

NOTES TO THE FINANCIAL STATEMENTS

IMPACT DEVELOPER & CONTRACTOR

31st of December 2011

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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 paid	(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
Loans 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, 1 st 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 titular 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 Teişani, 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, unrarried 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;	21763	23,959.37	2648/25.07.2007; 2049/09.07.2008	land and constructions	Padurea Neagra no. 56-64

Type of receivable	Cadastral No.	Mortgage d surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
second rank mortgage					
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 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 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 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 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

Type of receivable	Cadastral No.	Mortgaged surface	No. of Mortgage Contract	Real estate	Address/ Residential compound
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 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 linearly amortized 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 reestablish 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 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.

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 31.12.2010	OMF 3055 31.12.2011
PROFITABILITY AND RENTABILITY		
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 Avance

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,	794,816	1,122,943

tabulations)		
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	Currency
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 commercial sentence attacked in the	2,500,000	EUR

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
								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". Dismisses 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 to the solving mode of the challenge with regard to the previously mentioned tax. With recourse in 15 days from	3,403,000	RON

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Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
								communication		
9	Constanta Tribunal	15426/18/2011	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	11725/300/2010	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 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	11874/300/2009	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	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

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Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
	District 1									
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, representing stamp and judicial tax.	72,931	RON
18	Constanta Court of Appeal	13729/18/2010	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 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

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Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
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. Ascertaines 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 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

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Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
29	Court of Law of District 1	4785/29/2009	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	13314/11/2011	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	34961/299/2010	claims, rents	plaintiff	Patru Ace SRL	first instance	02-Dec-12	dismisses the action. Decision not drafted. Impact declared recourse.	12,142	RON
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	5700/30/2009	claims	plaintiff-recurring	Coca Adina	recourse	21-Nov-12	Dismisses the action. IDC declared recourse	3,629	RON
37	Bucharest Court of Appeal	2927/2/2010	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	2975/2/2010	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	N/A	N/A

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Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
								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	12377/18/2010	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	465/2/2011	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
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 și 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	defendant	23-Apr-12	other procedural interventions, intervention requests.	N/A	N/A

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Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
					Directorate Bucharest					
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
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	Currency
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(19/105/2010)	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	317,422	EUR

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Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
								23619/3/2009		
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 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

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
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	Boboica Andrei Sorin	first instance	no term	Dismisses the action as ungrounded	31,824	RON
15	Constanta Tribunal	17735/18/2010	decis. authentic SPC	defendant	Visan Petre Nicolae si Visan Genica	first instance	no term	cancel 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	9297/11/2010	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	40442/212/2010	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	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

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
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
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	7602/94/2010	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	4,552	RON

IMPACT DEVELOPER & CONTRACTOR SA
 NOTES TO THE FINANCIAL STATEMENTS December 2011
 (the amounts are expressed in RON, unless otherwise specified)

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
								report to establish the stamping to this value		
28	Bucharest Court of Appeal	31608/3/2010(1003/94/2010)	Networks	defendant-intimate	& Amariuca, 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, Naftanaila Ionel, Paun Mihai, Clinciu, Go West, Flash Models	<i>appeal</i>	28-Mar-12	dismisses the action as inadmissible; the plaintiffs declared appeal	N/A	N/A
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/	Recourse	no term	dismisses the recourse as ungrounded. CGMB and Ionita Florian made a challenge for cancellation.	N/A	N/A

Pos.	Court	No. of file	Object	Position of Impact	Adverse party	Trial stage	Term	Observations	Claims of parties	Currency
					Ionita					
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 been 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
MILLENIU 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
MILLENIU 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
MILLENIU 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 Teişani, 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
Dan Ioan Popp

Chief Accounting Officer
Lidia Varzaru

Translation from Romanian language