to the revenues from the stocked production.

Besides the revenues from sale the company also accomplishes revenues from the rent of real estates and sale of land plots. During the year 2011 the revenues from rents have a value of 2,253,543 lei.

Pensions and Other Benefits Subsequent to Retirement

The company does not finance private pensions and does not have a benefit plan in case of retirement for its employees.

All the employees of the company are a part of a pension plan financed by the Government of Romania from funds constituted by the company and its employees, and thus the company does not have any liability with regard to the private pension plan.

Intangible Assets

The intangible assets purchased by Impact are presented to the cost, less the cumulated amortization. The intangible assets registered by Impact represent informatics programs. These are linearily amortizated for a period of 3 years.

Tangible Assets

Own Assets

The buildings are presented in the balance to their revaluated value, less the cumulated amortization and the eventual value losses. The cost of the assets built by Impact comprises the cost of materials, direct manual labour and a percentage of the indirect expenses, reasonably allotted to the building of tangible assets.

The historical cost was revaluated in accordance with the Government Decisions: 983/1998 and 403/2000 and 1553/2003; the retreating of the net accounting value of the assets was made in order that this would reflect better their market value. The last revaluation took place on 31.12.2011 for the constructions existing in the patrimony.

Leasing Contracts

The leasing contracts where the Company assumes the totality of risks and of benefits associated to the property are classified as a financial leasing. The fixed assets purchased by financial leasing are presented to the minimum between the market value and the updated value of future payments, less the accumulated depreciation and value depreciations.

Subsequent Expenses for Maintenance and Repairs

The expenses for the repair or maintenance of fixed assets performed to restablish or maintain the value of these assets are acknowledged in the profit and loss account on the date of their performance, while the expenses performed on the purpose to improve technical performances are capitalized and depreciated for the remaining life period of the respective fixed asset.

Depreciation

Depreciation is calculated to diminish the cost using the straight line method for the operating duration of fixed assets and of their components, that are separately accounted.

Lands and assets in progress are not depreciated.

Inventories

Inventories of raw materials and materials are put into evidence to their acquisition value. The cost of inventories is based on the First In, First Out (FIFO) principle and includes the expenses caused by their acquisition and their bringing into the current location.

According to the economic reality and the policy of Impact, land being intended for sale to their greatest extent, they are considered raw materials. Due to their special character, the method to calculate the cost is the Weighted Average Cost (WAC) and includes besides the proper acquisition cost other expenses as well caused by their bringing into the shape intended for sale.

The stock of finished products is registered to production cost.

The acquisition value/production cost does not exceed the accomplishable net value of inventories.

Inventories of production under execution are put into evidence to production cost.

Provisions

Provisions are acknowledged in the balance when for Impact there appears a debt with uncertain exigibility or value and that may be acknowledged only at the moment when there exists a current liability generated by a previous event; it is probable that an outflow of resources would be necessary in order to honour the respective liability; there may be realized a credible estimation of the liability value.

Value Adjustments

Value adjustments comprise all the corrections intended to take into account the value decreases of individual assets, established on the balance date, irrespective if this decrease is or is not final. Value adjustments may be permanent adjustments (amortizations) and provisional adjustments, also called adjustments for depreciation or for value loss. From this latter category, the Impact policy is to set up adjustments:

- for the financial investments that cannot be recovered anymore ;
- for the advances granted to suppliers not closed for more than 1 year - 100%;
- for different debtors, clients, etc – 100% of the value of receivables considered unrecovered and without turnover lower than 1 year ;
- for the depreciation of materials – 50% of the inflow value of inventories without turnover higher than 3 months.

Reserves from Revaluation of Fixed Assets

For the revaluation of fixed assets, when the result of revaluation is a decrease of the net accounting value, this is treated as an expense with the entire value of depreciation, when from in the revaluation reserve there is not registered an amount related to that asset or as a decrease of the revaluation reserve by the minimum between the value of that reserve and the decrease value, and the eventual difference remaining uncovered is registered as an expense. The diminishing of revaluation reserves and their takeover in the „Reserves representing the surplus realized from revaluation reserves" account is made on the breakage or sale of revalued fixed assets.

Affiliated Companies

The companies are considered affiliated in case one of the parties, either by property, contractual rights, family relationships or of other nature, has the possibility to directly control or significantly influence the other party.

Note 7 – Share Capital

SC Impact SA was established in the year 1991, on the grounds of Law 31/1990. On the date of 04.10.2006 the company moves its registered office from Bucharest 1st District in Ilfov, the town Voluntari in the Construdava Business Centre. Also on this date the company changes its denomination as well. The identification data of the company are :

Denomination : IMPACT DEVELOPER & CONTRACTOR SA

Address : Voluntari, Pipera-Tunari Road no. 4C, Construdava Business Center, fl. 6, Ilfov County

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

Registered with the O.R.C. from T.M.B. under no. J 23/1927/2006

C.I.F. RO1553483

The subscribed and paid-up share capital of the company as at 31st of December 2011 is of 197,866,574 RON. The nominal value of a share is of 1 RON.

On the date of 11 October 2011, the Extraordinary General Meeting of Shareholders approved the decrease of the share capital, from the amount of 200,000,000 RON, respectively 200,000,000 shares, by the cancellation of the shares acquired by the company in a number of 2,133,426 shares. The share capital of the company, following this operation, became 197,866,574 RON. The registration date approved by EGMS was 28.10.2011, and the operation of the share capital decrease with Depozitarul Central SA took place as at 06.02.2012.

The structure of the shareholding as at 31st of December 2011 was the following:

Shareholder	Holding – according to the statement of Depozitarul Central	Holding – corroborated with the D.EGMS for share capital decrease
Popp Ioan Dan	16.34%	16.52%
Sandulescu Carmen Daniela	9.59%	9.69%
SALINK LIMITED	10.00%	10.10%
Artio International Equity Fund	8.46%	8.55%
TEMPLETON G.I.T-T.EM.MKTS SMALL CAP FUND	6.09%	6.15%
FONDUL DE PENSII ADMINISTRAT PRIVAT ING	5.81%	5.88%
Other legal entities, out of which	23.79%	22.97%
- foreign entities	15.38%	15.55%
Other natural persons, out of which	19.92%	20.14%
- foreign pers	0.44%	0.45%
Total	100.00%	100.00%

The company Impact Developer & Contractor SA has been transacted to the Bucharest Stock Exchange since the year 1996, and beginning from the year 2006 its shares, at present in a number of 197,866,574, have been quoted in the 1st category.

25.93% of the company shares were held, as at 31.12.2012, by the company management.

Note 8 – Information Regarding Employees, Administrators and Directors

Structure of Personnel Expenses

In the year 2011 the number of employees decreased from 51 to 27, a decrease also reflected in the exspenses with personnel remuneration.

Description	31.12.2010	31.12.2011
indemnifications for the Board of Directors	81,624	151,814
salaries of directly productive employees	132,994	9,042
salaries of TESA	1,469,350	750,491
exp. with social insurances and protection	425,863	217,081
TOTAL	**2,028,207**	**1,128,428**

Company Management

The current members of the Board of Directors were reelected by the Decision of GMS no. 3/11.10.2011, for a mandate of four years, except for Mr. Radu Bugica that was elected in the position of administrator for a mandate of four years by the Decision of GMS no. 1 / 16.04.2011.

Dan Ioan Popp also occupies the position of Chairman of the Board of Directors. This leads the executive directors.

The rights, powers and operating mode of the Board of Directors are in accordance with art. 8, art. 9, respectively art. 10 in the Articles of Association of the company Impact Developer & Contractor SA.

According to the Decision of GAS nr. 3/11.10.2011, the members of the BoD have the right to monthly indemnifications with a value of 2,700 RON net, and the chairman of the Board of Directors Mr. Dan Ioan Popp has concluded a contract with a gross value of 33,500 RON monthly plus an annual bonus equal to 5.28% of the net profit.

The members of the BoD have the right, according to the articles of association, to a percentage of 0.44% from the net profit, as well.

Administrators

	Name	Position	Identification Data
1.	Popp Ioan Dan	Chairman of BoD	1570411400459
2.	Ionescu Valeriu Nicolae	Administrator	1520411400095
3.	Bugica Radu	Administrator	1651213384184

Executive Management

Surname	Name	Position	Citizenship
Sandulescu	Carmen Daniela	Executive Director (Economic Development)	Romanian

Note 9 – Economic Financial Indicators

	OMF 3055	OMF 3055
PROFITABILITY AND RENTABILITY	**31.12.2010**	**31.12.2011**
Efficiency of capital employed		
Profit before interests and tax (A)	-11,035,847	-16,456,944
Capital employed (B)	414,451,192	361,524,158
A/B	**-2.66%**	**-4.55%**
Efficiency of equity		
Net profit (A)	-17,546,665	-22,261,046
Equity (B)	315,930,582	296,828,111
A/B	**-5.55%**	**-7.50%**
Operating profit rate		
Profit before interests and tax (A)	-11,035,847	-16,456,944
Operation revenues (B)	26,730,406	12,433,515
A/B	**-41.29%**	**-132.36%**

Net profit rate		
Net profit (A)	-17,546,665	-22,261,046
Total revenues (B)	39,783,415	27,540,411
A/B	**-44.11%**	**-80.83%**
Total assets rate		
Profit before interests and tax (A)	-11,035,847	-16,456,944
Total assets (B)	461,659,952	408,352,467
A/B	**-2.39%**	**-4.03%**
Indebtedness degree		
Bank Loans (A)	95,210,170	62,155,173
Equity (B)	315,930,582	296,828,111
A/B	**0.30**	**0.21**

SOLVABILITY		
Debt rate		
Total liabilities (A)	145,729,370	111,524,356
Total assets (B)	461,659,952	408,352,467
A/B	**31.57%**	**27.31%**
Financial leverage		
Equity (A)	315,930,582	296,828,111
Total assets less current debts (B)	414,451,192	361,524,158
A/B	**76.23%**	**82.10%**
Interest coverage rate		
Profit before interests and tax (A)	-11,035,847	-16,456,944
Interest (B)	6,499,818	5,804,102
A/B - times	**-1.70**	**-2.84**

LIQUIDITY AND WORKING CAPITAL		
Liquidity ratio		
Current assets (A)	367,101,178	317,322,814
Current liabilities (B)	40,898,780	40,564,811
A/B	**8.98**	**7.82**
Quick Ratio		
Current assets (A)	367,101,178	317,322,814
Inventories (B)	280,619,736	258,299,960
Current liabilities (C)	40,898,780	40,564,811
(A - B)/ C	**2.11**	**1.46**
Client debt turnover		
Trade receivables (A)	72,856,152	50,107,626
Net turnover (B)	34,288,805	13,540,400
(A /B)* no of days in the period	**764.92**	**1,332.22**
Fixed asset turnover		
Net turnover (A)	34,288,805	13,540,400
Fixed assets (B)	94,201,345	90,810,963
A/ B	**0.36**	**0.15**

Note 10 – Other Information

Inventories

In the year 2011, due to the existing economic context, work was done only in order to finish the started residential compounds. For this reason, the value of the construction works compared to the preceding year is much diminished. In the range of the products offered by the company there are included both completely finished dwelling units, and some dwelling units on red stage, and others on plaster, so as the clients may purchase the products that are the most fit for their needs.

In August 2011 there were finished the approaches for the sale of a new real estate type P+3 within the Greenfield assembly, with a total built area of 919 sqm placed on the afferent land, plus a land plot with a surface of 693 sqm adjacent to the construction. The transaction was concluded on the date of 1st August, having a value of 1 million Euros plus V.A.T.

The concluded transaction consolidates the existing advantages for the inhabitants of the Greenfield urban pole, as it allows the expansion of the volume and range of services afferent to education, sports and free time available for the children of the families in the area.

On the third quarter there were terminated the contracts afferent to 33 constructions following the beneficiary entering liquidation. Following this termination there was recorded a minus per revenues from the sale of products in an amount of 12.07 mil lei. At present these constructions were recorded in inventories, 17 constructions with a value of 5.12 mil lei as finished products and 16 constructions with a value of 4.19 mil lei as tangible assets.

The status of completed compounds is detailed below:

The structure of the company inventories is presented in the table below:

Description	31.12.2010	31.12.2011
Lands	148,532,800	147,477,045
Advances for lands	979,675	1,040,231
Finished products – houses	89,365,876	68,779,992
Production and services under execution	40,722,984	39,884,522
Construction materials	1,747,900	1,688,673
Adjustments for materials depreciation	1,381,008	1,171,487
Finished prod., merchandises, packagings and inventory objects	382,917	373,916
Advances for the purchase of construction materials	268,593	227,068
TOTAL	**280,619,736**	**258,299,960**

At the end of the month of December 2011 there existed a number of 216 houses and apartments completely finished and 109 under execution, respectively finished without finishings. In the year 2009 there was started a new assembly in Greenfield - RFR, with 46 apartments in the first phase. For the moment the capitalized costs comprise design, taxes, advices, etc.

The value of the production and services under execution represents dwelling units with a value of 3,303,690 lei, networks with a value of 33,771,373 lei, services under development with a value of 2,809,459 lei out of which investments under execution with a value of 7,137,600 lei.

The investment afferent to the Dealul Lomb project is in an amount of 4,008,222 lei and mainly represents the draft of the PUZ documentation and road networks afferent to the Dealul Lomb-Cluj quarter. These were established by the framework contract no. 55423/04.07.2007 concluded between Impact Developer&Contractor SA and Cluj-Napoca Local Council as a prerequisite for the establishment of the company Clearline Development (former Lomb SA). In the year 2011 Impact summons for trial the Local Council of the Municipality Cluj-Napoca (file 79/1285/2012) requesting its obligation to pay damages and the afferent legal interest provisionally assessed to 4,008,222 lei, respectively to 500,000 Euros. According to the estimates of an independent law office there are significant chances that these costs would be recovered from the Cluj-Napoca Local Council.

Expenses in Advance

The structure of the expenses in advance is presented as follows:

Description	31.12.2011
Other expenses in advance	12,119.13
Insurances (buildings and cars)	38,124.68
Insurances for professional liability	65,208.78
Commissions paid in advance	103,237.85
TOTAL	**218,690.44**

Revenues in Advance

Revenues in advance are set up from the interests afferent to the contracts with the payment in installments and from rents. The passing to revenues of the revenues from interests is made gradually, as the installments are paid or their due date, whichever comes first. The balance as at 31.12.2011 is of 3,853,841.51 RON, decreasing compared to the month of December 2010 but increasing compared to June 2011.

Direct Expenses – Raw Materials

Raw materials and disposable materials	31.12.2010	31.12.2011
Expenses with lands	1,225,975	1,195,706
Exp. with raw materials and materials	385,489	670,330
Exp. with fuel	119,987	99,311
Exp. with spare parts	36,524	56,210
Exp. with other constr. materials	67,464	31,946
TOTAL	**1,835,438**	**2,053,504**

Other material expenses	31.12.2010	31.12.2011
Exp. with inventory objects	111,330	156,112
Ex. with unstocked materials	88,844	90,930
Exp. with energy and water	3,058,126	2,561,263
Exp. regarding merchandises	828,954	83,593
TOTAL	**4,087,254**	**2,891,898**

Other Operating Expenses

Description	31.12.2010	31.12.2011
Expenses with maintenance and repairs	411,871	589,586
Expenses with royalties and rents	2,157,666	1,994,845
Expenses with insurance premiums	596,005	437,795
Expenses with commissions and fees	84,612	77,535
Expenses for protocol, advertisement and publicity	623,520	670,949
Expenses with transport of goods and pers.	134,066	49,774
Expenses with movements, assignments and transfers	10,856	1,367
Postal expenses and telecommunications charges	392,034	242,595
Expenses with banking services and assimilated	495,734	593,421
Expenses with services executed by thirds *)	12,101,198	8,439,132
Expenses with other assimilated taxes	3,143,127	917,183
Expenses with compensations, fines, penalties	303,963	51,113
Expenses regarded disposed assets	1,384,171	26,346
Donations (sponsorships)	109,083	0
Other exploitation expenses	1,163,884	1,670,250
TOTAL	**23,111,790**	**15,761,890**

Expenses with Services Performed by Thirds Parties*

Description	31.12.2010	31.12.2011
Expenses with subcontractors	6,537,014	4,361,027
Consultancy expenses	890,597	672,752
Expenses with guard and protection	389,297	136,287
Expenses with meal tickets	364	0
Expenses with HR	34,540	2,178
Expenses for IT services	427,332	338,142
Expenses with fees (notary, cadastre, tabulations)	794,816	1,122,943
Expenses for design services	744,117	19,258
Other expenses for services	2,283,120	1,786,544
TOTAL	**12,101,198**	**8,439,132**

Financial Result

Description	31.12.2010	31.12.2011
Expenses regarding interests	6,499,818	5,804,102
Expenses from currency exchange rate differences	10,193,432	9,050,860
Exp. with disposal of financial investments	2,074,940	5,877,879
Losses from receivables related to participations	1,026,236	0
Other financial expenses	40,870	0
Adjustments regarding financial assets	386,881	27,000
Total financial expenses	**20,222,177**	**20,759,841**
Revenues from interests	2,542,236	1,339,328
Revenues from currency exchange rate differences	8,476,366	7,534,858
Revenues from sales of partic. titles	2,010,000	0
Revenues from disposal of financial investments	0	6,194,400
Other financial revenues	24,407	38,309
Total financial revenues	**13,053,009**	**15,106,896**
Rezultat financiar	**-7,169,168**	**-5,652,945**

The expenses with interests decreased due to the decrease of the loan balance. Due to the decrease of the held cash, the revenues from the interests collected to deposits had the same trend also, decreasing by over 80% compared to the similar period of the preceding year.

Tax on Profit

In the year 2011 IMPACT recorded an accounting loss of 22,261,046 RON.

Auditors

RSM SCOT SRL is a company that develops its business in the field of professional services of financial accounting and audit, supplied in accordance with the Romanian and international accounting standards and also with the international audit standards.

RSM SCOT ensures to its clients fiscal consultancy and assistance, and also any other professional services specific to the activity field.

The team of RSM SCOT is composed by professionals, chartered accountants and financial auditors.

RSM SCOT has its headquarters in Bucharest and was set up by Otilia and Dan Schwartz in the year 1994, by the merger of the clients of two small consultancy companies where the two were associates.

RSM SCOT is a member of the Romanian Association of Chartered and Certified Public Accountants (C.E.C.C.A.R.) since 1994 and of the Romanian Chamber of Auditors since its set-up in 1999.

Note 11 - Contingents

Next, we will present the list of significant litigations (according to the Bucharest Stock Exchange Code) where the company is a party.

A. List of litigations where Impact has the quality of a plaintiff:

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
1	Prahova Tribunal	7034/105/2010	insolvency procedure	plaintiff-creditor	**Romconstruct**	first instance	06-Apr-12	IDC formulated a request of admission to the creditor group. For the judgment of challenges. Impact made a challenge for a receivable in an amount of approximately 15,000,000 RON. THE PROVISIONAL RECORD of Impact IN THE PRELIMINARY TABLE OF THE RECEIVABLE OF 15,047,995.76 LEI	16,025,023	RON
2	Bucharest Tribunal	39469/3/2008	Obligation of Romconstruct to pay delay penalties for the delay of execution of the constructions in the Rubin assembly	plaintiff	**Romconstruct**	First instance	no term	suspended according to art. 36 Law 85/2006	14,855,309	RON
3	Bucharest Tribunal	63835/3/2011	insolvency procedure	plaintiff	**Floreasca Construction (former Summa Romania SA)**	first instance	31-Jan-12	IDC recorded to the creditor group with the amount of 13,442,674 lei	13,442,674	RON
4	Bucharest Court of Appeal	5988/2/2011	obligation to make	plaintiff-recurring	**Institutul Pasteur**	appeal	no term	The action was modified from action to oblige Pasteur to sell the land to us to action for return of advance and damages and the cancellation of precontract; IDC assigned the receivable; Cancels as unstamped the appeal declared by the appealing defendant S.N. INSTITUTUL PASTEUR SA. admits the appeal declared by the appellant - plaintiff SORTWAY LIMITED. Partially changes the	2,500,000	EUR

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
								commercial sentence attacked in the respect that it admits the second request reason as well and obliges the defendant to pay to the plaintiff the amount of 1,250,000 Euros representing damages according to the penal clause. Obliges the appellant – defendant to pay to the appellant – plaintiff the amount of 28,475.5 lei legal expenses (stamp charge in appeal).		
5	High Court of Cassation and Justice	23619/3/ 2009	action for finding	recurring	**SC Summa Romania SA**	recourse	17-Oct-12	dismisses the action/appeal. Impact declared recourse.	7,602,445	RON
6	Oradea Court of Law	4376/27 1/2010	Challenge to execution	plaintiff	**Local Council of Mun. Oradea**	recourse	no term	challenge to the forced execution begun by CLO for amounts as „penalties according to the joint venture contract no. 14.519/02.07.2004''. Dismosses the recourse as ungrounded.	6,149,792	RON
7	Cluj Tribunal	79/1285/ 2012	termination of contract	plaintiff	**Local Council of the Municipality Cluj**	first instance	11-Apr-12		4,008,222	RON
8	Bucharest Court of Appeal	11833/2/ 2010	cancellation of administrative document regarding the additional payment fiscal obligations established in the charge of the underwritten by the fiscal inspection report	plaintiff	**ANAF**	first instance	no term	Partially admits the challenge. Partly cancels the taxation decision no. 115/19.05.2010 and the fiscal inspection report no. 33.364/18.05.2010 respectively with regard to the tax on profit in an amount of 760,957 lei resulted following the revaluation of the land purchased and resold by SC Patagonia Invest SRL. Partly cancels decision no. 266/29.09.2010 with regard	3,403,000	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
								to the solving mode of the challenge with regard to the previously mentioned tax. With recourse in 15 days from communication		
9	Constanta Tribunal	15426/1 18/2011	dec. that take place to v-c/obligation to make	plaintiff	**Tomis / Orban Lucian and Steluta**	first instance	02-Apr-12	term for transaction	200,000	EUR
10	Court of Law of District 2	11725/3 00/2010	Challenge of forced execution	plaintiff	**BODOGAN AUREL & CONSTNATIN, PIRAEUS BANK, BEJ G JALBA**	First instance	no term	dismisses the challenge of execution for moratory damages deriving from execution contract. Irrevocable.	772,979	RON
11	Court of Law of District 1	16650/2 99/2011	challenge of exec, with prov. susp.	challenger	**Bodogan Aurel and Bodogan Constantin**	first instance	no term	Admits the challenge to execution. Disposes the cancellation of the forced execution itself and the cancellation of all the execution documents performed in the execution file no. 8E/2011 constituted at B.E.J. Georgiana Jalbă, being cancelled the right to request forced execution. Dismisses the request to suspend forced execution, as remaining without object. Obliges the involved parties to pay to the challenger the amount of 8,090.63 lei, as legal expenses. With right of recourse within 15 days from communication.	559,503	RON
12	Bucharest Tribunalul	41894/3/ 2010	payment ordinance	plaintiff	**Keops Consulting SRL**	first instance	no term	dismisses the request. Amicable settlement.	485,408	RON
13	Court of Law of District 2	11874/3 00/2009	challenge of execution	plaintiff	**Bodogan Aurel and Bodogan Constantin**	ruled in first instance	no term	dismisses the recourse as ungrounded. Irrevocable	113,091	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
14	Bucharest Tribunal	40191/3/2010	claims deriving from incompliant works, executed by SUMMA	plaintiff	**Summa Romania SA**	first instance	no term	On the grounds of art. 36 in Law no. 85/2006, ascertains there intervened the suspension of right of trial	100,222	RON
15	Court of Law of District 1	21136/299/2009	claims, legal expenses	plaintiff-defendant	**SC Summa Romania SA**	first instance	no term	first term after refusal in civil section. Suspended by art. 36 in Law 85/2006	100,123	RON
16	Mures Tribunal	305/1371/2008	bankruptcy	plaintiff	**Dafora Structuri**	First instance	no term	we periodically collect 3,800 RON until the complete payment acc. to reorganization plan.	73,916	RON
17	Court of Law of Buftea	4393/94/2011	claims, lease contract	plaintiff	**Huma Andreea Vasilica and Huma Danut**	first instance	no term	Obliges the defendants to pay to the plaintiff the amount of 43,539 lei, representing the countervalue of the rent owed for the period January 2009 - December 2010, the amount of 24,711.22 lei, representing delay penalties afferent to the amount of 43,539 lei, and the amount of 4,681.31 lei, representing amounts owed according to the administration contract concluded between the parties. Obliges the defendants to pay to the plaintiff the amount of 4,346 lei, as legal expenses, representing stamp and judicial tax.	72,931	RON
18	Constanta Court of Appeal	13729/118/2010	action for the return of tax paid for the gas pipe in Boreal	plaintiff-recurring	**CNADR**	recourse	02-Apr-12	PARTIALLY ADMITS THE ACTION. ASCERTAINS THE RIGHT OF THE PLAINTIFF TO USE THE AREA WITHOUT THE PAYMENT OF THE USE TAX BEGINNING FROM THE DATE OF 1.01.2009. OBLIGES THE DEFENDANT TO PAY TO THE PLAINTIFF THE AMOUNT OF 30,940.78 LEI AS A USE TAX FOR ROAD AREA PENALTIES, LEGAL INTEREST	71,850	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
19	Court of Law of Buftea	9807/94/2010	claims of incompliant works	plaintiff	**Floreasca Construction (former Summa Romania SA)**	first instance	no term	On the grounds of art. 36 in Law no. 85/2006, ascertains as intervened the suspension of right of trial	50,292	RON
20	Ilfov Tribunal	8499/94/2011	contraventional complaint	plaintiff	***ANRE***	first instance	11-Sep-12	dismisses the complaint. First term of recourse.	50,000	RON
21	Court of Law of District 2	12758/300/2010	claims- green spaces	plaintiff	**Cofaru Dumitru Gabriel**	first instance	24-Apr-12	evidence	43,997	RON
22	Bucharest Tribunal	8274/299/2009	recoveries of receivables, price index according to the contract	plaintiff-recurring	**Ciubotaru Pavel**	recourse	18-Jan-13	Dismisses the main request as ungrounded. Dismisses the reconventional request as ungrounded. Recourse was filed for.	39,210	RON
23	Court of Law of Buftea	4392/94/2011	claims, lease contract	plaintiff	**Manu Elena**	first instance	no term	Obliges the defendant to pay to the plaintiff 22480 lei representing rent and 7591.46 lei delay penalties. Ascertains the waiver of the plaintiff to the judgment of reason 3 of request. Obliges the defendant to pay to the plaintiff the amount of 2034.27 lei representing legal expenses.	33,782	RON
24	Court of Law of District 2	14599/300/2008	Action for claims for recovering the price index communicated by INS, according to contract	plaintiff	**PATURESCU CORNEL**	First instance	no term	admits the action/undrafted decision. Irrevocable by the cancellation of the recourse as unstamped.	33,486	RON
25	Bucharest Tribunal	37677/3/2010	Recovery of expenses that came to Impact following the incompliances of	plaintiff	**Cominstal Group**	First instance	09-Apr-12	evidence	31,222	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
			Cominstal works							
26	Court of Law of Buftea	12633/94/2011	contraventional complaint	plaintiff	***ANRE***	first instance	19-Mar-12	first term	25,000	RON
27	Constanta Tribunal	5235/212/2011	contraventional complaint	petitioner	**CL Constanta, Serv of taxes, dues and other revenues**	recourse	04-Apr-12	evidence	25,000	RON
28	Bucharest Tribunal	10402/3/2010	eviction/termination for failure to observe lease contract	plaintiff	**Draghici Jenica Laura**	First instance	no term	partially admits the action. Irrevocable by not declaring recourse.	25,000	RON
29	Court of Law of District 1	4785/299/2009	claims deriving from failure to pay utilities and rent	plaintiff	**SC Patru Ace SRL**	first instance	11-Feb-13	partially admits the action. First term of the recourse declared by them.	22,389	RON
30	Bihor Tribunal	13314/111/2011	action for ascertaining	plaintiff	**Compania de Apa Oradea**	first instance	03-Apr-12	evidence	20,000	RON
31	Ilfov Tribunal	2269/94/2011	contraventional complaint	petitioner	**Administratia Apele Romane-Sistem de Gosp a Apelor Ilfov**	first instance	08-May-12	first term of recourse.	17,500	RON
32	Court of Law of Buftea	6946/94/2010	termination of lease contract/claims	plaintiff	**Muscalu Florentin Teodor**	first instance	no term	admits the action/decision not drafted. No data about declaring recourse.	13,310	RON
33	Court of Law of District 1	34961/299/2010	claims, rents	plaintiff	**Patru Ace SRL**	first instance	02-Dec-12	dismisses the action. Decision not drafted. Impact declared recourse.	12,142	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
34	Bucharest Tribunal	4372/94/ 2010	cancellation of contravention protocol, cash register	plaintiff	**MEF - GF Ilfov**	recourse	no term	dismisses the recourse as ungrounded.	8,000	RON
35	Bucharest Tribunal	50746/3/ 2011	Payment call	debtor	**IPCT Instalatii**	first instance	no term	dismisses the request	5,500	RON
36	Bucharest Tribunal	5700/30 0/2009	claims	plaintiff-recurring	**Coca Adina**	recourse	21-Nov-12	Dismisses the action. IDC declared recourse	3,629	RON
37	Bucharest Court of Appeal	2927/2/2 010	cancellation of ANRE documents, decision 834/2010/suspension of decision	plaintiff	**ANRE**	first instance	no term	IDC requested to the court to cancel/ suspend the decision of ANRE with regard to the electric power distribution service supply in the Class assemblt. Dismisses the recourse as ungrounded.	N/A	N/A
38	Bucharest Court of Appeal	2975/2/2 010	Attack of decision 206/2010 ANRE	plaintiff	**ANRE**	First instance	no term	IDC requested the cancellation of the ANRE decision with regard to the approval of distribution tariffs in the ass. of Voluntari; Admits the action. Cancels the Decision of the ANRE president no. 206/04.02.2010. Oblies the defendant to approve the tariffs for the activity of the plaintiff of electric power distribution as results from the judicial accounting expertise report drafted in the case and the response to objections. Obliges the defendant to pay to the plaintiff the amount of 15,146.8 lei as legal expenses	N/A	N/A
39	Bucharest Court of Appeal	6390/2/2 011	complaint/cancellation of documents issued by ANRE	plaintiff	***ANRE***	first instance	22-Feb-12	dismisses the request.	N/A	N/A
40	Bucharest Court of	6391/2/2 011	complaint/cancellation of documents issued by	plaintiff	***ANRE***	first instance	22-Feb-12	dismisses the request.	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
	Appeal		ANRE							
41	Constanta Court of Appeal	12377/1 18/2010	cancellation of contravention prot.	plaintiff-recurring	**CJ, CR pentru Protectia Consumatorului**	Recourse	no term	dismisses the recourse as ungrounded.	N/A	N/A
42	High Court of Cassation and Justice	465/2/20 11	suspension of administrative act execution, decision 35/15/12/2010	plaintiff	**ANAF**	first instance	no term	admits the recourse of Impact.	N/A	N/A
43	High Court of Cassation and Justice	3191/2/2 010	cancellation of ANRE decision 485/2010	plaintiff-recurring	**ANRE**	Recourse	no term	dismisses the recourse.	N/A	N/A
44	Court of Law of Buftea	11416/9 4/2010(4 0089/3/2 010)	contract termination	plaintiff-recurring	**Public Service of Sewage and Water**	recourse	19-Apr-12	there is judged the ascertainment of termination of contracts no. 8761/1.01.2008, 867P/01.01.2008, 878P/01.01.2008 şi 879P/1.01.2008. administration of evidence: documents + examination.	N/A	N/A
45	Court of Law of Buftea	11416/9 4/2011	contract termination	plaintiff	**Public Service of Sewage and Water**	First instance	01-Mar-12	first term, after disjunction	N/A	N/A
46	Court of Law of District 1	9122/29 9/2007	obligation to make compensatory damages	plaintiff	**Regia Nationala a Padurilor-Forest Directorate Bucharest**	defendan t	23-Apr-12	other procedural interventions, intervention requests.	N/A	N/A
47	Court of Law of District 1	55912/2 99/2010(10401/3/	eviction/termination	plaintiff	**Pusca Ioan**	First instance	no term	Dismisses the specified action as ungrounded.	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
		2010)								
48	Bihor Tribunal	3555/11 1/2010	Action for ascertainment	plaintiff	**MTS Leasing; Ban Liviu**	First instance	no term	IDC requested to the court to ascertain that there intervened the execution contract termination; partially admits the request	N/A	N/A
49	Bucharest Tribunal	25336/3/ 2011	eviction	plaintiff	**Ionescu Elena Ani Mihaela**	first instance	06-Nov-12	first term.	N/A	N/A
50	Bucharest Tribunal	29651/3/ 2011	eviction	plaintiff	**Hristeno Nicolae**	first instance	29-Nov-12	first term.	N/A	N/A
51	Bucharest Tribunal	29652/3/ 2011	eviction	plaintiff	**Mihalache Stefan Costin**	first instance	26-Nov-12	first term.	N/A	N/A
52	Bucharest Tribunal	33822/3/ 2010	eviction action, termination/claims	plaintiff	**DF Broker Exquisite SRL**	first instance	no term	admits the action, disposes the eviction of the defendant.	N/A	N/A
53	Bucharest Tribunal	49736/3/ 2011	eviction-refused from Court of Law of Buftea	plaintiff	**Rothav Construction Srl**	first instance	24-Apr-12	evidence.	N/A	N/A
54	Bucharest Tribunal	62268/3/ 2011	Subscription termination	plaintiff	**Apele Romane**	First instance	27-Mar-12	first term	N/A	N/A

B. List of litigations where Impact has the quality of defendant:

B.1.

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
1	Bucharest Tribunal	60772/3/ 2011	Civil liability	civil liable party	**ANAF**	first instance	16-Mar-12	administration of evidence	16,823,946	RON
2	Bucharest Court of Appeal	32826/3/ 2010	Claims coming from the takeover by assignment by the plaintiff of receivables of Summa Romania from contr. 42/2007	defendant	**SC Brooklyn Property Management SRL**	appeal	no term	Dismisses the appeal as ungrounded. With recourse	9,155,118	RON
3	High Court of Cassation and Justice	32874/3/ 2010	Claims coming from the takeover by assignment by the plaintiff of receivables of Summa Romania from contr. 6/2007	defendant	**SC Brooklyn Property Management SRL**	recourse	24-May-12	Cancels the attacked sentence and sends the case, to be rejudged, to the first court. Impact declared recourse	9,138,140	RON
4	Bucharest Tribunal	35939/3/ 2011(19/ 105/201 0)	Action for contractual damages	defendant	**Romconstruct & BRD SG**	first instance	11-Apr-12	for administration of evidence	8,018,174	RON
5	Bucharest Tribunal	30348/3/ 2010	IP requests the payment of damages following the failure to conclude the sale-purchase contract	defendant	**Institutul Pasteur**	First instance	25-Apr-12	evidence; IDC does not have quality anymore in this file as it assigned the quality of defendant	1,250,000	EUR
6	Bucharest Tribunal	45882/3/ 2009	action by which there was requested the return of the guarantee	defendant	**SC SUMMA ROMANIA SA**	recourse	no term	dismisses the request as ungrounded. With appeal in 15 days from the communication	490,940	EUR

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
			letter countervalue							
7	Bucharest Court of Appeal	45886/3/ 2009	Return of guarantee letter countervalue	defendant	**SC SUMMA ROMANIA SA**	First instance	no term	dismisses the recourse as ungrounded, maintains the measure of case suspension until the final solving of file 23619/3/2009	317,422	EUR
8	Bucharest Court of Appeal	5028/94/ 2009	claims (legal expenses)	defendant	**Bodogan Constantin and Aurel**	recourse	no term	admits the appeal declared by Impact. Partially changed the appealed sentence in the respect that partially admits the main action and obliges Impact to pay the amount of 102,784. Following the execution accomplished by intimates, Impact has to recover the amount of approximately 160,000 RON by the forced execution procedure return. Dismisses the recourse as ungrounded. Obliges the recurring to pay to the intimate the amount of 8080.96 lei, as legal expenses.	234,119	RON
9	Bucharest Court of Appeal	10892/3/ 2010	return of advance and penalties	defendant	**Peter John Leigh**	appeal	no term	dismisses the action.	34,692	EUR
10	Bucharest Tribunal	45236/3/ 2010	Termination of SPC under private signature and payment of penalties	defendant	**Peter John Leigh**	First instance	24-Oct-11	dismisses the action	131,446	RON
11	Bucharest Court of Appeal	48002/3/ 2009	return of land value	defendant	**STYLE MODA ROMANIA SA**	First instance	29-May-12	Admits the appeal declared by the appellant SC IMPACT DEVELOPER & CONTRACTOR SA. Entirely changes the appealed sentence in the respect that admits the exception regarding the prescription of the material right to action. Dismisses the action of plaintiff as	26,186	EUR

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
								being prescribed the material right to action. Obliges the intimate plaintiff to pay to the appellant defendant the amount of 13519.61 lei representing legal expenses for appeal. With recourse		
12	Court of Law of Buftea	2278/94/2011	claims/contract termination	defendant	**Farming consulting srl**	first instance	no term	the plaintiff gave up the action	39,923	RON
13	Bucharest Tribunal	32099/299/2006 (15895/3/2010)	claims (damages for construction vices)	defendant	**Stefanica Mihaela**	first instance after cassation	14-Dec-12	first term of the recourse declared by Impact ruled	35,000	RON
14	Court of Law of Buftea	6283/94/2010	claims- damages for delay of constituting servitude by authentic document	defendant	**Bobeica Andrei Sorin**	first instance	no term	Dismisses the action as ungrounded	31,824	RON
15	Constanta Tribunal	17735/118/2010	decis. authentic SPC	defendant	**Visan Petre Nicolae si Visan Genica**	first instance	no term	cancels the appeal as unstamped.	N/A	N/A

B.2.

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
16	Oradea Tribunal	9297/111/2010	request to pay contractual penalties	defendant	**Municipiul Oradea prin Primaria Oradea**	first instance	29-May-12	term for evidence	1,487,001	EUR
17	Constanta Tribunal	40442/212/20	claims grounded on sale-purchase contract with payment in installments,	defendant	**Sava Mircea Aurelian**	first instance	no term	dismisses the action, with appeal	500,000	EUR

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
		10	respectively interests for installments paid in advance and moral damages							
18	Bucharest Court of Appeal	9761/2/2011	commercial arbitration-claims for construction vices Degi	defendant	**Degi Construdava SRL**	cancellation of arbitral ruling	20-Apr-12	For solving the litigation in an amicable way	584,713	RON
19	Bucharest Tribunal	5876/3/2010	claims of damages for vices	defendant	**Dumitrescu Doina**	first instance	no term	admits the exception for the prescription of action material right. Dismisses the action as prescribed.	110,000	RON
20	Court of Law of District 1	21136/299/2009*	claims	plaintiff-defendant	**SC Summa Romania SA**	first instance	no term	registration to the creditor group	100,123	RON
21	Ploiesti Court of Appeal	20014/3/2010	resolution of contract for vices, IDC formulated a counterclaim for the payment of outstanding installments	defendant-plaintiff	**Plescan Petruta**	appeal	no term	action was dismissed. Admits the counterclaim formulated by Impact in the respect that obliges the plaintiff-defendant to pay the amount of approximately 65,000 RON. Cancels the appeal, as unstamped. Obliges the appellant to pay to the intimate the amount of 2480 lei, legal expenses representing the lawyer fee	59,116	RON
22	Court of Law of Buftea	5540/94/2007	document cancellation (dismembering documents)/claims	defendant	**Georgescu Maricica**	first instance after cassation	23-May-12	first term of recourse.	49,357	RON
23	Court of Law of District 1	11190./299/2007	claims (reason separated from the file for obligation to make; countervalue of	defendant	**Petcuta Danut**	first instance after	30-Apr-12	for the performance of technical expertise of constructions	33,150	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curre ncy
			lack of use)			cassation				
24	Court of Law of Buftea	297/94 /2011	payment call by which there is requested the payment of some amounts for which services were not supplied	defendant	**Viab Consulting Srl**	first instance	no term	dismisses the ordinance request as ungrounded.	30,811	RON
25	Bucharest Tribunal	44218/ 3/2011	Action for penalty claim	defendant-recurring	**Antonescu Adrian**	recourse	no term	Dismisses the recourse as ungrounded. Obliges the recurring to pay to the intimate the amount of 1200 lei expens.	15,182	RON
26	Court of Law of Buftea	7602/9 4/2010	Action for recovery of incompliant works	defendant	**SC Romconstruct SA**	First instance	no term	suspended according to art. 36 Law 85/2006	11,611	RON
27	Constanta Tribunal	81/118 /2009	claims deriving from construction vices	defendant	**S.C.Isac Maricica Contabilitate**	First instance	29-Mar-12	the plaintiff was requested to specify the value of each request reason according to the value established by the expertise report to establish the stamping to this value	4,552	RON
28	Bucharest Court of Appeal	31608/ 3/2010(1003/9 4/2010)	Networks	defendant-intimate	**& Amariucai, Salom, Stanescu, Humeniuc, Radio Consult, Paicu Claudia, Ispas Daniel, Ermis Ioana, Mihailesc Cristinel, Grigoriu C, Ciocan D, Antonesc,**	*appeal*	28-Mar-12	dismisses the action as inadmissible; the plaintiffs declared appeal	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
					Cioaca, Onirom, Maftei, Paul Man, Timpu A, Majed Samer, SC Rudyal, Rotaru, Oeru, Naftanaila Ionel, Paun Mihai, Clinciu, Go West, Flash Models					
29	Court of Law of District 1	49031/299/2011	complaint against resolution of prosecutor Nup	intimate	**Ionita Florian**	first instance	14-Mar-12	remained to be ruled	N/A	N/A
30	Bucharest Tribunal	23136/3/2009 (6108/2/2011)	Cancellation of the Decision of the General Council of Mun. Bucharest no. 263/2008	defendant	**CGMB / Mayor of the Municipality Bucharest/ Ionita**	Recourse	no term	dismisses the recourse as ungrounded. CGMB and Ionita Florian made a challenge for cancellation.	N/A	N/A
31	Bucharest Tribunal	5415/3/2009 (43654/3/2009)	cancellation of administrative document	intervenient	**Ionita Florian - Consiliul General al municipiului Bucharest**		21-Dec-11	dismisses the action as ungrounded.	N/A	N/A

Besides the above presented litigations appreciated as significant, the company also has ongoing a number of litigations with different debtors of the company coming from the supply of utilities or other small receivables as value. These litigations (approximately 100) comprise a total value of IDC claims of approximately 120,000 RON.

In order to better understand the situation of the litigations, these are grouped in some more important categories, namely:

1. Litigations with Romconstruct that, on the date of the present notes drafting, remained only two, are litigations coming from two construction execution contracts concluded in the year 2006, their cause being the very long delays of the constructor in the finishing of the works and its claims to receive amounts of money for unfinished works. The litigations are in the following situation: At position 1 in the litigations where Impact is a plaintiff by which there was admitted the provisional registration of Impact to the creditor group of Romconstruct for the amount of 16,025,023 RON, so the claims of Impact coming from the delays of the works were recognized, and respectively at position 4 in the situation of the litigations where Impact is a defendant, where Romconstruct requests the countervalue of the unpaid works and penalties. This file is pending on the dockets of the Bucharest Tribunal. A third file, from position 2 on list A, where Impact requests the payment of the delay penalties was suspended, being found in fact in the file from position 1 on list A;
2. Litigations with Floreasca Construction (former Summa Romania SA) and respectively Brooklyn Property Management SRL come from execution contracts signed in the year 2006 where Summa was executant and Impact beneficiary. These contracts were very much delayed and appeared from the part of Impact requests for penalties and from the part of Summa the request for the payment of some executed works. In the year 2008 Summa assigned the receivables to the company in the Brooklyn Group, that is a party in some of the trials that have the same origin. At present there are files on the list A, litigations from positions 5, 14, 15 and 19, that are either suspended due to the beginning of the insolvency procedure, or under recourse, but whose values are found in the amount with which Impact is registered to the creditor group of Summa, respectively position 3 in list A. On list B1 at positions 2, 6, 7 there appear claims of Summa/Brooklyn that were dismissed until at present.
3. Litigations with Pasteur from positions A 4 and B1 5 where there was taken over the trial quality by Sortway Ltd following the assignment of receivable and sale of litigious rights that took place in the year 2011.
4. Litigations with the Oradea Local Council coming from the so-called “penalties according to the joint-venture contract as of 02.07.2004“ from position B2 16 for which the forced execution was also attempted by the CL Oradea, that was dismissed (position A6).
5. Litigations with CL Cluj by which Impact requests amounts coming from the investments accomplished by Impact and respectively the project company Clearline Development&Management SRL for the accomplishment of the Lomb project to which CL Cluj-Napoca did not bring the land, so the project cannot be accomplished anymore. The total amount requested until at present is of over 21 million lei

plus legal interests, but that does not include the unaccomplished benefit requested by Impact by the conciliation call. For these amounts a separate action follows to be filed for.

6. Litigations with ANAF following the protocol drafted in the year 2010 by which Impact challenged the amounts and penalties established by the control document. Following the court decision in the first instance, from the total amount afferent to the main reason, the action of Impact was admitted for the amount of 760,957 lei, so, also the penalties of 1,214,786 lei afferent to this amount are not due. Thus, from the total amount there remained to be challenged in the recourse only the difference of 1,427,257 lei;
7. Litigations with Bodogan Aurel and Bodogan Constantin for amounts requested as penalties, positions A 10, 11, 13 and B1 8, are litigations that have begun from 2008, for which Impact was executed for amounts as penalties, but in the year 2011 there was admitted the request of Impact that these amounts are no longer due in the file from position A 11 and the procedures for execution return were begun;
8. There is also a number of litigations with authorities for certain issued documents or illegal sanctions, positions A 18, 20, 26, 27, 31, 34, 37, 38, 39, 40, 41, 42, 43, 44, 46, 54 and B2 30. These litigations do not have significant value, but the management has the obligation to attack all the illegal administrative documents;
9. There is also a number of litigations with smaller values by which Impact requests damages and rents until the release of the real estates for the lease contracts or the contracts with payment in installments that were terminated: positions A 17, 24, 29, 33, 50, 51, 52, 53
10. With regard to the file being at position B1, where Impact is called to be liable as a civil liable party for deeds performed by other persons, facts unconfirmed by court decisions, without having beed administered evidence in the file, the representative of the Prosecutor’s Office requested the institution of the distraint for the amount of 16,823,946 lei upon the goods of Impact, reasoned by the fact that the goods of the defendant (Stegaru Ruxandra) upon which the distraint was put are insufficient to cover the prejudice. Against the measure disposed by the court to institute the distraint upon the patrimony of Impact for the entire amount of 16,823,946 lei, the company Impact declared recourse. The companies Fondamento Forte and Patagonia Invest were called in this file as civil liable parties for the deed of Mrs. Stegaru Ruxandra. As the companies Fondamento Forte and Patagonia do not exist anymore, Impact was summoned as a successor in rights of the two companies that it absorbed.

Note 12 Related Parties

Nature of Relationships

In the year 2011, the company IMPACT SA realised trade relationships with a number of companies that are related parties. The list of the related parties with which Impact realised trade relationships is the following:

Denomination of company–related party:	Number and date of contract	Type of services/products purchased
Bipact 1995 SRL	1663/17.10.05	Client (materials)
	J3009/30.12.2011	Supplier (construction services)
SMART FIN INTERNATIONAL	CC/20.05.2011	Supplier
Actual Invest House SRL	158/20.04.07, 296/03.09.07	Client (construction)
	J190/01.02.07; 5/02.02.2011	Supplier
	J883/10.05.07 J2971/26.06.07	Debtor
	J2865/27.11.07	
CLEARLINE DEVELOPMENT & MANAGEMENT SRL	526/28.07.08; 527/28.07.08; 529/28.07.08; 553/08.08.08; 746/24.10.08; 748/28.10.08; 2/01.06.2010	Client: consultancy, marketing,
		design, project management, sublease
Millenium Consult Invest	CC/26.01.10; J138/28.02.11	Client (lease)
	12/15.07.2011; 13/10.10.2011	Supplier (services)
AD CONSULT LAND	J2780/31.10.07	Supplier (management services)
Intop Construction SRL	1/12.09.05	Client
	1681/20.10.05; 153/01.07.07; J255/05.04.11; J329/15.04.11	Supplier

The prices of the contracts concluded with the affiliated party companies are established under market conditions. In the year 2011, the company realised transactions with the related parties, as follows:

Sales to:	31.12.2010	31.12.2011
ACTUAL INVEST HOUSE	-240,816	-1,105,288
SMART FIN INTERNATIONAL	5,277	2,608
AD CONSULT LAND	1,229	5,121
BIPACT 1995 SRL	147,008	50,614
HOBBIT INTERMEDIERE ASIGURARI SRL.	102,164	14,067
INTOP CONSTRUCTION	3,340	2,976
CLEARLINE	3,523,860	9,430
MILLENIUM CONSULT INVEST	429,515	25,940
INVESTIMOB	-291,669	-14,290,627
Total	**3,679,908**	**-15,285,158**

Purchases from:	31.12.2010	31.12.2011
ACTUAL INVEST HOUSE	1,905,342	42,403
SMART FIN INTERNATIONAL	106,428	34,566
AD CONSULT LAND	488,430	411,246
BIPACT 1995 SRL	722,288	211,469
INTOP CONSTRUCTION	2,604	21,154
MILLENIUM CONSULT INVEST	0	113,091
INVESTIMOB	245,472	30,004
TOTAL	**3,470,563**	**863,933**

Following the transactions with the related party companies, there resulted the following balances as at 31st of December 2011:

Receivables from/Advances granted to:	31.12.2010	31.12.2011
ACTUAL INVEST HOUSE	6,159,367	3,139,920
SMART FIN INTERNATIONAL	62	358
AD CONSULT LAND	82	17,614
BIPACT 1995 SRL	159,763	167,373
HOBBIT INTERMEDIERE ASIGURARI SRL.	57,090	55,649
INTOP CONSTRUCTION	6,862	11,854
CLEARLINE	54,102	15,675
MILLENIUM CONSULT INVEST	418,912	426,055
INVESTIMOB	14,425,113	134,486
TOTAL	**21,281,354**	**3,968,983**

Debts to/Advances received from:	31.12.2010	31.12.2011
ACTUAL INVEST HOUSE	3,325	7,388
SMART FIN INTERNATIONAL	0	0
AD CONSULT LAND	41,583	0
BIPACT 1995 SRL	29,922	0
CLEARLINE	0	34,899
INVESTIMOB	2,472	2,472
INTOP CONSTRUCTION	0	74
MILLENIUM CONSULT INVEST	0	97,200
TOTAL	**77,301**	**142,033**

The value of the loans granted for the contracts under performance is presented below. Due to the affiliation relationship, the loans granted to the affiliated companies were granted in order to support and develop their activity, a reason for which there was made the decision not to charge interest. In the contract there is not specified a certain date regarding the loan reimbursement, but to the extent availabilities exist.

The balance of loans is also presented at Note 1, Financial Assets.

Credits granted	**31.12.2010**	**31.12.2011**
ACTUAL INVEST HOUSE	0	4,949
BIPACT 1995 SRL	86,489	79,777
INTOP CONSTRUCTION	1,128,838	1,128,838
INVESTIMOB*	27,000	27,000
TOTAL	**1,242,327**	**1,240,564**

In March 2012 there were signed credit contracts with Actual Invest SRL and Intop Construction SRL for loans with a value of 1,000,000 lei each, granted for the financing of the activity of residential compound administration, urban equipment, urban furnishing.

* Investimob Company merged during 2011 and therefore receivables and liabilities were taken over by absorbing company.

Note 13 – Subsequent Events

Bank Credits

On the date of 31st of March 2012, the statement of the banking loans was the following:

No. of Contract	Name	Currency	Val. of contract	Balance as at 31.12.2011	Balance as at 31.03.2012
301/30.08.2006	Piraeus Bank Greece, Londra br.	EURO	12,807,270	9,605,441.74	8,965,078.96
58/23.09.2005	Bancpost Floreasca	EURO	21,000,000	683,925.09	513,275.88
50070065/25,07,2007	Banca Romaneasca	EURO	7,993,204	3,140,187.22	2,854,715.65
50070066/25,07,2007	Banca Romaneasca	EURO	22,306,796	6,606,007.08	6,411,546.13
15/21.07.2009	Banca Transilvania	RON	9,000,000	2,596,310.79	2,155,712.33

In March 2012 on the request of the representative of the Public Ministry, the court of the Bucharest Tribunal disposed the institution of the ensuring distraint upon the goods of Impact Developer& Contractor SA up to the accomplishment of the amount of 16,823,946 lei in favour of ANAF. Against this decision the company filed for recourse. During the last two weeks there were made significant approaches for the clarification of the situation created by the court by the mode the session conclusion was made on the date of 28/03/2011, so as the activity of the company would not be blocked, but until at present there is no significant progress, because the state institutions do not understand how to proceed considering the lack of clarity of the disposition from the court conclusion.

Note 14 – Other Legal and Economic Information

During the period 7 December 2011 – 27 March 2012 the company was subject to a fiscal Inspection for V.A.T. reimbursement, a control that was ended on the date of 2 April 2012. The checked period was 01.01.2009 – 30.09.2011. By the taxation decision no. F-MC 91/30.03.2012 communicated on 2 April 2012 there was established V.A.T. to be reimbursed with a value of 1,807,123 lei.

With regard to the project *Business Support Center – Greenfield 2* of SC MILLENIUM CONSULT INVEST 2002 SA, on the first quarter of 2012, following the second visit on site from December 2011, the project financing was dismissed, because of the fact that a portion of approximately 400 m of the public road Aleea Teișani, District 1, Bucharest, being under the administration of the City Hall of the Municipality Bucharest, where the access to the designed project is provided, is not accomplished on a rigid structure (asphalt, concrete, pavings, cubic stone).

SC MILLENIUM CONSULT INVEST 2002 SA challenged the decision of AM POR for the project financing dismissal, because AM POR did not take into account the fact that the modernization / execution of a public road cannot be put in the charge and control of a private petitioner / economic operator. On the other hand, AM POR issued regulations regarding the characteristics of the access road, subsequently to the project submission, and these cannot be opposable to the project, retroactively, according to the law norms in force. Until the report date the challenge was not solved.

Impact also launched in February 2012 the product houses on land, in the extension from Junior and in the Amber area in Greenfield.

The Board of Directors proposed the issue of convertible bonds that is on the agenda of GMS as of 25 April 2012. According to the Call the amount proposed for the issue of bonds is of about 10 million EUR, that should cover the need of liquidities until the half of the year 2014, a moment on which most of the credit contracts will be reimbursed.

Administrator	Chief Accounting Officer
Dan Ioan Popp	Lidia Varzaru

Translation from Romanian language

Report of the Independent Auditor for Consolidated Financial Statements

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Report of the Independent Auditor

To:

The Shareholders and Administrative Board of IMPACT DEVELOPER & CONTRACTOR Group

1. We have audited the attached consolidated financial statements of Impact Developer & Contractor SA and its subsidiaries ("the Group"), which comprise: the consolidated balance sheet as of 31 December 2011, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year closing on that date, as well as a synthesis of significant accounting policies and other explanatory notes. The above-mentioned financial statements refer to:

	- thousands euro - **31 December 2011**
Total shareholders' equity	92,468
Net turnover	2,267
Net result-loss	(11,482)

Management responsibility for financial statements

2 The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The responsibility of the auditor

3.Our responsibility is to express an opinion on these financial statements based on our audit. Except for the issues presented in paragraph 5, 6 and 7, we conducted our audit in accordance with the International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

4.An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall

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presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

5.As the company didn't establish the net realizable value through valuation reports issued by independent evaluators for all inventories presented in financial statements as of December 31, 2011, we have not been able to ensure ourselves that inventories (finished goods – buildings in value of 12,900 keuro) are presented at minimum between cost and net realisable value. Consequently we cannot express any opinion on the valuation of those inventories and nor on the possible effect on company's performance of the results of such valuations.

6. As of December 31, 2011 The Group presents in the consolidated financial statements work and services in progress in total amount of 4,473 keuro representing investments in Dealul Lomb project (PUZ, roads, water and electricity networks etc). The group has a dispute with Municipality Cluj for recouping the invested amount in this project. We cannot estimate the results of the litigation and we have not been able to ensure ourselves about the correct valuation of the mentioned asset. Consequently, we cannot express any opinion on the valuation of the inventories and nor on the possible effect on company's performance of the results of such evaluations. The previous year audit opinion issued on the financial statements for the period ended December 31, 2010, expressed an emphasis of matter with regard to inventories valuation.

7. For the legal litigations presented in Note 25 ("Contingent Liabilities", paragraph B2) to the financial statements, either we have not received confirmation from the company lawyers, or we have received confirmations but without an estimate of the result of each respective litigation. In the absence of this information, we cannot estimate the risks that might arise for the company and the possible impact on the company's position and financial performance.

Opinion

8. In our opinion, with the exception of the effects of adjustments that might have been ascertained as being necessary if we had been able to ensure ourselves as to the issues mentioned in paragraphs 5, 6 and 7, the consolidated financial statements give a true and fair view of the consolidated financial position of **IMPACT DEVELOPER & CONTRACTOR SA** and its subsidiaries as of December 31, 2011 and of the results of the group's operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards and the accounting policies described in the notes to the consolidated financial statements.

Noteworthy issues

9. Without qualifying our opinion, we draw attention to the following issues:

a. As a result of the financial crisis and of the global economic downturn, the Romanian real estate market was subject to a significant fall in 2011 compared to previous years with regard to the individual value of transactions as well as their volume. This trend also became manifest in the case of Impact Developer and Contractor Group. Given this situation, the company management drew up

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and presented in Note 23 ("Other legal and economic information") to the financial statements drawn up as of December 31, 2011 an action plan on minimizing over the following twelve months the negative effects of the shrinkage of the real estate market.

b. In the audit report on the financial statements drawn up on 31 December 2010, we did not express any opinion with regard to the correctitude of the calculation of the tax liability due to the local budgets with regard to the property tax (buildings and land), the value of the debts accruing from local taxes and their possible impact on the profit and loss account. In 2011 a tax inspections were carried out by the local authorities, with the scope of establishing the aforementioned local taxes liability, which resulted in shortfalls of local taxes of immaterial value to be paid by the company.

c. As presented in Note 22 ("Subsequent events"), in March 2012, at the request of the Public Ministry, a Bucharest Tribunal's Court decided that goods belonging to Impact Developer and Contractor S.A. up to the sum of 16,823,946 lei to be sequestered at the A.N.A.F (internal Revenue Agency) disposal. The sequester has as object 2 pieces of land located in Bucharest, 350 Teisani Street, District 1 in a total area of 52,234 sq.

d. As laid out in Note 24, the paragraph titled "Shares owned in affiliated entities", in December 2011 the Impact management decided to sell 36 shares owned in Bipact 1995 S.R.L. in an amount, as par value, of 900 lei. As a result of this transaction, the Impact holdings in Bipact decreased from 63% to 4.83%.

e. As laid out in Note 24 at the paragraph titled "Shares owned in affiliated entities and Note 4 ("Inventories"), Impact owns shares with a par value of 539 keuro (45%) in Millennium Consult Invest 2002 S.A., the developer of the Greenfield 2 Business Support Centre, a project co-financed from the European Development Fund via the Regional Operational Programme and has executed investments (work in progress) with a value of 724 keuro. Although in 2010 the Management Authority accepted the Greenfield 2 Business Support Centre project, this acceptance following to be finalised through signing of a financing contract, after evaluation of the conformity of the technical plans and a visit to the site, the Management Authority then rejected the project in 2012. Millennium Consult Invest 2002 S.A. has appealed this decision and, upon the case, it will take legal action against the Management Authority, considering that the project was rejected illegally.

f. As presented within the Note 24, Investimob was merged in 2011 into Rot Apact. Along this merger, Intop Construction, initial owner of Investimob, got a 42% ofRot-Apact. In December 2011, Intop sold its participation in Rot-Apact to several natural persons, and consequently, Investimob was not included in consolidation process.

g. In connection with commercial transactions undertaken with related parties, we should draw attention to the fact that, according to the Romanian Tax Legislation, the prices utilized in these transactions must be at arm's length principle.

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10. The present auditor's report was prepared with a view to its use by the company and its shareholders gathered in General Meeting of Shareholders, according to the provisions of Law 31/1990 republished. To the fullest extent permitted by law, we do not accept or assume liability to anyone other than the company or the company's members as a body, for our audit work, for this report or for the opinions we have formed.

RSM Scot SRL
CAFR member (no. 322/31.05.2001)

18 May 2012
Bucharest

AUDITORS • ACCOUNTANTS • TAX ADVISORS
RSM SCOT
S.R.L.
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Consolidated financial statements for the year ended December 31, 2011

Contents

Balance Sheet

	31 December 2011	31 December 2010
ASSETS		
Non-current assets		
Property, plant and equipment	5,070	4,970
Investment property	60,997	70,086
Investments	539	1,236
Intangible assets	27	50
	66,634	**76,342**
Current assets		
Inventories	42,994	47,670
Trade receivables	11,341	13,939
Prepayments and other receivables	51	44
Cash and cash equivalents	2,121	7,742
	56,507	**69,394**
Total Assets	**123,140**	**145,736**
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	56,846	57,340
Capital paid in excess of par value	19,455	19,683
Revaluation surplus	1,991	2,072
Accumulated result – profit	14,175	26,007
	92,468	**105,101**
Minority interest	**-7**	**21**
Non-current liabilities		
Borrowings	14,992	22,990
Deferred incomes	4,808	6,540
	19,800	**29,529**
Current liabilities		
Trade and other payables	4,072	4,626
Short term borrowings	0	0
Current portion of interest-bearing borrowings	6,248	5,956
Provisions	559	502
	10,879	**11,084**
Total Equity and Liabilities	**123,140**	**145,736**

The consolidated financial statements along with the Notes to the financial statements presented from page 9 to page 62 have been authorised to be issued on 18 May 2012 by the Executie Manager and signed by:

Carmen Sandulescu
Executie Manager

Lidia Varzaru
Chief Accounting Officer

Income Statement

	2011	2010
Turnover	**2,267**	**6,169**
Effects from IAS 40 – revenue/(cost)	-8,251	-23,756
Other operating income	3,362	3,068
Change in inventory of finished goods and work in progress	-6,580	-5,293
Work performed by the enterprise and capitalised	5,816	2,454
Raw material and consumables	-714	-532
Staff costs	-392	-674
Depreciation and amortization expenses	-414	-474
Other operating expenses	-6,647	-8,334
Net finance cost	-1,601	-412
Income from associates	-8	293
Profit before tax	**-13,161**	**-27,492**
Income tax	1,679	3,856
Profit after tax	**-11,482**	**-23,636**
Minority interest	23	-3
Net profit for the period	**-11,459**	**-23,639**

Statement of Changes in Equity

Description	Share capital	Capital paid in excess of par value	Revaluation surplus	Retained earnings	Translation adjustments	T o t a l
Balance as at Dec. 31, 2010	**57,340**	**19,683**	**2,072**	**37,981**	**-11,974**	**105,102**
Investimob				-390	6	**-384**
Exchange diff. (*)	-	-159	-81	143	-132	**-229**
Net result of the period	-	-	-	-11,459	-	**-11,459**
Dividends distributed	-	-	-	-	-	**0**
Losses from shares redeemed	-	-69	-	-	-	**-69**
Losses related to equity instruments	-494					**-494**
Revaluation reserved	-	-	-	-	-	**0**
Decrease in fixed assets value, previously recognised in revaluation surplus	-	-		-	-	**0**
Balance as at Dec. 31, 2011	**56,846**	**19,455**	**1,992**	**26,275**	**-12,100**	**92,468**

Statement of Cash Flows by the Indirect Method

	2011	2010
Cash flows from operating activities		
Profit before taxation	**-13,161**	**-27,492**
Adjustments for:		
Translation adjustments	-647	-1,608
Revenues from investment property	8,251	23,756
Minority interest	-4	-11,599
Depreciation	414	474
Loss / (profit) on disposals of non-current assets	6	-222
Increase / (Decrease) in provisions for risks and charges	202	486
Increase / (Decrease) in allowances for bad debts	41	546
Increase / (Decrease) in allowances for inventories	3	0
Increase / (Decrease) in impairment for participations	713	
Interest income	-480	-1,379
Interest expenses	1,370	1,544
Other finance (income)/expenses, net	-8	-3
Operating profit before working capital changes	**-3,301**	**-15,496**
Decrease / (Increase) in trade and other receivable	4,754	1,090
Decrease / (Increase) in inventories	3,845	8,893
Increase / (Decrease) in trade and other payable	-446	-2,028
Cash generated from operations	**4,852**	**-7,541**
Income tax paid	-24	-47
Net cash from operating activities	**4,828**	**-7,588**
Cash flows from investing activities		
Aquisition of other financial assets	-16	
Purchase of property, plant and equipment	-3,176	8,481
Proceeds from sale of non current assets	1,533	516
Net cash used in investing activities	**-1,660**	**8,997**
Cash flows from financing activities		
Proceeds from issuance capital	0	122
Movements in long term loans	-7,697	-5,076
Movements in leasing contracts	-8	-62
Interest (paid)/received, net	-1,033	-10
Other finance expenses paid, net	8	3
Dividends paid/profit share to employees	-60	-3
Net cash used in financing activities	**-8,789**	**-5,026**
Net increase/(decrease) in cash and cash equivalents	**-5,621**	**-3,617**
Cash and cash equivalents at beginning of period	**7,742**	**11,395**
Cash and cash equivalents at end of period	**2,121**	**7,742**

Note 1. ORGANIZATION and OPERATIONS

Impact Developer & Contractor S.A. is one of the first private companies active in this industry, having been founded in 1991 by public subscription. Initially, its main activities were the lease and maintenance of luxury villas in the Bucharest area. In 1995, Impact introduced the concept of the “residential compound” to the Romanian market and thereafter progressively evolved into a pure real estate developer. Since 1996, Impact has been the only local developer to be listed on the Bucharest Stock Exchange (BSE). In 2006, the company’s shares were promoted to the first tier of the stock market, becoming the first company in the real estate development and building sector to do so.

Initially a developer of small, residential properties in Bucharest, Impact now focuses mainly in the development of large-scale projects having initiated mixed-use projects in Bucharest.

Since 1995, Impact has expanded its activities nationally and developed over 2,200 dwellings as well as 25,000 sqm of office and retail space. Impact completed 16 small and medium projects in the last 19 years. The company is currently involved in four developments, each with a distinct project time frame and at a different stage of completion. Its pipeline is dominated by one major project: the Greenfield development from Bucharest.

In 2011 the total number of the contracts signed for residential dwellings increased from 118 contracts signed in 2010 to 150 contracts signed in 2011. From the total number of 150 dwellings, 69 were sales contracts paid in full or paid in installments, and the rest of 81 dwellings were rented. The renting contracts increased with 84% compared with the previous year, so in 2011 there was registered a preference for renting over purchasing residential units comparing with 2010.In 2011 there were also sold small land plots for housing and small businesses in Bucharest-Ilfov and Ploiesti, totaling 6350 sqm.

Management keeps an eye on the market’s pulse and responds appropriately to any changes in demand by adapting very quickly to the market changes.

In 2011, in the fourth year of the financial crisis, Romania’s strong performance in industrial production, as well as its solid export performance helped the recovery of the country’s GDP. Favorable economic conditions, including lower unemployment rates started a slight recovery in domestic demand. Although sentiment has improved globally with sharp declines showing signs of leveling off, both investors and lenders remain risk averse and investment and lending activity remain very restrictive.

Regarding the company strategy, IMPACT, in 2011 had as goals:

- To focus on capitalizing on the finished dwellings and redesigning the estates in different stages of execution, allowing changes such as to best possibly fulfill the market requirements, adapting the sale strategy to the market conditions by introducing new *selling* solutions (Home Upgrade and Max Avantaj)*;*
- To offer for sale small land plots to individuals and small companies for the development of houses and/or small businesses. As a result, in 2011 there were sold over 6000 sqm of land plots in Bucharest, and Ploiesti.
- To release two new innovative products: KALEIDOSCOPE – multifunctional dwelling "3 in 1" that offer three living functions in one space, and ACTIVE HOME – a house with independent solutions for utilities, which is based on an integrated system for water, sewage, heating and electricity;
- To identify partners at the project level in order to diminish the risk of the projects to be developed

Company Organisation

IMPACT Company is led by the General Shareholders' Meeting which, through the Managing Board chosen by the shareholders, takes the decisions pertaining to the company's strategy. .The executive power is exercised by the CEO of the company. The company has also an executive director .

Mission

IMPACT must identify a clean setting, linked to the city by modern roads, must offer level plans and facades which can cover a larger area of the financial possibilities of its clients, accomplish durable and high quality construction and fittings, grant performance guarantees and more flexible payment mechanisms, adapted to the financial availability of the clients.

In order to draw respect and exceed the expectations of the real estate market, the corporation IMPACT promotes its values, abiding by them in any activity.

The Company's organisational culture has as a basis the following set of values:

- **Client satisfaction** – translated as client orientation, by the provision of high quality products, adapted to its needs;
- **Communication** – we believe that efficient communication is at the core of development;
- **People –** concern for people is translated through the attention offered to representing the interests of our employees and shareholders;
- **Pro-activity** – or product choice based on the identification of opportunities;
- **Continuous learning –** is the essential leverage for being competitive on a market with incessant development;
- **Business ethic –** granting safety to clients and suppliers

The most effective management system

IMPACT Developer & Contractor is permanently concerned for the quality of the products and services that it provides but also for the improvement of the life quality of its employees and for the protection and development in a systematical and conscientious mode of the environment.

The company was ISO certified in 2005: ISO 9001: 2000 and 2004: ISO 14001, the integrated management system being re-acknowledged by an auditing survey in the 2006.

By the implementation of this integrated management system IMPACT Developer& Contractor S.A succeeded in ensuring the coherence of the three aspects (quality, environment, occupational health and security) inside the processes, in minimizing the dissipation of responsibilities and, at an equal extent, in having a unitary vision upon the development projects or upon the provided products and services. Also, the integrated management system allowed the constitution of the framework for the putting into application in an efficient way of the specific concepts and techniques of project management.

On external plan, the concern for quality, environment, occupational health and security took shape by an attentive keeping under control of the outsourced processes for the execution of construction works and of installations afferent to these. Thus, IMPACT Developer& Contractor S.A imposed to all its partners to apply consequently its quality, environment and occupational health and security policies.

Company history

Impact has successfully developed a diverse range of projects in the Northern part of Bucharest, allowing it to become the most prominent residential developer in Northern Bucharest.

Starting with 2003 Impact expanded also in Constanta, Ploiesti and Oradea and developed more that 500 units in this locations also.

On-going Projects

The company is currently involved in four developments, each with a distinct project time frame and with a different completion stage. Its pipeline is dominated by one major project: the GreenfieldProject.

Greenfield Project in Bucharest

Greenfield, one of the largest mixed-use development projects in Romania, is located in the northern area of Bucharest, bordered on two sides by Baneasa Forest and Tunari Forest. This provides a relaxed and unpolluted environment together with landscaped green areas.

Greenfield is based on a “neighbourhood” concept, providing all types of facilities required by habitants of a modern city: residential neighbourhoods – flats, office buildings, shopping malls and commercial galleries, hotels, public facilities – schools, health care facilities, kindergarten, and leisure areas – tennis courts, playgrounds, parks.

The project was conceived in two phases, Greenfield 1 (phase 1) and Greenfield 2 (Phase 2 – Phase which is divided in 7 sub-phases).

Greenfield I (phase 1) is located in the South-Eastern part of the project and is developed on 9 ha. It is a residential project and it comprises over 670 residential units divided in 5 compounds:

Rubin, Topaz, Blue, Onix and Quartz

Rubin, Topaz and Onix compounds were finalized in 2008, Blue compound in 2009 and the Quartz compound was finalized in July 2010. The dwellings from Quartz compound can be delivered either completely finished or without finishing depending on the client's choice.

Note 2. ACCOUNTING POLICIES

The summary of significant accounting policies and principles adopted in preparation of the accompanying financial statements is as follows:

2.1 Reporting entity

Impact Developer & Contractor SA (the Company) presents these consolidated financial statements. These consolidated financial statements incorporate the results of the Company and its subsidiaries: Bipact 1995 SRL, Hobbit Intermediere Asigurari SRL, Actual Invest House SRL, Millenium Consult Invest 2002 SRL, Intop Construction SRL and Clearline SA as detailed in Note 23 "Principal subsidiaries".

2.2 Basis of presentation, reporting currency and translation

The accompanying financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). These financial statements have been prepared under the going concern assumption on the basis of the statutory accounts. They are not the statutory accounts of the Group.

The Group companies maintain and prepare their statutory records ("Statutory Financial Statements") in accordance with Romanian Law and Romanian Accounting Standards ("RAS") and practice, in Romanian historical currency ("RON"). The accompanying financial statements ("IFRS Financial Statements") are based on RAS records, which are maintained under the historical cost convention with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

IAS 21 “The effects of changes in foreign exchange rates” requires that the financial statements of a foreign entity that reports in the currency of a hyperinflationary economy should be restated in accordance with IAS 29 “Financial reporting in the Hyperinflationary Economies” before being translated into a different reporting currency. The restatement of financial statements in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power of reporting currency.

It is a consensus that Romania ceased to be a hyperinflationary economy during the year 2004. Therefore, the Group companies discontinue the preparation and presentation of the financial statements in accordance with provision of IAS 29, but according to provision of IAS 21 it will use for reporting purposes the amounts expressed in the measuring unit current at the date of discontinuation (31 December 2003) as historical cost for translation into EUR.

The primary guidelines followed in translation of the financial statements of the Group companies are as follows:

- **Assets and liabilities** for all balance sheet presented (including comparatives) are translated at the closing exchange rates existing at the date of each balance sheet presented (4.3197 RON/EUR as at December 31, 2011 and 4.2848 RON/EUR as at December 31, 2010).

- **Income and expense items** for the current reporting period are translated at the average exchange rates RON/EUR for the reporting period (4.2379 RON/EUR).

  Comparative figures in the income statement have been derived by applying the RON/EUR exchange rate as at December 31, 2010 to the amounts expressed in current monetary units as of that date (4.2099 RON/EUR).

- **Equity items,** other than net profit and loss for the period that is carried forward, which have been contributed or accumulated before date of discontinuation are restated from their historical cost by applying the general price index to 31 December 2003 before being translated at the closing exchange rates existing at the date of each balance sheet presented.

- **All exchange differences** resulting from the translation of the current year financial statements are recognized directly to the equity while the effect of translation on the Company's net monetary position until date of discontinuance was included in the income statement as translation gain or loss.

Use of estimates

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates have principally been made in respect of estimated impairment allowance, provisions for risks and charges, allowances for doubtful debts and for old and slow moving inventories and deferred tax. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

2.3 Summary of significant accounting policies

(a) Property, plant and equipment

Non-current tangible assets are stated in the balance sheet by applying the closing exchange rate RON/EUR rates existing at the date of each balance sheet presented to their either historical costs or revaluated value in RON.
Historical cost for the assets acquired until date of discontinuance is expressed the measuring unit current at the 31 December 2003 before being expressed in EUR.
When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposals is included in the income statement. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any direct attributable costs of bringing the asset to its working condition and location for its intended use.

Straight-line depreciation is recorded based on the following estimated useful lives:

	Years
Buildings	40
Equipment, furniture and fixtures	3-12
Vehicles	4

(b) Intangible assets

Intangible assets are stated in the balance by applying the same approach as for Property, plant and equipment. Intangible assets are amortized on a straight-line basis over 3 years.

(c) Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income for items carried at cost.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the conditions leading to the impairment losses recognized for the asset no longer exist or has decreased. The reversal is recorded in income.

(d) Investment properties

The Group has ownership over properties that are not held for a specific purpose. The properties consist in land held in different locations. The Group has adopted in 2006 for the first time the provisions of IAS 40 "Investment properties". As disclosed in Note 11 "Revenues from investment properties", the changes in value of the investment properties are reported directly to the income statement.

(e) Group accounting

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

If some subsidiaries do not have significant influence to the Group figures then the subsidiary's figures have not been consolidated. The investment of parent company in those subsidiaries is presented at cost under "Financial investment" line in balance sheet. Also, the investments in companies where the voting rights are below fifty percent are presented at cost under the same line in balance sheet.

(f) Inventories

Inventories are valued at the lower of acquisition/production cost and net realizable value, after provision for obsolete items. Cost is calculated on a first-in-first-out (FIFO) basis.

According to the economic reality and the policy of Impact, land being intended for sale to their greatest extent, they are considered raw materials. Due to their special character, the method to calculate the cost is the Weighted Average Cost (WAC) and includes besides the proper acquisition cost other expenses as well caused by their bringing into the shape intended for sale.

Where necessary, an allowance is created for slow moving and obsolete inventories in order to arrive at the net realizable value, so a 50% provision for inventories without any movement for a period of three months.

Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Obsolete inventories are identified individually and provided in full.

For slow moving inventories the allowance is created based on an estimation of the age of inventories by each main category is made, considering the stock turnover by each main category and inventories older than one year, estimated as described above.

(g) Receivables

Receivables are stated at cost net of a provision for doubtful debts, estimated based on known relevant factors affecting collectability. Ultimate losses may vary from the current estimates.

(h) Cash

Cash includes cash on hand and cash with banks. The cash in bank and in hand in foreign currencies was re-evaluated with the exchange rate communicated by the National Bank of Romania at the end of the period. The exchange differences related to the revaluation were recorded in the Income Statements.

(i) Provisions

A provision is recognized when, and only when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. When discounting is used, the increase in provision reflecting the passage of time is recognized as interest expense.

(j) Revenue and expense recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from sale of goods is recognized when all the following conditions, including the above, have been satisfied:

- The enterprise has transferred to the buyer the significant risks and rewards of ownership of goods;
- The enterprise retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues and expenses exclude Value Added Tax and are recorded on an accrual basis.

(k) Financing Costs

Interest is charged to income statement on accrual basis.

(l) Income taxes

The taxation charge is calculated in accordance with Romanian taxation regulations and is based on the results reported in the income statement of the Company prepared under RAS after adjustments for tax purposes.

Current income taxes are provided on statutory income, as adjusted for certain items by tax legislation, at a rate of 16%.

Deferred Taxation

In accordance with IAS 12 (“Income Taxes (revised)”), deferred tax liabilities and assets are recognized for the tax effects attributable to differences between the tax and book bases of assets and liabilities (i.e. future deductible or taxable temporary differences) and carry forwards, using the currently enacted tax rates. The measurement of deferred tax assets are then reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

For the deferred tax we applied a current rate of 16%.

(m) Related party

For the purpose of the accompanying financial statements, the parent company and the companies identified by the Company as being associated with it are considered and referred to as related parties.

(n) Contingencies

Contingent liabilities are not recognised in the accompanying financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

(o) Employee benefits

The Company does not sponsor any pension or other post retirement benefits plans for its employees. All the employees of the Company are members of pensions plan sponsored by the Romanian government. The Company has no further obligations with respect to pension plan.

(p) Comparatives

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

Share sales to the employees

The shares included into the loyalty program developed by IMPACT DEVELOPER & CONTRACTOR S.A. have a nominal value of 1 RON. The company's shares are traded on the category I of the Bucharest Stock Exchange.

Note 3. Property, plant and equipment

Description	Land& Buildings	Investment property	Plant & equipment, Vehicles	Office equipment	Fixed assets under construction	TOTAL
Cost						
At 31.12.2010	**4,629**	**70,086**	**1,686**	**199**	**46**	**76,646**
Exchange diff	-37	-566	-14	-2	0	**-619**
Additions	9,420	1,708	49	0	5,582	**16,760**
Change in investment property (*)		-8,251				**-8,251**
Disposals	-8,926	-1,980	-37	-11	-5,629	**-16,583**
At 31.12.2011	**5,086**	**60,997**	**1,685**	**187**	**0**	**67,954**
Depreciation						
At 31.12.2010	**204**	**0**	**1,248**	**138**	**0**	**1,590**
Exchange diff	-2	0	-10	-1	0	**-13**
Charge	655	0	121	25	0	**801**
Disposals	-468	0	-23	-1	0	**-492**
At 31.12.2011	**389**	**0**	**1,336**	**161**	**0**	**1,886**
Impairment						
At 31.12.2011	0	0	0	0	0	**0**
Net Book Value						
31.12.2010	**4,425**	**70,086**	**438**	**61**	**46**	**75,056**
31.12.2011	**4,697**	**60,997**	**349**	**25**	**0**	**66,068**

The Group's tangible assets have been revaluated in 1994, 1998, 2000, 2003, 2006, 2009 and 2010.

At the end of the year 2011 there took place a revaluation of construction-type fixed assets. The revaluation was made by Parker Lewis for the land and by the valuation expert Vasile Monica for the rest of the properties. The revaluation was made on the basis of real value. Following this revaluation there resulted both positive and negative differences, cumulatively the value of assets decreasing. According to the accounting regulations, when the revaluation result is a decrease of net accounting value, this is treated as an expense with the entire depreciation value, when in the revaluation reserve is not registered an amount related to that asset.

(*) The Group decided to adopt starting with 2006 the alternative treatment recommended by IAS 40 “Investment properties”, recording part of the land owned and the rented units at their market value. An authorised external evaluator has revaluated these properties. The difference between the historical cost of the land and the revaluated amount has been recognised directly to income statement.

In the year 2011, due to the existing economic context, work was done only in order to finish the started units from the residential compounds. For this reason, the value of the construction works compared to the preceding year is much diminished. In the range of the products offered by the company there are included both completely finished dwelling units, and some dwelling units on red stage, and others on plaster, so as the clients may purchase the products that are the most fit for their needs.

In August 2011 there were finished the approaches for the sale of a new real estate type P+3 within the Greenfield assembly, with a total built area of 919 sqm placed on the afferent land, plus a land plot with a surface of 693 sqm adjacent to the construction. The transaction was concluded on the date of 1st August, having a value of 1 million Euros plus V.A.T. The concluded transaction consolidates the existing advantages for the inhabitants of the Greenfield urban pole, as it allows the expansion of the volume and range of services afferent to education, sports and free time available for the children of the families in the area. On the third quarter there were terminated the contracts afferent to 33 constructions following the beneficiary entering liquidation. Following this termination there was recorded a minus per revenues from the sale of products in an amount of 12.07 mil lei. At present these constructions were recorded in inventories, 17 constructions with a value of 5.12 mil lei as finished products and 16 constructions with a value of 4.19 mil lei as tangible assets.

At the end of the month of December 2011 there existed a number of 395 houses and apartments of which 216 units are rented or held for lease, 176 units are held in stock for sale and 3 units are fixed assets.

In the year 2009 there was started a new assembly in Greenfield - RFR, with 46 apartments in the first phase. For the moment the capitalized costs comprise design, taxes, advices, etc. The investment afferent to the Dealul Lomb project is in an amount of 4,473 keuro representing investments in Dealul Lomb project (PUZ, roads, water and electricity networks etc). These were established by the framework contract no. 55423/04.07.2007 concluded between Impact Developer&Contractor SA and Cluj-Napoca Local Council as a prerequisite for the establishment of the company Clearline Development (former Lomb SA). In the year 2011 Impact summons for trial the Local Council of the Municipality Cluj-Napoca (file 79/1285/2012) requesting its obligation to pay damages and the afferent legal interest. According to the estimates of an independent law office there are significant chances that these costs would be recovered from the Cluj-Napoca Local Council.

Note 4. Inventories

The inventories consist of the followings:

Description	31 December 2011	31 December 2010
Land and advances for land	17,971	17,971
Raw materials and production supplies	3	419
Allowance for old and slow moving raw materials and production supplies	-271	-322
Work in progress	12,779	13,078
Finished goods	12,458	13,099
Merchandise	0	3,350
Advance payments	55	75
Total	**42,994**	**47,670**

Note 5. Trade and other receivables

The accounts receivable comprise:

Description	31 December 2011	31 December 2010
Trade accounts and notes receivable	9,264	9,567
Allowance for bad and doubtful debts	-696	-358
Income tax receivable	694	698
Sundry debtors	1,183	2,471
Allowance for sundry debtors	-485	-638
VAT and other state budget receivable	886	1,019
Interest receivable	30	45
Short term investments (*)	0	567
Advances to suppliers	466	570
Total	**11,341**	**13,939**

(*) Short term investments position is containing own shares bought by the Group from the stock market, at market value.

On 26 May 2011, according to the decision of the BoD as of 27.04.2011 Impact Developer&Contractor SA alienates the receivables held to the Pasteur Institute to Sortway LTD for the amount of 1,500,000 Euros, that makes that the balance of the „Sundry Debtors” account would decrease by the amount of 6,913,637 lei on 31 December 2011. This receivable assignment had as its purpose the insurance of immediate liquidities to the company, without recording a loss related to the amounts registered in the books, resulting only a small loss due to the exchange rate difference from the payment performance moment and the moment of collecting the amounts related to the receivable assignment.

Note 6. Prepayments

Description	31 December 2011	31 December 2010
Prepayments	51	44
Total	**51**	**44**

Note 7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Description	31 December 2011	31 December 2010
Cash in bank	2,090	3,227
Short term investments	0	4,502
Cash and cash equivalents	30	13
Total cash and cash equivalents	**2,121**	**7,742**

Note 8. Share capital

- amounts in this table are in RON -

	31 December 2011	31 December 2010
Nominal share capital	197,866,574	200,000,000
Inflation adjustment to share capital	47,691,754	45,690,586
	245,558,328	**245,690,586**
Closing exchange rate:	4.3197	4.2848
Share capital in EUR:	**56,846,153**	**57,340,036**

SC Impact SA was established in the year 1991, on the grounds of Law 31/1990. On the date of 04.10.2006 the company moves its registered office from Bucharest 1st District in Ilfov, the town Voluntari in the Construdava Business Centre. Also on this date the company changes its denomination as well. The identification data of the company are :

Denomination : IMPACT DEVELOPER & CONTRACTOR SA

Address : Voluntari, Pipera-Tunari Road no. 4C, Construdava Business Center, fl. 6, Ilfov County

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

Registered with the O.R.C. from T.M.B. under no. J 23/1927/2006

C.I.F. RO1553483

The subscribed and paid-up share capital of the company as at 31st of December 2011 is of 197,866,574 RON. The nominal value of a share is of 1 RON.

On the date of 11 October 2011, the Extraordinary General Meeting of Shareholders approved the decrease of the share capital, from the amount of 200,000,000 RON, respectively 200,000,000 shares, by the cancellation of the shares acquired by the company in a number of 2,133,426 shares. The share capital of the company, following this operation, became 197,866,574 RON. The registration date approved by EGMS was 28.10.2011, and the operation of the share capital decrease with Depozitarul Central SA took place as at 06.02.2012.

The structure of the shareholding as at 31st of December 2011 was the following:

Shareholder	Holding – according to the statement of Depozitarul Central	Holding – corroborated with the D.EGMS for share capital decrease
Popp Ioan Dan	16.34%	16.52%
Sandulescu Carmen Daniela	9.59%	9.69%
SALINK LIMITED	10.00%	10.10%
Artio International Equity Fund	8.46%	8.55%
TEMPLETON G.I.T-T.EM.MKTS SMALL CAP FUND	6.09%	6.15%
FONDUL DE PENSII ADMINISTRAT PRIVAT ING	5.81%	5.88%
Other legal entities, out of which	23.79%	22.97%
- foreign entities	15.38%	15.55%
Other natural persons, out of which	19.92%	20.14%
- foreign pers	0.44%	0.45%
Total	100.00%	100.00%

The company Impact Developer & Contractor SA has been traded to the Bucharest Stock Exchange since the year 1996, and beginning from the year 2006 its shares, at present in a number of 197,866,574, have been quoted in the 1st category.

25.93% of the company shares were held, as at 31.12.2011, by the company management.

Information Regarding Employees, Administrators and Directors

Structure of Personnel Expenses

In the year 2011 the number of employees decreased from 51 to 27, a decrease also reflected in the expenses with personnel remuneration.

Description	31.12.2010	31.12.2011
indemnifications for the Board of Directors	81,624	151,814
salaries of directly productive employees	132,994	9,042
salaries of TESA	1,469,350	750,491
exp. with social insurances and protection	425,863	217,081
TOTAL	**2,028,207**	**1,128,428**

Company Management

The current members of the Board of Directors were reelected by the Decision of GMS no. 3/11.10.2011, for a mandate of four years, except for Mr. Radu Bugica that was elected in the position of administrator for a mandate of four years by the Decision of GMS no. 1 / 16.04.2011.

Until 25.04.2012, Mr. Dan Ioan Popp occupied the position of Chairman of the Board of Directors. After this date, this possision is occupied by Mr. Dimitris Sophocleous who is the former finance director of mobile division Romtelecom.

The rights, powers and operating mode of the Board of Directors are in accordance with art. 8, art. 9, respectively art. 10 in the Articles of Association of the company Impact Developer & Contractor SA.

According to the Decision of GAS nr. 1/25.04.2012, the members of the BoD have the right to a monthly gross allowance with a value of 5,000 RON t, and the chairman of the Board of Directors has the right to a monthly gross allowance with a value of 10,000 RON.

Administrators at the end of December 2011

	Name	Position	Identification Data
1.	Popp Ioan Dan	Chairman of BoD	1570411400459
2.	Ionescu Valeriu Nicolae	Administrator	1520411400095
3.	Bugica Radu	Administrator	1651213384184

Executive Management

Surname	Name	Position	Citizenship
Sandulescu	Carmen Daniela	Executive Director (Economic)	Romanian

Note 9. Borrowings

Description	31 December 2011	31 December 2010
Long and medium term bank loans	20,637	28,169
Bonds – long term	0	0
Financial leases	4	12
Guarantees – long term	599	765
Total borrowings	**21,240**	**28,946**

The statement of the credits under performance at the end of the month of December 2011 is presented below.

At chapter subsequent events there appears the statement as at 31.03.2012 of the balance of credits.

1. Piraeus Bank

Credit contract no. 301/30.08.2006 Value: 12,807,256 EUR Due date : 31.07.2015

Object : financing in a proportion of 85% of the acquisition of a land plot situated in Bucharest, 6th district, Prelungirea Ghencea no. 402 - 412.

Interest: EURIBOR at 3 months plus a margin of 6 percentage points per year, the calculation of interests will be performed for the daily balance of the credit account and will be reported to a 360-days year.

Penalties : Annual rate by 6 percentage points higher than the interest rate.

The balance of drawings from this credit as at 31.12.2011 is of: 9,605,441.74 EUR

Reimbursement: the reimbursement of the Facility will be made according to the reimbursement schedule annexed to the Contract and an integral part hereto.

Guarantees: 3 blank promissory notes with the mention without protest and movable real guarantee upon the balance of all the current accounts opened by Impact with Piraeus Bank and mortgages on lands according to the situation below

2. Piraeus Bank

Credit contract no. 10/11.01.2007 Value : 257,927 EURO Due date 03.10.2012

Object : issue of two security letters with a value of 257,926.57 EURO, with a maturity on 03.10.2012.

Interest : EURIBOR at 3 months plus a margin of 3.15 percentage points per year.

Penalties : Annual rate by 6 percentual points higher than the interest rate

Reimbursement : reimbursement of the Facility will be made integrally on the due date.

The statement of the mortgaged assets for Piraeus Bank is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/Residential compound
first rank mortgage; second rank mortgage	6515/2/6/1	258,925.36	2781/31.08.2006; second rank by 129/23.01.2009	land	Bucharest, Prelungirea Ghencea no. 402-412, District 6
first rank mortgage; second rank mortgage; third rank mortgage; fourth rank mortgage; fifth rank mortgage	10252 - Constanta	31,400.00	2044/08.07.2005; second rank by 129/23.01.2009; third rank by 273/05.05.2011; fourth rank by 274/05.05.2011; fifth rank by 583/23.08.2011	land	Constanta, Constanta county, P VN 269
first rank mortgage; second rank mortgage; third rank mortgage; fourth rank mortgage; fifth rank mortgage	10250 Constanta	9,100.00	2044/08.07.2005; second rank by 129/23.01.2009; third rank by 273/05.05.2011; fourth rank by 274/05.05.2011; fifth rank by 583/23.08.2011	land	Constanta, Constanta county, P VN 264
first rank mortgage; second rank mortgage; third rank	10253- Constanta	13,600.00	2044/08.07.2005; second rank by 129/23.01.2009; third rank by	land	Constanta, Constanta county, P VN 267/2

mortgage; fourth rank mortgage; fifth rank mortgage			273/05.05.2011; fourth rank by 274/05.05.2011; fifth rank by 583/23.08.2011		

3. Bancpost

Contract of credit facility on term no. 58/23.09.2005

Value: „First subfacility" in an amount of up to 4,500,000 EUR; „Second subfacility" in an amount of 4,600,000 EUR; „Third subfacility" in an amount of 2,000,000 EUR; „Third subfacility bis" in an amount of 5,000,000 EUR; „Fourth subfacility" in an amount of 2,900,000 EUR. The undrawn amounts from the „first subfacility" will supplement "the fourth subfacility" „Fifth subfacility" in an amount of 2,000,000 EUR; Validity: 7 years from the signing date of the credit contract.

Interest : EURIBOR at 3 months plus a margin of 3 percentage points per year.

The interest will be calculated as of the drawing date on the basis of the number of effective days reported to a 360-day year and is due and payable monthly, on the last day of the current month. The interest will be accumulated daily, being calculated on the basis of the following formula: (credit balance x interest rate provided for in the previous paragraph)/360 days.

If the Borrower does not reimburse on the due date any part of the credit drawn from the Facility, the outstanding amount will lead to the payment of an increased interest rate equal to the amount of the provided interest rate and a margin of 3%.

The reimbursement date of the last installment of the Facility, according to the schedule, is 22.09.2012.

On 31.12.2011 there remained in the balance the value of 683,925.09 EUR from the second subfacility, intended for the financing of the „Europa" residential project. The other due subfacilities were integrally reimbursed on the 25.07.2007, summing up 12,795,602 EUR, for their payment being contracted other two credits with Banca Romaneasca.

The statement of mortgaged assets for Bancpost is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/Residential compound
first rank mortgage	1916/3/70	25,245.90	747/16.03.2007 Euros; 2864/21.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/6	498.45	747/16.03.2007 Euros; 2283/04.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/5	1,376.76	747/16.03.2007 Euros; 2283/04.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/7	235.52	747/16.03.2007 Euros; 2283/04.10.2005 Euros	land	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/1	1,376.78	747/16.03.2007 Euros; 2283/04.10.2005 Euros	construction	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/2	498.45	747/16.03.2007 euro; 2283/04.10.2005 Euro	construction	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/4	223.42	747/16.03.2007 Euros; 2283/04.10.2005 Euros	construction	Voluntari, 50/Junior, Drumul Bisericii St.
first rank mortgage	1916/3/11	143.5	747/16.03.2007 Euros; 2864/21.10.2005	land + construction	Voluntari, 50/Junior, Drumul Bisericii St.

4. Banca Romaneasca

Contract for investment credit 50070065/25.07.2007. Value : 7,993,204 EUR. Validity: 7 years, 25.07.2007 – 24.07.2014 Object:

a) Refinancing of some credit facilities being in balance at SC BANCPOST SA, credit facilities that had as a destination the financing of the different real estate projects/real estate acquisitions or acquisition of shares in companies that owned such real estates.

b) Financing of the commission for anticipated reimbursement charged by Bancpost in case of credits that follow to be taken over from Bancpost by the present facility. Interests:

a) Current interest rate: EURIBOR (1M) + 2.5% p.y.

b) Penalty interest rate: Current interest rate plus 50% of the Current interest rate

Reimbursement: the credit facility will be reimbursed on a quarterly basis, in equal installments.

5. Banca Romaneasca

Contract for investment credit 50070066/25.07.2007. Value : 22,306,796 EUR. Validity: 7 years, 25.07.2007 – 24.07.2014. Object:

a) Refinancing of credits being in balance at SC BANCPOST SA, credits that had as an object the financing of the construction works for the Project;

b) Financing of the commission for anticipated reimbursement charged by Bancpost in case of credits that follow to be taken over from Bancpost by the present facility;

c) Financing / refinancing of construction costs related to the Project under development;

d) The amount of 3,000,000 EUR from the total of the present credit facility may be also used for the financing in a proportion of up to 100 % of the acquisition cost afferent to some lands where the Project will be developed, including for the acquisition by the Borrower of shares issued by companies that own such lands, but only on the prior agreement of the Bank.

Grace period: 18 months from the date of the first use

a) Current interest rate: EURIBOR (1M) + 2.5% p.y. The current interest is calculated according to the used balance of the credit facility, beginning with the date of the first use and is paid until the integral reimbursement of the Facility.

b) Penalty interest rate: Current interest rate plus 50% of the Current interest rate

Reimbursement: The credit facility will be reimbursed on a quarterly basis in equal installments after the finish of the grace period. Also, the credit facility will be reimbursed on a pro-rata basis from the collections related to the sale of each apartment/villa that is a part of the project.

The ratio that defines pro-rata is the following: Amount to be reimbursed = Value of Credit Facility * surface of apartment/villa sold according to the sale-purchase contract signed by the Borrower with the final client / Total surface of the Project.

On the date of 31.12.2011 the amount to be paid in balance afferent to these credits from Banca Romaneasca was of 9,746,194.30 EUR.

Guarantees:

- assignment of receivables from commercial contracts;
- assignment of receivables on all the rights that result from the insurance contracts;
- real movable guarantee coming from the guarantees that will be constituted by the constructor/ subcontractor
- assignment of the rights that come from the bank guarantee letters;
- pledge on the current accounts;

- 2 promissory notes issued without protest.

The statement of the assets mortgaged to Banca Romaneasca is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
first rank mortgage; second rank mortgage	20254	6,732.86	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Neagra no. 52-54
first rank mortgage; second rank mortgage	23574	4,837.44	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Neagra no. 52-54
first rank mortgage; second rank mortgage	22705	12,373.22	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Pustnicu no. 125-135
first rank mortgage; second rank mortgage	21763	23,959.37	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Neagra no. 56-64
first rank mortgage; second rank mortgage	18217/2/1	17,053.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	18217/2/2	3,817.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	18217/2/3	23,041.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
first rank mortgage; second rank mortgage	18216/2	19,931.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	26525/1	22,166.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	26525/2	2,186.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1
first rank mortgage; second rank mortgage	26525/3	33,074.00	2648/25.07.2007; 2049/09.07.2008	land	Bucharest, district 1

6. Banca Transivania

Credit contract no. 15/21.07.2009 value 9,000,000 RON , due date 20.07.2014.

Object: financing of current activity – finish of the projects being under development.

Interest : ROBOR at 6 months to which there is added the bank margin of 5.94%. The annual interest rate is fluctuating, being able to modify during the entire credit duration, according to the evolution of interests on the banking market.

Penalties: the penalty interest to credit is of 20%/an.

Reimbursement: The credit will be reimbursed in monthly instalments, according to the reimbursement schedule. The anticipated reimbursement can only be made with the prior and express agreement of the Bank.

The balance afferent to the drawings from this credit as at 31.12.2011 is of 2,596,310.79 RON.

For the purpose of fulfilling the obligations that derive from the credit contract, between Impact and Banca Transilvania there were signed a series of receivable assignment contracts by which Impact constitutes in favour of the bank first rank guarantees having as an object the present and future receivables.

The statement of the assets mortgaged to Banca Transilvania is presented below:

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
first rank mortgage	20254/36/1;2;6	101.91	218/21.07.2009	land and constructions	Padurea Neagra no. 52-54
first rank mortgage	20254/36/1;3;8	109.84	218/21.07.2009	land and constructions	Padurea Neagra no. 52-54
first rank mortgage	20254/40/2;1;3	90.61	218/21.07.2009	land and constructions	Padurea Neagra no. 52-54
first rank mortgage	23574/1/1/6	22.01	218/21.07.2009	land and constructions	Padurea Neagra no. 22-28
first rank mortgage	21763/1/2/6/2/1;1;6	59.60	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/6/2/1;2;9	59.60	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/7/2/1;2;9	53.48	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/7/2/2;2;8	40.45	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/9/2/1;2;8	44.60	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/9/2/2;1;4	74.85	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/10/2/2;2;9	63.70	218/21.07.2009	land and constructi	Padurea Neagra no. 56-64 and Padurea Pustnicu

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
				ons	no. 145
first rank mortgage	21763/1/2/11/2/1;1;5	46.99	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/11/2/1;2;7	49.83	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	21763/1/2/11/2/2;2;7	78.97	218/21.07.2009	land and constructions	Padurea Neagra no. 56-64 and Padurea Pustnicu no. 145
first rank mortgage	7603	321.00	218/21.07.2009	Land and constructions	26, George Palade St., Oradea, Bihor
first rank mortgage	7604	375.00	218/21.07.2009	Land and constructions	26, George Palade St., Oradea, Bihor
first rank mortgage	153317	220.00	218/21.07.2009	Land and constructions	38, George Palade St., Oradea, Bihor
first rank mortgage	153318	83.00	218/21.07.2009	Teren	38, George Palade St., Oradea, Bihor
first rank mortgage	7610	200.00	218/21.07.2009	Land and constructions	40, George Palade St., Oradea, Bihor
first rank mortgage	7613	200.00	218/21.07.2009	Land and constructions	46, George Palade St., Oradea, Bihor
first rank mortgage	7689	342.00	218/21.07.2009	Land and constructions	95, George Palade St., Oradea, Bihor
first rank mortgage	7537	470.00	305/04.06.2010	Land and constructi	152, George Palade St., Oradea, Bihor

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
				ons	
first rank mortgage	7752	200.00	305/04.06.2010	Land and constructions	131, George Palade St., Oradea, Bihor
first rank mortgage	7541	325.00	120/09.03.2010	Land and constructions	160, George Palade St., Oradea, Bihor
first rank mortgage	7540	362.00	120/09.03.2010	Land and constructions	158, George Palade St., Oradea, Bihor

In total, the total accounting value of the assets mortgaged to the banks is of about 213.5 million RON. During the year 2011 there were finished the controls of the Bucharest District 1 local authorities with regard to the mode of establishment and payment of the local taxes owed for the buildings and lands held under property. The differences established by the control bodies were to recover 200,860 lei tax on land paid in addition, from District I.

Note 10. Deferred tax

Deferred tax consists in:

Description	31 December 2011	31 December 2010
Deferred tax	4,808	6,540
Total	**4,808**	**6,540**

The movement on the deferred tax liabilities is as follows:

Description	31 December 2011	31 December 2010
As at 1st of January	6,540	10,509
Foreign exchange difference	-53	-139
Charge / (Release)	-1,679	-3,830
As at 31st of December	**4,808**	**6,540**

The temporary differences arise from: the re-measurement of land treated according IAS 40 (see Note 3) and from the different depreciation rule applied in accounting comparing to fiscal purposes.

Cumulative effect of temporary differences is:

a) IAS 40	1,320
b) Provision for taxes	359
Total	**1,679**

Currently, enacted tax rate of 16% is used to determine deferred income tax.

Note 11. Trade and other payables

Trade and other payables consist in:

Description	31 December 2011	31 December 2010
Trade accounts and notes payable	2,369	2,826
Suppliers of non current assets	1	1
Advances from customers	168	116
Dividends payable	31	91
Accrued interest	11	169
Accruals related to employees	184	188
Income tax payable	0	19
Liabilities to State Budget	111	137
Deferred income	900	965
Other creditors	100	-91
Guarantees	196	205
Total	**4,072**	**4,626**

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The Group has recorded its net turnover as follow:

Description	2011	2010
Sales of finished goods	1,751	5,552
Sales of merchandise	204	30
Sales of services	312	587
Total	**2,267**	**6,169**

Note 13. Revenue from IAS 40

The Group decided to adopt starting with year 2006 the alternative treatment recommended by IAS 40 “Investment properties”, recording a part of the land owned and the rented units at their market value. An authorised external evaluator has revaluated these properties. The difference between the historical cost of the land and the revaluated amount has been fully recognised directly to income statement.

The effect of changing the treatment to fair value model is presented below:

Description	Area (sqm)	Cost of acquisition (RON)	Revalued amount 31.12.2010 (RON)	Difference (RON)	Difference (EUR)
Teisani (Buc, Sector 1)	205,495	25,810,172	109,431,279	83,621,107	19,731,732
Zenit (Constanta)	38,000	6,877,620	12,728,908	5,851,288	1,380,705
Prelungirea Ghencea (Buc, Sector 6)	180,000	37,629,000	65,317,677	27,688,677	6,533,584
Faget (Oradea)	24,460	1,446,564	4,565,923	3,119,359	736,062
Europa (Oradea)	644	42,709	83,457	40,748	9,615
Neptun (Constanta)	37,562	1,896,879	5,067,008	3,170,129	748,042
TOTAL LAND	486,161	73,702,944	197,194,252	123,491,307	**29,139,741**
216 housing units held for renting		65,549,330	66,294,875	745,545	175,923
Net effect of IAS 40		139,252,274	263,489,126	124,236,852	**29,315,664**

The amount of 29.316 thousand EUR is divided as follows:

Description	Amount (k EUR)
Revenue recognized until 31 December 2010	37,945
Exchange differences (*)	-378
Revenues recognized in 2011	-8,251
TOTAL	**29,316**

(*) The exchange differences are determined based on annual average exchange rates used in calculation of Euro amounts.

Note 14. Other operating income

Other operating incomes includes as follows:

Description	2011	2010
Revenue from sundry services	753	996
Sales of residual goods	1	1
Rent	546	420
Proceeds from sales of fixed assets	71	516
Proceeds from sales of investments	1,462	
Penalties from customers	420	258
Miscellaneous	109	877
Total	**3,362**	**3,068**

Note 15. Raw material and consumables

Raw material and consumables costs includes as follows:

Description	2011	2010
Raw material	283	293
Auxiliary materials	159	92
Merchandise	222	88
Packing materials	0	0
Other consumables	51	60
Total	**714**	**532**

Note 16. Staff costs

The structure of staff costs is presented in the table bellow:

Description	2011	2010
Wages and salaries	266	491
Civil contract staff	46	44
Social security expenses	80	139
Total	**392**	**674**

Note 17. Depreciation and amortization of fixed assets

This position in the income statement includes as follow:

Description	2011	2010
Depreciation	346	419
Amortization – impairment	68	55
Total	**414**	**474**

Note 18. Other operating expenses

Other operating expenses includes as follows:

Description	2011	2010
Third parties services	2,084	2,987
Heat, light and power	609	728
Rent	480	975
Commissions and fees	48	56
Promotion and advertising	158	126
Taxes to State Budget	281	758
Bad and doubtful debts	44	546
Protocol		
Disposals at net book value	77	294
Foreign exchange differences (gain) / loss	358	408
Bank commissions	142	120
Working inventories	35	29
Maintenance and repairs	140	99

Provision for risks and charges	202	486
Insurance	105	139
Postage and telecommunication	61	97
Transport of goods and personnel	12	32
Travel	0	3
Penalties and fines	14	75
Cost of disposed investments	1,380	24
Penalties for commercial contracts	0	0
Old and damages inventories	0	0
Miscellaneous	416	350
Total	**6,647**	**8,334**

Note 19. Finance cost, net

The table below details the finance (income) / costs:

Description	**2011**	**2010**
Interest income	-480	-1,379
Interest expenses	1,370	1,544
Other finance income	-8	-3
Other finance expenses	0	244
Discount received	6	7
Impairment losses of participations	713	
Total	**1,601**	**412**

Note 20. Income tax

Description	2011	2010
Income tax expenses	9	30
Differed tax expense/ (income)	-1,688	-3,886
Total	**-1,679**	**-3,856**

Note 21. Related parties

Nature of Relationships

In the year 2011, the company IMPACT SA realised trade relationships with a number of companies that are related parties. The list of the related parties with which Impact realised trade relationships is the following:

Denomination of company–related party:	Number and date of contract	Type of services/products purchased
	J3009/30.12.2011	Supplier (construction services)
SMART FIN INTERNATIONAL	CC/20.05.2011	Supplier
AD CONSULT LAND	J2780/31.10.07	Supplier (management services)

The prices of the contracts concluded with the affiliated party companies are established under market conditions. In the year 2011, the company realised transactions with the related parties, as follows:

Sales to:	31.12.2011	31.12.2010
SMART FIN INTERNATIONAL	0.62	1.25
AD CONSULT LAND	1.21	0.29
Total	**1.82**	**1.55**

Purchases from:	31.12.2011	31.12.2010
SMART FIN INTERNATIONAL	8.16	25.28
AD CONSULT LAND	97.04	116.02
TOTAL	**105.20**	**141.30**

Following the transactions with the related party companies, there resulted the following balances as at 31st of December 2011:

Receivables from/Advances granted to:	31.12.2011	31.12.2010
SMART FIN INTERNATIONAL	0.08	0.01
AD CONSULT LAND	4.08	0.02
TOTAL	**4.16**	**0.03**

Debts to/Advances received from:	31.12.2011	31.12.2010
SMART FIN INTERNATIONAL	-	-
AD CONSULT LAND	-	9.70
TOTAL	**-**	**9.70**

Note 22. Subsequent events

Bank Credits

On the date of 31st of March 2012, the statement of the banking loans was the following:

No. of Contract	Name	Currency	Val. of contract	Balance as at 31.12.2011	Balance as at 31.03.2012
301/30.08.2006	Piraeus Bank Greece, Londra br.	EURO	12,807,270	9,605,441.74	8,965,078.96
58/23.09.2005	Bancpost Floreasca	EURO	21,000,000	683,925.09	513,275.88
50070065/25,07,2007	Banca Romaneasca	EURO	7,993,204	3,140,187.22	2,854,715.65
50070066/25,07,2007	Banca Romaneasca	EURO	22,306,796	6,606,007.08	6,411,546.13
15/21.07.2009	Banca Transilvania	RON	9,000,000	2,596,310.79	2,155,712.33

In March 2012 on the request of the representative of the Public Ministry, the court of the Bucharest Tribunal disposed the institution of the ensuring distraint upon the goods of Impact Developer& Contractor SA up to the accomplishment of the amount of 16,823,946 lei in favour of ANAF. Against this decision the company filed for recourse. During the last two weeks there were made significant approaches for the clarification of the situation created by the court by the mode the session conclusion was made on the date of 28/03/2011, so as the activity of the company would not be blocked. On the 10th of April ANAF signed a pledge on a land of 52,234 sq.m located in Bucharest, district I which covers 150% from the amount asked by the Public Ministry

Note 23. Other Legal and Economic Information

During the period 7 December 2011 – 27 March 2012 the company was subject to a fiscal Inspection for V.A.T. reimbursement, a control that was ended on the date of 2 April 2012. The checked period was 01.01.2009 – 30.09.2011. By the taxation decision no. F-MC 91/30.03.2012 communicated on 2 April 2012 there was established V.A.T. to be reimbursed with a value of 1,807,123 lei.

With regard to the project *Business Support Centre – Greenfield 2* of SC MILLENIUM CONSULT INVEST 2002 SA, on the first quarter of 2012, following the second visit on site from December 2011, the project financing was dismissed, because of the fact that a portion of approximately 400 m of the public road Aleea Teișani, District 1, Bucharest, being under the administration of the City Hall of the Municipality Bucharest, where the access to the designed project is provided, is not accomplished on a rigid structure (asphalt, concrete, pavings, cubic stone).

SC MILLENIUM CONSULT INVEST 2002 SA challenged the decision of AM POR for the project financing dismissal, because AM POR did not take into account the fact that the modernization / execution of a public road cannot be put in the charge and control of a private petitioner / economic operator. On the other hand, AM POR issued regulations regarding the characteristics of the access road, subsequently to the project submission, and these cannot be opposable to the project, retroactively, according to the law norms in force.

Impact also launched in February 2012 the product houses on land, in the extension from Junior and in the Amber area in Greenfield.

The Board of Directors proposed the issue of convertible bonds that is on the agenda of GMS as of 25 April 2012. According to the Call the amount proposed for the issue of bonds is of about 10 million EUR, that should cover the need of liquidities until the half of the year 2014, a moment on which most of the credit contracts will be reimbursed.

Note 24. Principal subsidiaries

The principal subsidiaries consolidated within the Group, including the degree of control exercised by Impact Developer&Contractor SA, are as follows:

Entity	December 31, 2011 % share	December 31, 2010 % share
Actual Invest House SRL	100%	99%
Bipact 1995 SRL	63%	63%
Hobbit Intermediere Asigurari SRL	95%	95%
Investimob SA	0%	99%
Intop Construction SRL	99%	99%
Clearline Development&Management SRL	100%	100%
Millenium Consult Invest SRL	45%	45%
BIZ-AR SRL	0%	95%
Prest RV 2003 SRL	0%	95%

During the year 2011, according to the decisions of the BoD from the year 2010 and from May 2011, in order to decrease the participations of Impact in other companies, the companies Biz-ar and Prest RV were closed , Prest RV in February 2011 on the basis of the resolution no. 16047 as of 24.02.2011 and Biz-Ar in April

2011 on the basis of the resolution no. 35838 as of 21.04.2011. Following liquidation, the profit of Impact was negatively influenced by the amount of 380 RON.

Investimob was merged in 2011 into Rot Apact. Along this merger, Intop Construction, initial owner of Investimob, got a 42% of the respective company. In December 2011, Intop sold its participation in Rot-Apact to several natural persons, and consequently, Investimob was not included in consolidation process.

On the basis of the same decisions to restructure the holdings of Impact, in December 2011 the Board of Directors of Impact decides the alienation to their nominal value of 36 social parts that it holds in Bipact 1995 SRL, from the total participation of 975 lei. Following this transaction, the participation held by Impact in Bipact decreased from 63% to 4.83%, respectively from 975 to 75 lei.

Impact owns shares with a pair value of 539 keuro (45%) in Millennium Consult Invest 2002 S.A. The applicabil standard is IAS28, Investments in Associates.

The company SC Millenium Consult Invest 2002 SA is the titulary of a project that supposes the accomplishment and operation of a business support structure that would offer services for the SMEs in the Region Bucharest-Ilfov. It is about the Business Support Centre – Greenfield 2, a project submitted to be co-financed from the European Regional Development Fund, by the Regional Operational Programme.

The project was submitted in March 2010, in April 2010 the administrative compliance and project eligibility assessment were successfully finished, and in November 2010 the project was declared accepted for financing. In January 2011 the technical design compliance was finished, and in April 2011 there took place the visit on site, before the signing of the financing contract.

During the period May – November 2011 the contracting process was suspended because of a notice received from the owner of a land plot situated a few hundreds of meters far from the implementation place of the above mentioned project, that claimed the existence of some litigations with regard to the Zoning Plan.

The person that made the notice to the Bucharest-Ilfov Regional Development Agency filed for several actions in court, requesting the cancellation of the Zoning Plan, against Impact Developer & Contractor – the beneficiary of the PUZ, actions that he lost.

During the project contract suspension period the Management Authority for the Regional Operational Programme documented with regard to the case appeared and following the ascertainment of the eligibility conditions, it disposed the continuation of the contracting process with the remake of the visit on site (at the moment of the AM POR decision to continue the contracting, the sentences regarding the dismissal of the petitioner's actions were not ruled yet).

At the end of November 2011, the contracting process was resumed, and in this respect the visit on site was remade in December 2011. Following the second visit on site from December 2011, the project financing was dismissed, because of the fact that a portion of approximately 400 m of the public road Aleea Teșani, District 1,

Bucharest, being under the administration of the City Hall of the Municipality Bucharest, where the access to the designed project is provided, is not accomplished on a rigid structure (asphalt, concrete, paving, cubic stone).
SC MILLENIUM CONSULT INVEST 2002 SA challenged the decision of AM POR for the project financing dismissal, because AM POR did not take into account the fact that the modernization / execution of a public road cannot be put in the charge and control of a private entity / economic operator. On the other hand, AM POR issued regulations regarding the characteristics of the access road, subsequently to the project submission, and these cannot be opposable to the project, retroactively, according to the law norms in force.

S.C. LOMB S.A. was established in the year 2008 as a share trade company that had as shareholders the Local Council of the Municipality Cluj-Napoca (51%) and S.C. IMPACT DEVELOPER & CONTRACTOR S.A. (49%). Impact subscribed in the year 2008 the amount of 45,445,027.51 RON to the share capital of the project company Lomb SA. This was the cash participation of Impact, that represented the participation of 49%, the Cluj-Napoca Local Council having the obligation to bring the land to the share capital of the project company.
In the autumn of the year 2010, due to the fact that the shareholder the Cluj-Napoca Local Council did not fulfil its obligation to deposit to the share capital the 179 ha of land that represented the land subscribed by the Cluj-Napoca Local Council, the Board of Directors of SC Lomb SA decided the cancellation of the shares of the Local Council in accordance with the provisions of Law 31/1990 with its subsequent modifications. Following this fact the share capital of LOMB SA was diminished, and at present Impact holds shares in a percentage of 100% in the company Lomb SA. On the date of 03 June 2011 following the Extraordinary General Assembly of Shareholders there was decided the decrease of the share capital up to the value of 26,900,000 lei, the change of the legal form from share company in limited liability company with a sole associate. The denomination of the company was changed from S.C. Lomb S.A. to S.C. Clearline Development &Management SRL.

Auditors

RSM SCOT SRL is a company that develops its business in the field of professional services of financial accounting and audit, supplied in accordance with the Romanian and international accounting standards and also with the international audit standards.

RSM SCOT ensures to its clients fiscal consultancy and assistance, and also any other professional services specific to the activity field.

The team of RSM SCOT is composed by professionals, chartered accountants and financial auditors.

RSM SCOT has its headquarters in Bucharest and was set up by Otilia and Dan Schwartz in the year 1994, by the merger of the clients of two small consultancy companies where the two were associates.

RSM SCOT is a member of the Romanian Association of Chartered and Certified Public Accountants (C.E.C.C.A.R.) since 1994 and of the Romanian Chamber of Auditors since its set-up in 1999.

Note 25. Contingents

Next, we will present the list of significant litigations (according to the Bucharest Stock Exchange Code) where the company is a party.

A. List of litigations where Impact has the quality of a plaintiff:

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
1	Prahova Tribunal	7034/105/2010	insolvency procedure	plaintiff-creditor	**Romconstruct**	first instance	06-Apr-12	IDC formulated a request of admission to the creditor group. For the judgment of challenges. Impact made a challenge for a receivable in an amount of approximately 15,000,000 RON. THE PROVISIONAL RECORD of Impact IN THE PRELIMINARY TABLE OF THE RECEIVABLE OF 15,047,995.76 LEI	16,025,023	RON
2	Bucharest Tribunal	39469/3/2008	Obligation of Romconstruct to pay delay penalties for the delay of execution of the constructions in the Rubin assembly	plaintiff	**Romconstruct**	First instance	no term	suspended according to art. 36 Law 85/2006	14,855,309	RON
3	Bucharest Tribunal	63835/3/2011	insolvency procedure	plaintiff	**Floreasca Construction (former Summa Romania SA)**	first instance	31-Jan-12	IDC recorded to the creditor group with the amount of 13,442,674 lei	13,442,674	RON
4	Bucharest Court of Appeal	5988/2/2011	obligation to make	plaintiff-recurring	**Institutul Pasteur**	appeal	no term	The action was modified from action to oblige Pasteur to sell the land to us to action for return of advance and damages and the cancellation of pre-contract; IDC assigned the receivable; Cancels as unstamped the appeal declared by the appealing defendant S.N. INSTITUTUL	2,500,000	EUR

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
								PASTEUR SA. admits the appeal declared by the appellant - plaintiff SORTWAY LIMITED. Partially changes the commercial sentence attacked in the respect that it admits the second request reason as well and obliges the defendant to pay to the plaintiff the amount of 1,250,000 Euros representing damages according to the penal clause. Obliges the appellant – defendant to pay to the appellant – plaintiff the amount of 28,475.5 lei legal expenses (stamp charge in appeal).		
5	High Court of Cassation and Justice	23619/3/2009	action for finding	recurring	**SC Summa Romania SA**	recourse	17-Oct-12	dismisses the action/appeal. Impact declared recourse.	7,602,445	RON
6	Oradea Court of Law	4376/271/2010	Challenge to execution	plaintiff	**Local Council of Mun. Oradea**	recourse	no term	challenge to the forced execution begun by CLO for amounts as „penalties according to the joint venture contract no. 14.519/02.07.2004''. Dismosses the recourse as ungrounded.	6,149,792	RON
7	Cluj Tribunal	79/1285/2012	termination of contract	plaintiff	**Local Council of the Municipality Cluj**	first instance	11-Apr-12		4,008,222	RON
8	Bucharest Court of Appeal	11833/2/2010	cancellation of administrative document regarding the additional payment fiscal	plaintiff	**ANAF**	first instance	no term	Partially admits the challenge. Partly cancels the taxation decision no. 115/19.05.2010 and the fiscal inspection report no. 33.364/18.05.2010	3,403,000	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
			obligations established in the charge of the underwritten by the fiscal inspection report					respectively with regard to the tax on profit in an amount of 760,957 lei resulted following the revaluation of the land purchased and resold by SC Patagonia Invest SRL. Partly cancels decision no. 266/29.09.2010 with regard to the solving mode of the challenge with regard to the previously mentioned tax. With recourse in 15 days from communication		
9	Constanta Tribunal	15426/118/2011	dec. that take place to v-c/obligation to make	plaintiff	**Tomis / Orban Lucian and Steluta**	first instance	02-Apr-12	term for transaction	200,000	EUR
10	Court of Law of District 2	11725/300/2010	Challenge of forced execution	plaintiff	**BODOGAN AUREL & CONSTNATIN, PIRAEUS BANK, BEJ G JALBA**	First instance	no term	dismisses the challenge of execution for moratory damages deriving from execution contract. Irrevocable.	772,979	RON
11	Court of Law of District 1	16650/299/2011	challenge of exec, with prov. susp.	challenger	**Bodogan Aurel and Bodogan Constantin**	first instance	no term	Admits the challenge to execution. Disposes the cancellation of the forced execution itself and the cancellation of all the execution documents performed in the execution file no. 8E/2011 constituted at B.E.J. Georgiana Jalbă, being cancelled the right to request forced execution. Dismisses the request to suspend forced execution, as remaining without object. Obliges the involved parties to pay to the challenger the amount of 8,090.63 lei, as legal expenses. With right of recourse within	559,503	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
								15 days from communication.		
12	Bucharest Tribunalul	41894/3/ 2010	payment ordinance	plaintiff	**Keops Consulting SRL**	first instance	no term	dismisses the request. Amicable settlement.	485,408	RON
13	Court of Law of District 2	11874/3 00/2009	challenge of execution	plaintiff	**Bodogan Aurel and Bodogan Constantin**	ruled in first instance	no term	dismisses the recourse as ungrounded. Irrevocable	113,091	RON
14	Bucharest Tribunal	40191/3/ 2010	claims deriving from incompliant works, executed by SUMMA	plaintiff	**Summa Romania SA**	first instance	no term	On the grounds of art. 36 in Law no. 85/2006, ascertains there intervened the suspension of right of trial	100,222	RON
15	Court of Law of District 1	21136/2 99/2009	claims, legal expenses	plaintiff-defendant	**SC Summa Romania SA**	first instance	no term	first term after refusal in civil section. Suspended by art. 36 in Law 85/2006	100,123	RON
16	Mures Tribunal	305/137 1/2008	bankruptcy	plaintiff	**Dafora Structuri**	First instance	no term	we periodically collect 3,800 RON until the complete payment acc. to reorganization plan.	73,916	RON
17	Court of Law of Buftea	4393/94/ 2011	claims, lease contract	plaintiff	**Huma Andreea Vasilica and Huma Danut**	first instance	no term	Obliges the defendants to pay to the plaintiff the amount of 43,539 lei, representing the countervalue of the rent owed for the period January 2009 - December 2010, the amount of 24,711.22 lei, representing delay penalties afferent to the amount of 43,539 lei, and the amount of 4,681.31 lei, representing amounts owed according to the administration contract concluded between the parties. Obliges the defendants to pay to the plaintiff the amount of 4,346 lei, as legal expenses,	72,931	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
								representing stamp and judicial tax.		
18	Constanta Court of Appeal	13729/118/2010	action for the return of tax paid for the gas pipe in Boreal	plaintiff-recurring	**CNADR**	recourse	02-Apr-12	PARTIALLY ADMITS THE ACTION. ASCERTAINS THE RIGHT OF THE PLAINTIFF TO USE THE AREA WITHOUT THE PAYMENT OF THE USE TAX BEGINNING FROM THE DATE OF 1.01.2009. OBLIGES THE DEFENDANT TO PAY TO THE PLAINTIFF THE AMOUNT OF 30,940.78 LEI AS A USE TAX FOR ROAD AREA PENALTIES, LEGAL INTEREST	71,850	RON
19	Court of Law of Buftea	9807/94/2010	claims of incomplaint works	plaintiff	**Floreasca Construction (former Summa Romania SA)**	first instance	no term	On the grounds of art. 36 in Law no. 85/2006, ascertains as intervened the suspension of right of trial	50,292	RON
20	Ilfov Tribunal	8499/94/2011	contraventional complaint	plaintiff	***ANRE***	first instance	11-Sep-12	dismisses the complaint. First term of recourse.	50,000	RON
21	Court of Law of District 2	12758/300/2010	claims- green spaces	plaintiff	**Cofaru Dumitru Gabriel**	first instance	24-Apr-12	evidence	43,997	RON
22	Bucharest Tribunal	8274/299/2009	recoveries of receivables, price index according to the contract	plaintiff-recurring	**Ciubotaru Pavel**	recourse	18-Jan-13	Dismisses the main request as ungrounded. Dismisses the reconventional request as ungrounded. Recourse was filed for.	39,210	RON
23	Court of Law of Buftea	4392/94/2011	claims, lease contract	plaintiff	**Manu Elena**	first instance	no term	Obliges the defendant to pay to the plaintiff 22480 lei representing rent and 7591.46 lei delay penalties. Ascertains the waiver of the plaintiff to the judgment of reason 3 of request. Obliges	33,782	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
								the defendant to pay to the plaintiff the amount of 2034.27 lei representing legal expenses.		
24	Court of Law of District 2	14599/300/2008	Action for claims for recovering the price index communicated by INS, according to contract	plaintiff	**PATURESCU CORNEL**	First instance	no term	admits the action/undrafted decision. Irrevocable by the cancellation of the recourse as unstamped.	33,486	RON
25	Bucharest Tribunal	37677/3/2010	Recovery of expenses that came to Impact following the incompliances of Cominstal works	plaintiff	**Cominstal Group**	First instance	09-Apr-12	evidence	31,222	RON
26	Court of Law of Buftea	12633/94/2011	contraventional complaint	plaintiff	***ANRE***	first instance	19-Mar-12	first term	25,000	RON
27	Constanta Tribunal	5235/212/2011	contraventional complaint	petitioner	**CL Constanta, Serv of taxes, dues and other revenues**	recourse	04-Apr-12	evidence	25,000	RON
28	Bucharest Tribunal	10402/3/2010	eviction/termination for failure to observe lease contract	plaintiff	**Draghici Jenica Laura**	First instance	no term	partially admits the action. Irrevocable by not declaring recourse.	25,000	RON
29	Court of Law of District 1	4785/299/2009	claims deriving from failure to pay utilities and rent	plaintiff	**SC Patru Ace SRL**	first instance	11-Feb-13	partially admits the action. First term of the recourse declared by them.	22,389	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
30	Bihor Tribunal	13314/1 11/2011	action for ascertaining	plaintiff	**Compania de Apa Oradea**	first instance	03-Apr-12	evidence	20,000	RON
31	Ilfov Tribunal	2269/94/ 2011	contraventional complaint	petitioner	**Administratia Apele Romane-Sistem de Gosp a Apelor Ilfov**	first instance	08-May-12	first term of recourse.	17,500	RON
32	Court of Law of Buftea	6946/94/ 2010	termination of lease contract/claims	plaintiff	**Muscalu Florentin Teodor**	first instance	no term	admits the action/decision not drafted. No data about declaring recourse.	13,310	RON
33	Court of Law of District 1	34961/2 99/2010	claims, rents	plaintiff	**Patru Ace SRL**	first instance	02-Dec-12	dismisses the action. Decision not drafted. Impact declared recourse.	12,142	RON
34	Bucharest Tribunal	4372/94/ 2010	cancellation of contravention protocol, cash register	plaintiff	**MEF - GF Ilfov**	recourse	no term	dismisses the recourse as ungrounded.	8,000	RON
35	Bucharest Tribunal	50746/3/ 2011	Payment call	debtor	**IPCT Instalatii**	first instance	no term	dismisses the request	5,500	RON
36	Bucharest Tribunal	5700/30 0/2009	claims	plaintiff-recurring	**Coca Adina**	recourse	21-Nov-12	Dismisses the action. IDC declared recourse	3,629	RON
37	Bucharest Court of Appeal	2927/2/2 010	cancellation of ANRE documents, decision 834/2010/suspension of decision	plaintiff	**ANRE**	first instance	no term	IDC requested to the court to cancel/ suspend the decision of ANRE with regard to the electric power distribution service supply in the Class compound. Dismisses the recourse as ungrounded.	N/A	N/A
38	Bucharest Court of	2975/2/2 010	Attack of decision 206/2010 ANRE	plaintiff	**ANRE**	First instance	no term	IDC requested the cancellation of the ANRE decision with regard to the approval of distribution tariffs in the ass.	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
	Appeal							of Voluntari; Admits the action. Cancels the Decision of the ANRE president no. 206/04.02.2010. Oblies the defendant to approve the tariffs for the activity of the plaintiff of electric power distribution as results from the judicial accounting expertise report drafted in the case and the response to objections. Obliges the defendant to pay to the plaintiff the amount of 15,146.8 lei as legal expenses		
39	Bucharest Court of Appeal	6390/2/2011	complaint/cancellation of documents issued by ANRE	plaintiff	***ANRE***	first instance	22-Feb-12	dismisses the request.	N/A	N/A
40	Bucharest Court of Appeal	6391/2/2011	complaint/cancellation of documents issued by ANRE	plaintiff	***ANRE***	first instance	22-Feb-12	dismisses the request.	N/A	N/A
41	Constanta Court of Appeal	12377/118/2010	cancellation of contravention prot.	plaintiff-recurring	**CJ, CR pentru Protectia Consumatorului**	Recourse	no term	dismisses the recourse as ungrounded.	N/A	N/A
42	High Court of Cassation and Justice	465/2/2011	suspension of administrative act execution, decision 35/15/12/2010	plaintiff	**ANAF**	first instance	no term	admits the recourse of Impact.	N/A	N/A
43	High Court of Cassation and Justice	3191/2/2010	cancellation of ANRE decision 485/2010	plaintiff-recurring	**ANRE**	Recourse	no term	dismisses the recourse.	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
44	Court of Law of Buftea	11416/94/2010(40089/3/2010)	contract termination	plaintiff-recurring	**Public Service of Sewage and Water**	recourse	19-Apr-12	there is judged the ascertainment of termination of contracts no. 8761/1.01.2008, 867P/01.01.2008, 878P/01.01.2008 şi 879P/1.01.2008. administration of evidence: documents + examination.	N/A	N/A
45	Court of Law of Buftea	11416/94/2011	contract termination	plaintiff	**Public Service of Sewage and Water**	First instance	01-Mar-12	first term, after disjunction	N/A	N/A
46	Court of Law of District 1	9122/299/2007	obligation to make compensatory damages	plaintiff	**Regia Nationala a Padurilor-Forest Directorate Bucharest**	defendant	23-Apr-12	other procedural interventions, intervention requests.	N/A	N/A
47	Court of Law of District 1	55912/299/2010(10401/3/2010)	eviction/termination	plaintiff	**Pusca Ioan**	First instance	no term	Dismisses the specified action as ungrounded.	N/A	N/A
48	Bihor Tribunal	3555/111/2010	Action for ascertainment	plaintiff	**MTS Leasing; Ban Liviu**	First instance	no term	IDC requested to the court to ascertain that there intervened the execution contract termination; partially admits the request	N/A	N/A
49	Bucharest Tribunal	25336/3/2011	eviction	plaintiff	**Ionescu Elena Ani Mihaela**	first instance	06-Nov-12	first term.	N/A	N/A
50	Bucharest Tribunal	29651/3/2011	eviction	plaintiff	**Hristeno Nicolae**	first instance	29-Nov-12	first term.	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
51	Bucharest Tribunal	29652/3/ 2011	eviction	plaintiff	**Mihalache Stefan Costin**	first instance	26-Nov-12	first term.	N/A	N/A
52	Bucharest Tribunal	33822/3/ 2010	eviction action, termination/claims	plaintiff	**DF Broker Exquisite SRL**	first instance	no term	admits the action, disposes the eviction of the defendant.	N/A	N/A
53	Bucharest Tribunal	49736/3/ 2011	eviction-refused from Court of Law of Buftea	plaintiff	**Rothav Construction Srl**	first instance	24-Apr-12	evidence.	N/A	N/A
54	Bucharest Tribunal	62268/3/ 2011	Subscription termination	plaintiff	**Apele Romane**	First instance	27-Mar-12	first term	N/A	N/A

B. List of litigations where Impact has the quality of defendant:

B.1.

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
1	Bucharest Tribunal	60772/3/ 2011	Civil liability	civil liable party	**ANAF**	first instance	16-Mar-12	administration of evidence	16,823,946	RON
2	Bucharest Court of Appeal	32826/3/ 2010	Claims coming from the takeover by assignment by the plaintiff of receivables of Summa Romania from contr. 42/2007	defendant	**SC Brooklyn Property Management SRL**	appeal	no term	Dismisses the appeal as ungrounded. With recourse	9,155,118	RON
3	High Court of Cassation	32874/3/ 2010	Claims coming from the takeover by assignment by the plaintiff of receivables of Summa	defendant	**SC Brooklyn Property Management**	recourse	24-May-12	Cancels the attacked sentence and sends the case, to be rejudged, to the first court. Impact declared recourse	9,138,140	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
	and Justice		Romania from contr. 6/2007		**SRL**					
4	Bucharest Tribunal	35939/3/2011(19/105/2010)	Action for contractual damages	defendant	**Romconstruct & BRD SG**	first instance	11-Apr-12	for administration of evidence	8,018,174	RON
5	Bucharest Tribunal	30348/3/2010	IP requests the payment of damages following the failure to conclude the sale-purchase contract	defendant	**Institutul Pasteur**	First instance	25-Apr-12	evidence; IDC does not have quality anymore in this file as it assigned the quality of defendant	1,250,000	EUR
6	Bucharest Tribunal	45882/3/2009	action by which there was requested the return of the guarantee letter countervalue	defendant	**SC SUMMA ROMANIA SA**	recourse	no term	dismisses the request as ungrounded. With appeal in 15 days from the communication	490,940	EUR
7	Bucharest Court of Appeal	45886/3/2009	Return of guarantee letter countervalue	defendant	**SC SUMMA ROMANIA SA**	First instance	no term	dismisses the recourse as ungrounded, maintains the measure of case suspension until the final solving of file 23619/3/2009	317,422	EUR
8	Bucharest Court of Appeal	5028/94/2009	claims (legal expenses)	defendant	**Bodogan Constantin and Aurel**	recourse	no term	admits the appeal declared by Impact. Partially changed the appealed sentence in the respect that partially admits the main action and obliges Impact to pay the amount of 102,784. Following the execution accomplished by intimates, Impact has to recover the amount of approximately 160,000 RON by the forced execution procedure return. Dismisses the recourse as ungrounded. Obliges the	234,119	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
								recurring to pay to the intimate the amount of 8080.96 lei, as legal expenses.		
9	Bucharest Court of Appeal	10892/3/ 2010	return of advance and penalties	defendant	**Peter John Leigh**	appeal	no term	dismisses the action.	34,692	EUR
10	Bucharest Tribunal	45236/3/ 2010	Termination of SPC under private signature and payment of penalties	defendant	**Peter John Leigh**	First instance	24-Oct-11	dismisses the action	131,446	RON
11	Bucharest Court of Appeal	48002/3/ 2009	return of land value	defendant	**STYLE MODA ROMANIA SA**	First instance	29-May-12	Admits the appeal declared by the appellant SC IMPACT DEVELOPER & CONTRACTOR SA. Entirely changes the appealed sentence in the respect that admits the exception regarding the prescription of the material right to action. Dismisses the action of plaintiff as being prescribed the material right to action. Obliges the intimate plaintiff to pay to the appellant defendant the amount of 13519.61 lei representing legal expenses for appeal. With recourse	26,186	EUR
12	Court of Law of Buftea	2278/94/ 2011	claims/contract termination	defendant	**Farming consulting srl**	first instance	no term	the plaintiff gave up the action	39,923	RON
13	Bucharest Tribunal	32099/2 99/2006 (15895/3 /2010)	claims (damages for construction vices)	defendant	**Stefanica Mihaela**	first instance after cassation	14-Dec-12	first term of the recourse declared by Impact ruled	35,000	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curr ency
14	Court of Law of Buftea	6283/94/ 2010	claims- damages for delay of constituting servitude by authentic document	defendant	**Bobeica Andrei Sorin**	first instance	no term	Dismisses the action as ungrounded	31,824	RON
15	Constanta Tribunal	17735/1 18/2010	decis. authentic SPC	defendant	**Visan Petre Nicolae si Visan Genica**	first instance	no term	cancels the appeal as unstamped.	N/A	N/A

B.2.

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Curre ncy
16	Oradea Tribunal	9297/1 11/201 0	request to pay contractual penalties	defendant	**Municipiul Oradea prin Primaria Oradea**	first instance	29-May-12	term for evidence	1,487,001	EUR
17	Constanta Tribunal	40442/ 212/20 10	claims grounded on sale-purchase contract with payment in installments, respectively interests for installments paid in advance and moral damages	defendant	**Sava Mircea Aurelian**	first instance	no term	dismisses the action, with appeal	500,000	EUR
18	Bucharest Court of Appeal	9761/2 /2011	commercial arbitration- claims for construction vices Degi	defendant	**Degi Construdava SRL**	cancellatio n of arbitral ruling	20-Apr-12	For solving the litigation in an amicable way	584,713	RON
19	Bucharest	5876/3	claims of damages for	defendant	**Dumitrescu**	first	no term	admits the exception for the prescription of action material right. Dismisses the	110,000	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
	Tribunal	/2010	vices		**Doina**	instance		action as prescribed.		
20	Court of Law of District 1	21136/299/2009*	claims	plaintiff-defendant	**SC Summa Romania SA**	first instance	no term	registration to the creditor group	100,123	RON
21	Ploiesti Court of Appeal	20014/3/2010	resolution of contract for vices, IDC formulated a counterclaim for the payment of outstanding installments	defendant-plaintiff	**Plescan Petruta**	appeal	no term	action was dismissed. Admits the counterclaim formulated by Impact in the respect that obliges the plaintiff-defendant to pay the amount of approximately 65,000 RON. Cancels the appeal, as unstamped. Obliges the appellant to pay to the intimate the amount of 2480 lei, legal expenses representing the lawyer fee	59,116	RON
22	Court of Law of Buftea	5540/94/2007	document cancellation (dismembering documents)/claims	defendant	**Georgescu Maricica**	first instance after cassation	23-May-12	first term of recourse.	49,357	RON
23	Court of Law of District 1	11190./299/2007	claims (reason separated from the file for obligation to make; countervalue of lack of use)	defendant	**Petcuta Danut**	first instance after cassation	30-Apr-12	for the performance of technical expertise of constructions	33,150	RON
24	Court of Law of Buftea	297/94/2011	payment call by which there is requested the payment of some amounts for which services were not supplied	defendant	**Viab Consulting Srl**	first instance	no term	dismisses the ordinance request as ungrounded.	30,811	RON

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
25	Bucharest Tribunal	44218/3/2011	Action for penalty claim	defendant-recurring	**Antonescu Adrian**	recourse	no term	Dismisses the recourse as ungrounded. Obliges the recurring to pay to the intimate the amount of 1200 lei expense.	15,182	RON
26	Court of Law of Buftea	7602/94/2010	Action for recovery of incompliant works	defendant	**SC Romconstruct SA**	First instance	no term	suspended according to art. 36 Law 85/2006	11,611	RON
27	Constanta Tribunal	81/118/2009	claims deriving from construction vices	defendant	**S.C.Isac Maricica Contabilitate**	First instance	29-Mar-12	the plaintiff was requested to specify the value of each request reason according to the value established by the expertise report to establish the stamping to this value	4,552	RON
28	Bucharest Court of Appeal	31608/3/2010(1003/94/2010)	Networks	defendant-intimate	**& Amariucai, Salom, Stanescu, Humeniuc, Radio Consult, Paicu Claudia, Ispas Daniel, Ermis Ioana, Mihailesc Cristinel, Grigoriu C, Ciocan D, Antonesc, Cioaca, Onirom, Maftei, Paul Man, Timpu A, Majed Samer, SC Rudyal, Rotaru, Oeru,**	*appeal*	28-Mar-12	dismisses the action as inadmissible; the plaintiffs declared appeal	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
					Naftanaila Ionel, Paun Mihai, Clinciu, Go West, Flash Models					
29	Court of Law of District 1	49031/299/2011	complaint against resolution of prosecutor Nup	intimate	**Ionita Florian**	first instance	14-Mar-12	remained to be ruled	N/A	N/A
30	Bucharest Tribunal	23136/3/2009 (6108/2/2011)	Cancellation of the Decision of the General Council of Mun. Bucharest no. 263/2008	defendant	**CGMB / Mayor of the Municipality Bucharest/ Ionita**	Recourse	no term	dismisses the recourse as ungrounded. CGMB and Ionita Florian made a challenge for cancellation.	N/A	N/A
31	Bucharest Tribunal	5415/3/2009 (43654/3/2009)	cancellation of administrative document	intervenient	**Ionita Florian - Consiliul General al municipiului Bucharest**		21-Dec-11	dismisses the action as ungrounded.	N/A	N/A

Besides the above presented litigations appreciated as significant, the company also has ongoing a number of litigations with different debtors of the company coming from the supply of utilities or other small receivables as value. These litigations (approximately 100) comprise a total value of IDC claims of approximately 120,000 RON.

In order to better understand the situation of the litigations, these are grouped in some more important categories, namely:

1. Litigations with Romconstruct that, on the date of the present notes drafting, remained only two, are litigations coming from two construction execution contracts concluded in the year 2006, their cause being the very long delays of the constructor in the finishing of the works and its claims to receive amounts of money for unfinished works. The litigations are in the following situation: At position 1 in the litigations where Impact is a plaintiff by which there was admitted the provisional registration of Impact to the creditor group of Romconstruct for the amount of 16,025,023 RON, so the claims of Impact coming from the delays of the works were recognized, and respectively at position 4 in the situation of the litigations where Impact is a defendant, where Romconstruct requests the countervalue of the unpaid works and penalties. This file is pending on the dockets of the Bucharest Tribunal. A third file, from position 2 on list A, where Impact requests the payment of the delay penalties was suspended, being found in fact in the file from position 1 on list A;
2. Litigations with Floreasca Construction (former Summa Romania SA) and respectively Brooklyn Property Management SRL come from execution contracts signed in the year 2006 where Summa was executant and Impact beneficiary. These contracts were very much delayed and appeared from the part of Impact requests for penalties and from the part of Summa the request for the payment of some executed works. In the year 2008 Summa assigned the receivables to the company in the Brooklyn Group, that is a party in some of the trials that have the same origin. At present there are files on the list A, litigations from positions 5, 14, 15 and 19, that are either suspended due to the beginning of the insolvency procedure, or under recourse, but whose values are found in the amount with which Impact is registered to the creditor group of Summa, respectively position 3 in list A. On list B1 at positions 2, 6, 7 there appear claims of Summa/Brooklyn that were dismissed until at present.
3. Litigations with Pasteur from positions A 4 and B1 5 where there was taken over the trial quality by Sortway Ltd following the assignment of receivable and sale of litigious rights that took place in the year 2011.
4. Litigations with the Oradea Local Council coming from the so-called “penalties according to the joint-venture contract as of 02.07.2004“ from position B2 16 for which the forced execution was also attempted by the CL Oradea, that was dismissed (position A6).
5. Litigations with CL Cluj by which Impact requests amounts coming from the investments accomplished by Impact and respectively the project company Clearline Development&Management SRL for the accomplishment of the Lomb project to which CL Cluj-Napoca did not bring the land, so the project cannot be accomplished anymore. The total amount requested until at present is of over 21 million lei

plus legal interests, but that does not include the unaccomplished benefit requested by Impact by the conciliation call. For these amounts a separate action follows to be filed for.

6. Litigations with ANAF following the protocol drafted in the year 2010 by which Impact challenged the amounts and penalties established by the control document. Following the court decision in the first instance, from the total amount afferent to the main reason, the action of Impact was admitted for the amount of 760,957 lei, so, also the penalties of 1,214,786 lei afferent to this amount are not due. Thus, from the total amount there remained to be challenged in the recourse only the difference of 1,427,257 lei;
7. Litigations with Bodogan Aurel and Bodogan Constantin for amounts requested as penalties, positions A 10, 11, 13 and B1 8, are litigations that have begun from 2008, for which Impact was executed for amounts as penalties, but in the year 2011 there was admitted the request of Impact that these amounts are no longer due in the file from position A 11 and the procedures for execution return were begun;
8. There is also a number of litigations with authorities for certain issued documents or illegal sanctions, positions A 18, 20, 26, 27, 31, 34, 37, 38, 39, 40, 41, 42, 43, 44, 46, 54 and B2 30. These litigations do not have significant value, but the management has the obligation to attack all the illegal administrative documents;
9. There is also a number of litigations with smaller values by which Impact requests damages and rents until the release of the real estates for the lease contracts or the contracts with payment in installments that were terminated: positions A 17, 24, 29, 33, 50, 51, 52, 53
10. With regard to the file being at position B1, where Impact is called to be liable as a civil liable party for deeds performed by other persons, facts unconfirmed by court decisions, without having beed administered evidence in the file, the representative of the Prosecutor’s Office requested the institution of the distraint for the amount of 16,823,946 lei upon the goods of Impact, reasoned by the fact that the goods of the defendant (Stegaru Ruxandra) upon which the distraint was put are insufficient to cover the prejudice. Against the measure disposed by the court to institute the distraint upon the patrimony of Impact for the entire amount of 16,823,946 lei, the company Impact declared recourse. The companies Fondamento Forte and Patagonia Invest were called in this file as civil liable parties for the deed of Mrs. Stegaru Ruxandra. As the companies Fondamento Forte and Patagonia do not exist anymore, Impact was summoned as a successor in rights of the two companies that it absorbed.

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