IMPACT DEVELOPER & CONTRACTOR SA
Voluntari, Şos. Pipera-Tunari nr. 4C,
Centrul de Afaceri Construdava, et. 6,7, jud. Ilfov
Tel.: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobil: 0729.100.001
Capital social subscris şi întegral vărsat: 200.000.000 RON
Înmatriculat la O. R. C. de pe lângă T. M. B. sub nr. J 23/1927/2006
C.I.F. RO 1553483
Operator de date cu caracter personal, înscrisă în Registrul de Evidentă a Prelucrării de Date cu Caracter Personal nr. 3406

Translation from Romanian

No. J1445/ 13.08.2010

Semestrial Report
1st Semester of 2010

Date of report: 13.08.2010
Denomination of the issuing entity: SC IMPACT DEVELOPER & CONTRACTOR SA
Registered office: Town Voluntari, 4C, Pipera Tunari Road, Construdava Business Center, floors 6, 7, Ilfov County
Telephone/fax numbers: 230.75.81/82/83/ 230.75.70/71/72
Sole Registration Code with the Trade Register Office J23/1927/2006
Subscribed and paid-up share capital: 200,000,000 RON
Regulated market on which the issued securities are transacted: the Bucharest Stock Exchange

1. Financial and Economic Statement

1.1. The Patrimony Statement, Profit and Loss Account, Distribution of Profit for the first semester of the year 2010.

In the first semester of the year 2010, according to the unaudited and unconsolidated financial statements, there was recorded a turnover of 20.5 mil. lei, 31% lower than that obtained in the first semester of the year 2009. The Profit and loss account indicates a gross loss of 7.4 mil. lei composed by the loss from exploitation of 2.1 mil. lei, and by the financial loss of 5.2 mil. lei. The loss from exploitation was due on one side to the delay of the works for the execution of networks within the Lomb Project (with a value of 12 million RON), and on the other side to the decrease of sales by 45% compared to the sales plan estimated at the beginning of the year. The delays in the execution of the networks within the Lomb Project were caused by the fact that the local authorities delayed the bringing of utilities up to the property limit of the Lomb Project in order to allow the branch to the utilities.

Compared to the currency exchange rate of 4.23 RON/EUR forecasted and budgeted by Impact, on the date of the 30th of June 2010 the currency exchange rate was of 4.3688 RON/EUR. There resulted a net unbudgeted currency exchange rate with a value of about 4 million RON.

Accomplished Financial Statements Compared to the Budgeted Ones

	31.06.2010 budgeted	31.06.2010 realized
Revenues from exploitation	38,375,797	16,533,902
Expenses from exploitation	37,004,906	18,670,957
Profit from exploitation	1,370,891	-2,137,055
Financial revenues	1,006,000	6,634,201
Financial expenses	1,667,161	11,913,446
Financial profit	-661,161	-5,279,245
Gross profit	709,730	-7,416,300

Analysis of Turnover

Indicator (RON)	30.06.2009	30.06.2010	%
Sold production	29,390,492	19,739,679	-33%
Revenues from the sale of merchandises	210,929	776,618	268%
Turnover	29,601,421	20,516,297	-31%

The turnover recorded a descending course following the unfavourable economic context that led to the decrease of sales. Compared to the preceding period when there were sold and rented 94 dwelling units, in the first half of the year 2010 there were sold and rented 70 dwellings.

In the first half of the year the expenses with materials and subcontractors decreased due to the finishing to a great extent of the projects under development.

Analysis of Expenses and Revenues According to OMFP 3055/2009

Indicator (RON)	30.06.2009	30.06.2010	%
Material expenses	2,528,958	743,438	-71%
Expenses with personnel and subcontractors	12,336,459	5,659,709	-54%
Expenses with services	19,547,326	8,288,538	-58%
Indirect expenses	4,944,805	3,979,272	-20%
Total exploitation expenses	39,357,548	18,670,957	-53%

Comparative Analysis of Individual Results According to OMFP 3055/2009

Indicator (RON)	30.06.2009	30.06.2010	%
Revenues from exploitation	43,754,558	16,533,902	-62%
Expenses from exploitation	39,357,548	18,670,957	-53%
Result from exploitation	4,397,010	-2,137,055	
Financial revenues	6,479,016	6,634,201	2%
Financial expenses	7,605,123	11,913,446	57%
Financial result	-1,126,107	-5,279,245	
Total revenues	**50,233,574**	**23,168,103**	**-54%**
Total expenses	**46,962,671**	**30,584,403**	**-35%**
Gross result	3,270,903	-7,416,300	

The mirror variation of tangible assets (increase of 5%) and of stocks (decrease of 5%) is due to the fact that in the year 2010 as well the company continued its policy of renting the finished dwellings. Accounting norms impose that in case of rental, the respective asset would be classified as a tangible asset.

Financial assets increased by about 1.9 mil. RON due to the participation of Impact to the increase of the share capital of Millenium Consult Invest 2000 SA, where it kept its initial participation of 45%. The total assets decreased by 3% in the first semester of 2010.

Analysis of Patrimony – Evolution of Assets

Indicator (RON)	01.01.2010	30.06.2010	%
Intangible assets	271,947	246,265	-9%
Tangible assets	37,069,422	39,295,212	6%
Financial assets	50,282,878	52,170,294	4%
Fixed assets	87,624,247	91,711,771	5%
Stocks	311,575,489	295,043,911	-5%
Receivables	91,689,430	93,130,014	2%
Cash availabilities	14,401,649	8,625,455	-40%
Circulating assets	417,666,568	396,799,380	-5%
Accrued expenses	386,061	171,197	-56%
Total assets	505,676,876	488,682,348	-3%

In the first semester of 2010, the short-term debts decreased by 4% and the long-term debts decreased by 7% due to the credit reimbursements in an amount of 3 million Euros. The liabilities of the company decreased by 3% in comparison to the end of the year 2009.

Analysis of Patrimony – Evolution of Equities

Indicator (RON)	01.01.2010	30.06.2010	%
Short-term debts	91,138,209	87,278,810	-4%
Long-term debts	74,656,540	69,572,131	-7%
Provisions	130,643	99,169	-24%
Deferred revenues	6,238,954	5,641,507	-10%
Equities	333,512,530	326,090,731	-2%
Total liabilities	505,676,876	488,682,348	-3%

Cash flow

Indicator (RON)	Year 2009	Sem. 1 2010
Cash at the beginning of the period	67,446,310	14,401,649
Net cash coming from exploitation activity	831,933	474,130
Net cash coming from investment activity	7,534,891	2,480,100
Net cash coming from financing activity	-61,411,485	-8,730,424
Cash at the end of the period	**14,401,649**	**8,625,455**

2. Analysis of the Activity of the Trade Company

2.1. Presentation and analysis of the events that affect or could affect the company's liquidity, in comparison to the same period of the previous year.

The accomplishment only in a proportion of 55% of the sales plan is of nature to influence the company's liquidity in the respect of its diminishing. Taking yet into account that simultaneously with the decrease of the liquidity there may also be observed a significant decrease of the company's indebtedness and also of the short-term development plans, we appreciate that the decrease of liquidity will not affect the ongoing functioning of the company.

2.2. Presentation and analysis of the effects of all the current or anticipated capital expenses upon the financial statement of the company.

During the last 6 months thare is observed a significant decrease of the capital and current expenses, in comparison to the same period of the year 2009. The expenses performed yet with the sales force and the marketing activities determined the record of a loss from the exploitation activity of about 2 million lei.

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

The revenues from the basic activity were significantly influenced during the period March – June of 2010 by the economic measures announced by the government, that generated an increased degree of uncertainty regarding the future among the clients. This uncertainty had as a result the postponing of the investment decision from the part of the clients, that is an unaccomplishment of the undertaken sales plan.

3. Changes that Affect the Capital and the Administration of the Trade Company.

3.1. Description of cases when the company was under the impossibility to observe its financial obligations.

There do not exist such cases.

3.2. Description of any modification regarding the rights of the owners of securities issued by the company.

Not applicable.

4. Significant Transactions

Not applicable

5. Other Events

The pronouncement, in 08/07/2010, by the Bucharest Court of Law, of Sentence no. 5061/2010

Romconstruct SA submitted in January 2010, to the Bucharest Court of Law – section VII – (thus being composed the file no. 323/3/2010), an application by which it showed that our company had certain unpaid debts towards Romconstruct S.A. and consequently it invoked that our company was under insolvency, by the respective way requesting the opening of the insolvency procedure.

Romconstruct SA was an contractor of the developer Impact SA, whose contracts were terminated because of the non-observance of the contractual provisions, including here repeated delays that sum up over 200 days, that drew material and image damages in the relationship of Impact SA with the beneficiaries. The defends used by Impact in this file envisaged:

- On one side, the company demonstrated that it had cash funds available for the payment of certain, liquid and exigible debts. Among others, there was submitted in this respect a vast probatory material that showed the daily payments performed by Impact currently during the period January – June of 2010;
- On the other side, the company demonstrated that it had reasonably refused to pay the invoices issued by Romconstruct, in essence, because:
  - The invoices whose payment is requested by Romconstruct are not appropriated by Impact according to art. 46 of the Commercial Code, the work schedules do not bear the signature and the stamp of the debtor (Impact) and there were not presented work statements accepted by the beneficiary;
  - Impact itself has certain, liquid and exigible receivables against Romconstruct. Thus, by files no. 14070/281/2009 and 14071/281/2009 the court vested with an enforceable formula check sheets with a value of 978,061 lei, issued by Romconstruct.
  - Impact has claims against Romconstruct of 14,855,309 RON that make the object of file 39469/3/2008, filed for by Impact by the application submitted on 21/10/2008. These claims regarded penalties that were contractually undertaken by Romconstruct for the delay in the handover of the works contracted by Impact.
  - Only the availabilities in the cash and assimilated accounts of the company Impact SA (certainly proved to the court as well) were *of over 10,000,000 lei,* more over the level of the amount requested by Romconstruct *as an alleged debt,* an the monthly cash inflows of Impact are of about 4,000,000 lei.

In spite of all the evidences administrated in che case, the court of the Bucharest Court of Law disposed the opening of the general insolvency procedure on the date of 08/07/2010.

Taking into consideration all the aspects mentioned above, Impact considers that the solution of the Bucharest Court of Law in the commercial sentence 5061/2010 is illegal and for this:

- It submitted a statement of <u>recourse and a request for the suspension of the recurred decision</u>, that follows to be completed with the recourse reasons, after the communication of the above mentioned sentence by the Bucharest Court of Law. Until this date there was not established by the Bucharest Court of Appeal any term for the judgement of the recourse request, the reasoning of the decision not being drafted;
- On the date of 11/08/2010 Impact obtained the <u>provisional suspension of the enforcement of the sentence for the opening of the insolvency procedure.</u>

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

Chairman of the BoD	Chief Executive Officer	Head Accountant
Dan Ioan Popp	Carmen Daniela Sandulescu	Florin Rosca
(illegible signature)	***(illegible signature)***	***(illegible signature)***