IIMPACT DEVELOPER & CONTRACTOR SA
Voluntari, Şos. Pipera-Tunari nr. 4C,
Construdava Business Centre et. 6,7, Ilfov County
Tel.: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobile phone: 0729.100.001
Paind-in share capital 277.866.574 RON
Registered to the Trade Register Office pending Bucharest Law Court under the no. J23/1927/2006, VAT No. RO 1553483
Personal data operator registered in the Data Processing Register no. 3406

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Annual Report
- Financial Year 2014 -
Report date: 27.04.2015

Translation from Romanian language

Company Name: "IMPACT DEVELOPER & CONTRACTOR " S.A. („IMPACT" or „the Company")

Registration at the Trade Register: J23/1927/2006.
Fiscal registration code: RO1553483
Headquarters : Sos. Pipera Tunari, nr. 4C, Centrul de Afaceri Construdava, etaj. 6-7, Voluntari, Judetul Ilfov
Phone : 021/ 230.75.70/71/72, fax : 021/230.75.81/82/83
Paind-in share capital: 277.866.574 RON
Regulated market where company shares are traded: Bucharest Stock Exchange, Premium Category

1. Analysis of the company's activity

IMPACT Developer & Contractor held in 2014 the main business activity of "Development of building projects", according to NACE code 4110.

In 1995, the Company has introduced in Romania the concept of "residential assembly", becaming one of the most important players in this field. Since 1996, the company is quoted at the Bucharest Stock Exchange (BVB).

In 2006, company's shares were promoted to the 1st category of the Stock Exchange, becoming **the first** company in the real estate and construction sector that has done this. Since January 2015 IMPACT Developer & Contractor is part of the Premium category under the new local capital market segmentation.

In the past 20 years, IMPACT Developer & Contractor has completed 16 major projects totaling over 2,500 homes and 25,000 square feet of office and commercial spaces. On 31st of December 2014, the company was involved in residential developments located in four cities, each project having different sizes and beeing in various stages of completion. IMPACT activity is dominated by a major project: **GREENFIELD residential complex** Bucharest.

2014 Romania registered a growth of 2.9% compared to the previous year, the engines of evolution beeing the industry, the communications and net taxes on products, according to the data provided by the National Statistics Institute (INS).

According to INS, gross domestic product last year stood at 669.5 billion lei (150.8 billion euros). To the GDP growth, the industry has had a contribution of 0.9% and a 24% share of its formation, is shown in the National Institute of Statistics communicate.

Also, the information and communication sector, with an additional volume of activity of 11%, had a 0.6% contribution to GDP growth at a 6% share in its formation.

In 2014, the overall real estate market activity was noticeably more intense than the previous year - the volume of investments amounted in 2014 to about 2 billion euros. Last year confirmed the end of the crisis and the repositioning of the market. Estate developments were resumed and are better connected to the demand and market needs, the banks showing again increasing availability to end customer lending, while customers prove to be more informed and more careful on which real estate to choose.

2014 is the year of redefining IMPACT, both in the field of residential developments, and in the field of strategic acquisitions of land in view of future developments.

In this regard, on November 6, 2014 took place the launch of Salcamilor complex - new development phase of GREENFIELD quarter.

Salcamilor complex completes the GREENFIELD complex, joining the five existing quarters – Blue, Rubin, Topaz, Onix and Quartz.

In the first stage, starting in 2014, inside Salcamilor complex were built nine blocks with 5 floors, consisting of 252 apartments with 2, 3 and 4 bedrooms each.

The development activity, respectively the 252 apartments in Salcamilor complex, located in the GREENFIELD quarter, are according to the company's development strategy, established in September 2013 General Meeting of Shareholders.

The capital increase from 2014 allowed besides starting a new stage of development of the GREENFIELD quarter and purchase in September 2014 of a land located in Bucharest, Barbu Vacarescu Blvd., for a new future property development (was purchased a 1/3 share of ownership of the real estate property consisting of 5 plots with a total area of 78,970 square meters). The land was acquired due to the positioning in an area of intense development and due to its excellent purchase price.

This acquisition is part of the company's strategy for the period 2014-2018, development of a new large project in Bucharest.

In 2014, IMPACT has contracted two credit facilities totaling 18 million lei from Banca Transilvania, in order to complete the works at Salcamilor complex - the new residential development of the GREENFIELD project.

One of the main priorities of the management team led by Mrs. Iulia Urda and by Mr. Lucian Mateescu, was the most efficient adaption to the new market conditions by measures to:

(i) improve the competitiveness of the company's products by developing apartment concepts tailored to the residential market demand at a very good price / quality ratio;

(ii) adjust the prices of the dwellings existing in the portfolio in order to better respond to the market needs and provide the necessary cash flow to the company;

(iii) urbanization and viability with utilities of the lands from the portfolio in order to ensure their liquidity;

(iv) decrease of the indebtedness degree and rescheduling of the loan contracts.

2. **Elements of company overall assessment at December 31, 2014**

The individual financial statements are presented in accordance with IFRS from 2012.

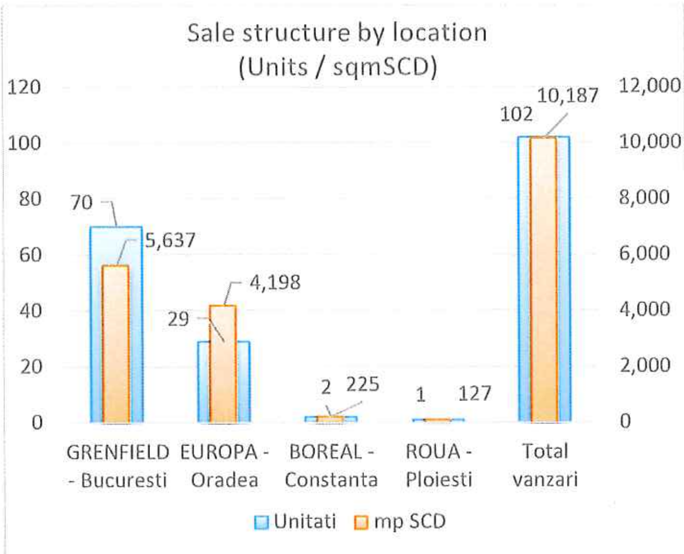
Individual Financial Statements as of and for the year end-ed 31 December 2014 are prepared in accordance with the requirements of Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments

Crt. No.	*Indicator*	*Value*	*U.M.*
a.	Gross profit	4.226.395	RON
b.	Operational Revenue	32,599,575	RON
c.	Export	-	
d.	Operational Expenditures	(47,586,325)	RON
e.	Ending Cash and Cash Equivalents	3.464.726	RON

IMPACT makes constantly all the efforts in order to prove that it is customer-oriented, by being in line with the most specific needs of the consumer in this field. Implicitly, IMPACT proves a high level of adaptability to the specific market conditions, by succeeding in managing the existing realities and in identifying exploration resources of new business opportunities. To this end, the company's management continue to follow trends and market evolution and believes in innovation and reinvention of work processes, so that IMPACT Developer & Contractor will become the leader in the real estate market, locally and regionally.

3. **Sales evolution during 2014**

- **Sale of finished dwellings in Bucharest, Ploiesti, Oradea and Constanta;**

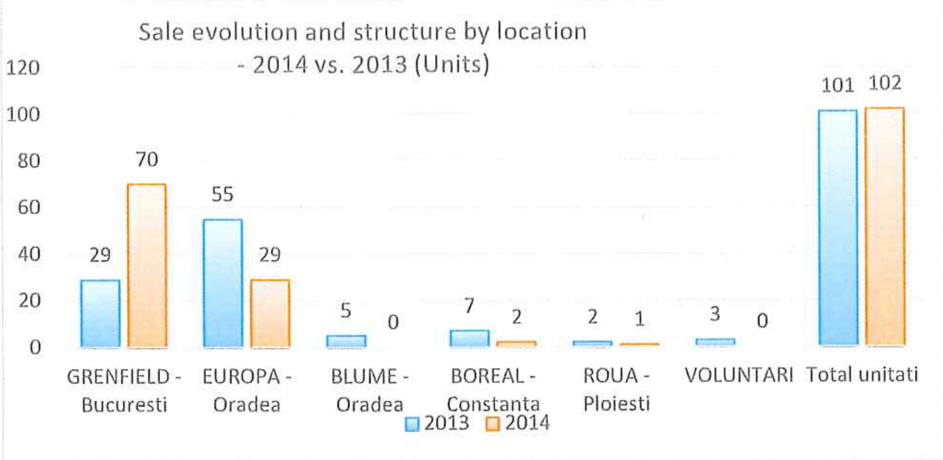


In 2014 were sold 102 houses and apartments, with a total built area of over 10,000 square meters, also registering 6 terminations of installment sale contracts signed in previous years.

Most housing sales were made in GREENFIELD quarter of Bucharest (70 apartments) and in the Europe complex in Oradea (29 houses).

Compared to 2013, the sales of GREENFIELD apartments increased more than double in 2014 (from 29 to 70 units) and sales of houses in Oradea were almost half (from 55 to 29 units), they recorded a rate of sale slower as a consequence of depletion of stock.

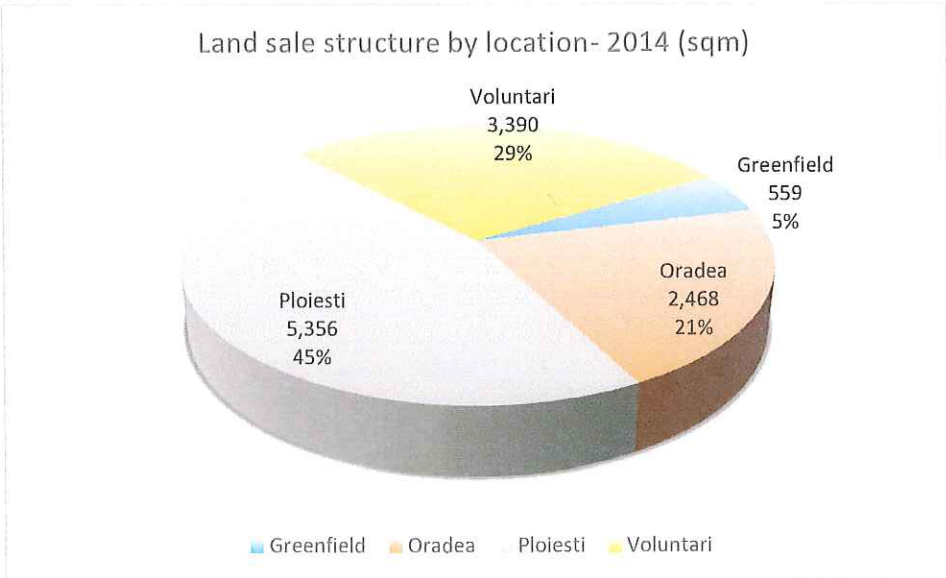
The considerable increase in sales in GREENFIELD complex was favored by buyers' increased appetite, increased interest shown by banks on financing, the adjustment of the price to the new features of the market, but also a more intensive promotion of the products.



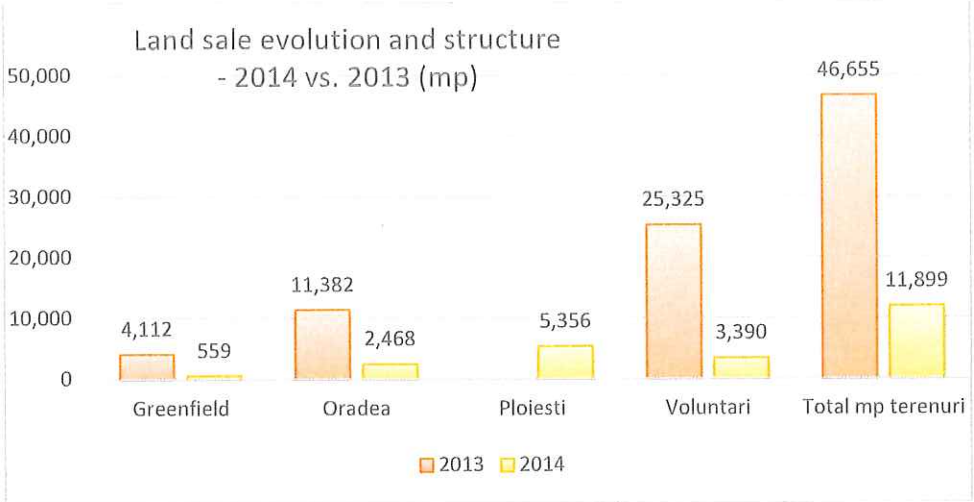
Since the number of units sold had a slight increase in 2014 the change of the sales mix, with fewer sales of houses in Oradea (with larger surfaces) and more sales of apartments in GREENFIELD, made the built sold area to be 20% lower in 2014.

- **Offering for sale land plots to natural persons and legal entities, for the development of houses or of small commercial spaces.**

In 2014 there were sold land plots with a surface of 11.800 mp in Ploiesti, Voluntari, Oradea and Bucuresti, nearly half of the parcels being sold in Ploiesti.



Compared to 2013, sales of land plots are at 25%, mainly due to the sale in 2013 of land related to the deposit of Voluntari - Depact (area of over 22,000 square meters).



➢ **Less leases and sale of rented dwellings**

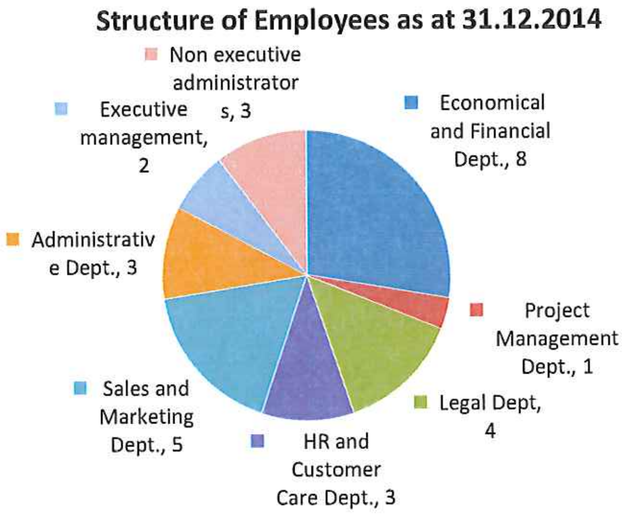
The activity of apartment lease has never been a priority in 2014, only 4 lease agreements beeing signed. Most homes whose leases were terminated in 2014 were sold, so that the number of leased homes dropped to almost half, from 40 homes in late December 2013 to 21 homes by the end of December 2014.

4. Aspects of employees / staff of the Company

The company had, at the end of the year 2014 a number of 29 employees, out of which 2 were on child care. The personnel structure being indicated in the diagram herein.

In the company, no trade union is established.

The relationships between the management and the employees are regulated by the Individual Employment Agreements and by the Job Descriptions.



5. Risk Management Elements

In order to prevent the liquidity risks, the company prepares cash-flow reports for periods of 5 years, 1 year and on a monthly basis; analyzes the projections made and compares them to the real situation in order to be able to prevent the situations when liquidity problems could occur.

Market Risks:

The global financial crisis combined with the European recession exposed Romania to certain risks on the financial market.

The internal control of the company is made:

- By means of the Contracting Department: the contracts are signed by the Legal Department, Chief Financial Officer and General Director;

- By means of the Sales Department: the contracts are analyzed by the Price and Analysis Department and signed by the General Director;
- By means of the preventive financial control by which the observance of contract compliance is checked;
- By following-up the payments that are checked by the Preventive Financial Control and are approved by the Chief Financial Officer and/or the General Director.

The implementation of codes of business conduct and ethics are essential to implement specific procedures applicable to all employees with supervisory or management role, directors, employees with executive positions, auditors, business partners and employees. In the IMPACT are applied : the Anticorruption Policy, the Code of Conduct, the Essential Ethical Values Policy, Policy for Safety and Health at Work, the Employment law, the Environment law, the Reporting Policy.

7. Perspective of the company activity

In line with the strategic vision imposed by the new management team of IMPACT, of permanent adaption to the real estate market evolutions and of maintaining the company efficiency, the company proposed, for the current year, objectives by which it would respond efficiently to the needs of the market, of the customers, but also of the partners.

The optimism about the market, but also with regard to the relationship that IMPACT has with its customers has at its basis both the diversification of the real estate products and of the financial ones that are offered, the company succeeding thus in responding both to the difficult access to the financing sources, and to the higher and higher expectations of the customers related to the living quality.

The budget for year 2015 was based on the company's sales plan.

Specifically, sales for 2015 are expected as follows:

1) 521 apartments, out of which:

- 71 units from the current real estate inventory

- 450 units from new developments.

2015 Development Plan envisages continued construction for another 18 blocks in Salcamilor Compound in Greenfield neighborhood, totaling 44,000 square meters, an urban center (Greenfield Plaza) with a total surface of 10.400 sqm that will contain a SPA centre of approximately 8,000 square meters and an administrative office for the company with 2,400 sqm, as follows:

- 22.000 sqm – works will begin in April 2015

- 22.000 mp – works will begin in September 2015

- 8.000 mp – works will begin in September 2015

- 2.400 mp – works will begin in September 2015.

2) 46,340 sqm land plots in Constanta, Ploiesti, Oradea and Bucharest.

3) Preparing documentation related to the project design and legal permits for **Barbu Vacarescu project**.

IMPACT Developer & Contractor

8. Tangible assets and Company's stock as at 31.12.2014 are presented in the following table:

As at 31 December 2014, the Company's land and buildings were revalued by the Colliers Valuation and Advisory SRL, external, independent and authorised by the National Association of Authorised Valuators from Romania ("ANEVAR"), having recent experience related to the location and nature of the properties under valuation. In 2013 the Company's land and buildings were reevaluated by external, independent and ANEVAR authorised evaluators, having recent experience related to the location and nature of the properties under valuation: Parker Lewis Management SRL, BNP Paribas Real Estate Advisory SA, Piraeus Real Estate Consultants SRL.

Statement of Property, plant and equipment	**Land and buildings**	**Plant and equipment**	**Fixtures and fittings**	**Total**
Cost				
Balance at 1 January 2013	22,121,883	3,252,094	529,955	25,903,932
Additions	-	59,103	258,312	317,415
Disposals	(6,344,812)	(1,163,807)	(15,095)	(7,523,714)
Revaluation differences	19,063	-	-	19,063
Balance at 31 December 2013	**15,796,134**	**2,147,390**	**773,172**	**18,716,696**
Accumulated depreciation and impairment losses				
Balance at 1 January 2013	2,054,718	2,599,871	465,199	5,119,788
Depreciation for the year	508,570	67,980	31,840	608,390
Impairment losses	8,414,207	-	-	8,414,207
Accumulated depreciation of disposals	(1,410,392)	(1,151,726)	(11,697)	(2,573,815)
Balance at 31 December 2013	**9,567,103**	**1,516,125**	**485,342**	**11,568,570**
Carrying amounts				
at 1 January 2013	**20,067,165**	**652,223**	**64,756**	**20,784,144**
at 31 December 2013	**6,229,031**	**`631,265**	**287,830**	**7,148,126**
Cost				
Balance at 1 January 2014	15,796,134	2,147,390	773,172	18,716,696
Additions	-	248,068	47,212	295,280
Disposals	(143,878)	(58,440)	-	(202,318)
Revaluation differences	6,958	-	-	6,958
Offset of accumulated depreciation at revaluation date	(53,551)	-	-	(53,551)
Balance at 31 December 2014	**15,605,663**	**2,337,018**	**820,384**	**18,763,065**
Balance at 1 January 2014	9,567,103	1,516,125	485,342	11,568,570
Depreciation for the year	263,362	96,184	135,756	495,302
Impairment losses	215,103	-	-	215,103
Accumulated depreciation of disposals	-	(58,440)	-	(58,440)
Offset of accumulated depreciation at revaluation date	(53,551)			(53,551)
Balance at 31 December 2014	**9,992,017**	**1,553,869**	**621,098**	**12,166,984**
Carrying amounts				
at 1 January 2014	**6,229,031**	**631,265**	**287,830**	**7,148,126**
at 31 December 2014	**5,613,646**	**783,149**	**199,286**	**6,596,081**

Impairment losses

During 2014, following the revaluation reports for land and buildings, the management decided to recognise an impairment loss of 215,103 Lei (out of which 72,057 Lei have been recognised as cancellation of revaluation reserves and 143,046 Lei have been expensed during the year).

During 2013, following the identification of impairment indicators for land and buildings, the management of the Company performed impairment testing and recognised an impairment loss of 8,414,207 Lei (out of which 2,428,092 Lei have been recognised as cancellation of revaluation reserves and 5,986,115 Lei have been expensed during the year).

Part of the land classified as property, plant and equipment include land related to the residential property with installed utilities networks attached. Up to 2013, the Company obtained benefits from the use of these assets as mark-up applied to the utilities expenses of the occupants. In 2013, the Company decided to outsource or to discard this activity because of its low return, but also due to the fact that this activity is not one of the main activities of the Company. Thus, the management of the Company considers that these land and buildings will not be able to bring direct and measurable benefits, their value in use being reduced to their recoverable value.

The Company recorded an impairment loss computed as the difference between the net book value and their value in use.

Investment property

	31 December 2014	31 December 2013
Balance at 1 January	230,662,919	230,508,536
Transfers from/to inventories, net	(9,821,455)	-
Sales	(6,829,995)	(9,576,654)
Changes in fair value	16,967,592	9,731,037
Balance at 31 December	**230,979,061**	**230,662,919**

Investment property comprises land and residential properties held with the purpose of capital appreciation. Also, the residential properties included in investment property comprise estates leased to third parties. All contracts related to the leased properties provide a starting period of 1 year, while the annual lease payments are not indexed to consumer prices. Subsequent extentions of the period are negotiated with the occupants, these being, on average, of 1 year. No contingent leased payments are charged.

The land held for capital appreciation, amounting to 223,034,510 Lei as at 31 December 2014 (2013: 214,973,314 Lei), has a total surface of 720,947 sqm (2013: 734,487) and represents 97% of invenstment properties in balance (2012: 93%). This land is located in Bucharest (658,925 sqm) and in other regions (Constanta, Oradea).

Inventories

Statement of Inventories	31 December 2014	31 December 2013
Land	83,407,810	31,238,323
Impairment of land	(3,329,972)	(4,430,598)
Utilities networks and residential properties under development	75,106,091	39,677,662
Impairment of utilities networks and residential properties under development	(10,295,152)	(10,615,983)
Completed residential properties	23,522,850	44,459,662
Impairment of completed residential properties	(10,961,491)	(14,002,768)
Advance payments for acquisition of inventories	675,365	89,398
	158,125,501	**86,415,696**

Land with a carrying amount of 80,077,838 Lei as at 31 December 2014 (2013: 26,807,725 lei) consists of land held by the Company for development of new residential properties, especially in Bucharest, but also land which the Company intends to value through sale of enabled plots of land (Oradea, Constanta, Ploiesti). During the financial year ended 31 December 2014, the Company acquired a plot of land in Bucharest with the intention to build luxury residential projects.

Utilities networks and residential properties under development with a carrying value of 64,810,939 Lei as at 31 December 2014 (2013: 29,061,679) relate to the equivalent of the capitalized works and services, rendered by the Company or to the Company by third parties, related to the connection of the properties to utilities, design and feasibility studies.

Completed reisidential properties with a carrying value of 12,561,359 Lei as at 31 December 2014 (2013: 30,456,894 Lei) refer entirely to apartments held for sale by the Company.

9. Capital Market of securities issued by the company

The company IMPACT Developer & Contractor SA is listed on the Bucharest Stock Exchange since 1996, and since 2006 its shares in number 277,866,574 were promoted to the 1st category of the Stock Exchange. Since January 2015 the shares of IMPACT Developer & Contractor are traded on the Premium category acording to the new local capital market segmentation.

In April 2014, the General Meeting of Shareholders approved the capital increase with the amount of 80.000.000 RON by the issuance of new shares, from 197.866.574 RON to 277.866.574 RON. The subscription took place between 20.06.2014 – 29.07.2014, the 80.000.000 new shares beeing fully subscribed.

The market capitalization of the company at the end of 2014 was EUR 92 million.

The company did not paid dividends in the past 3 years.

Year	*Dividend Statements*
2012	The company did not paid dividends
2013	The company did not paid dividends
2014	The company did not paid dividends

10. The Company's management

In accordance with the legislation in force and the articles of association of the company, the General Meeting of the Shareholders is the superior management and decision forum of the company, that decides upon its activity.

The company is led by the Board of Directors, composed of five administrators, natural persons:

- Iuliana Mihaela Urda, Chairperson of the Board of Directors;
- Lucian Claudiu Mateescu, Administrator and CEO;
- Gabriel Vasile, Administrator;
- Liviu Stan, Administrator;
- Konstantinos Tasoulas.

Mrs. Iuliana Mihaela Urda and Mr. Lucian Claudiu Mateescu were elected to the Board of Directors in the Ordinary General Meeting of 26 April 2013 by cumulative vote for a term of four years, until April 2017.

Mr. Gabriel Vasile was elected administrator in the Ordinary General Meeting of 16 September 2013, Mr. Liviu Stan was elected administrator in the Ordinary General Meeting of Apr. 25, 2014 and Mr. Konstantinos Tasoulas was appointed interim administrator on October 3, 2014 by the decision of the Executive Committee until the next Ordinary General Assembly.

During 2014, Mrs. Ecaterina Petre held the position of Administrator until April 25, 2014, when her responsibilities were taken over by Mr.Liviu Stan and Mrs. Draguta Mihaila served as Administrator until October 02 , 2014 when her responsibilities were taken over by Mr Konstantinos Tasoulas.

First name and Last name	*Date of birth*	*Professional Qualification Professional Experience*	*Function and seniority*
Iuliana Mihaela Urda	1968	Iuliana Mihaela Urda helds the Executive Director position at Octogon Total Management since November 2011, being promoted from the Marketing Director position that she held between June 2009 – November 2011. Betewen 1995 – 2009, Iuliana Mihaela Urda held various positions in Altex Romania, a company with turnover of cca 300 mio. Euro.	Administrator and President of the Board from 26.04.2013
Lucian Claudiu Mateescu	1969	Lucian Claudiu Mateescu graduated the Faculty of Physics from Bucharest University in 1994, being licenced in Physical Engineering. Lucian Claudiu Mateescu has accumulated a great experience in the real estate sector. Starting with 2011 he is the main shareholder and the CEO of the company DevBon SRL which is developing two real estate projects in Sector 1, Bucharest having a total investment value of 6.5 mil EUR. Between 2005 and 2011 he held the CEO position for Raptis Kavouras SRL being involved in the development of real estate developments of over 65 mil EUR. In the past Lucian Claudiu Mateescu held various positions in sales field, such as Regional Sales Manager between 1994-1996 and Horeca Manager between 1996-1997 for Coca Cola Romania, and Sales Manager for Dorna SA between 1997-2001. Between 2001-2004 he worked as freelancer identifieng real estate investment opportunities, negotiating the projects with an investment value over 26 mil EUR.	Administrator from 26.04.2013 and General Manager from 14.06.2013
Gabriel Vasile	1969	Gabriel Vasile has graduated the Academy of Economic Studies - Faculty of General Economics in 1994. Gabriel Vasile has over 15 years of experience in leading teams in the administrative department, auto, asset management, and financial reporting, real estate industry, transport and telecommunications. Previously he held positions such as Director of Operations at TPG Advisory Practice and Quintet Asset Management in real estate sector and Head of Department of Auto & Reporting at Romtelecom SA. Between July 2012 and April 2013 was member of the Board of Representatives Shareholders at SIF Muntenia.	Administrator from 16.09.2013
Liviu Stan	1957	Liviu Stan graduated The Mechanical Engineering Faculty at the Polytechnic Institute of Bucharest. Liviu Stan has over 20 years of experience in the building materials companies with a rich experience in the field of entrepreneurship occupying the position of Managing Partner of the following companies: SC DufaTec SRL since 2010, SC Shop24Automatic SRL between 2007 and 2010, SC Global real Invest SRL between 2004 and 2005, SC Dufa Romania SRL between 1997 and 2005, SC Ivex International SRL between 1992 and 2003. Since 2007 has developed its own real estate project - North Residence valued at 4.5 million euros, and since 2012 he is Business Strategy Consultant for Pipera Market.	Administrator from 25.04.2014

First name and Last name	***Date of birth***	***Professional Qualification Professional Experience***	***Function and seniority***
Konstantinos Tasoulas	1969	Constantinos Tassoulas worked at Alpha Bank's Investment Banking Division, as a Senior Project Manager in the Real Estate Finance & Investments segment, with a geographical focus in the Balkan region. Overall, a solid 19 + years of Wholesale Banking experience, having worked in prime foreign and Greek Banks. Expertise in Structured Real Estate Finance and Investments, Corporate Banking and core competence also in the areas of Project Finance, Credit, Distressed Debt, Structured Leasing, Forfaiting, Trade Finance, Corporate Finance, Structured Capital Markets Products and Real Estate Advisory. Results oriented executive with a proven successful track record, a sound knowledge of the Greek - Balkan Real estate market, Greek Corporate market and with well established relationships with prime local and international players in the Real Estate and Corporate field.	Interim Administrator from 02.10.2014

There is no agreement, understanding or family connection between the administrators and another person due to that person was appointed administrator;

Participation of the Board of Directors at the Company's share capital is as follows: Claudiu Lucian Mateescu has a share of 1.07% of the share capital of the Company.

Regarding the persons listed above, there is no litigation or administrative proceedings involving, in the last 5 years, on their activity within the company and nor in those concerning that person's ability to perform their duties in IMPACT Company.

Executive Management

Lucian Claudiu Mateescu – General Manager

On June 14, 2013, the Board mandated in the position of CEO Mr. Lucian Claudiu Mateescu. Graduate of University of Bucharest, Faculty of Physics, he has an experience of over 10 years in real estate development. Between 2005 - 2011 he held the position of General Manager of Raptis Kavouras, real estate development company, and from 2011 until taking over the position of CEO at IMPACT, Mr. Mateescu has been shareholder and CEO of Devbon.

Bogdan Nicolae Geanta – Financial Manager

Bogdan Geanta graduated the Accounting Faculty and the Law School and has over 10 years experience in distribution, retail and real estate.

Responsible for financial planning of the business and for the daily monitoring of financial operations he is also responsible for the financial reporting and cost management.

Liviu Stan - Acquisitions Manager

Liviu Stan has an experience of over 20 years in the field of construction materials companies and has a rich experience in entrepreneurship, occupying the position of Managing Partner at the following companies: SC 2010 DufaTec SRL, SC Shop24Automatic LLC, in 2007-2010, SC Global Real Invest SRL, during 2004 - 2005, SC Dufa Romania SRL in 1997 - 2005. Since 2007 he developed his own real estate project - Nord Residence valued at 4.5 million euros.

The Aquisitions Manager coordinates and develops the acquisition policy of the company. Develops and expands the relationships with the network of providers and updates the partnerships with potential offerers.

Company's subsidiaries

Company's subsidiaries ("Subsidiaries") and the nature of their activity are as follows:

	Country of registration	Nature of activity	31 December 2014	31 December 2013
Clearline Development and Management SRL	Romania	Real estate development	√	√
Actual Invest House SRL	Romania	Real estate development	√	√
Intop Construction SRL	Romania	Real estate development	- *	- *
Destiny Wheel SRL	Romania	Real estate development	- ***	√
Millenium Consult Invest 2002 SRL**	Romania	Management consulting	- ***	√**

** during 2013, Intop Construction SRL merged with Clearline Development and Management SRL*

*** during 2013, Millenium Consult Invest 2002 SRL was restructured from joint stock company (SA) in limited liability company (SRL)*

- **** during 2014 Millenium Cosult Invest 2002 and Destiny Wheel SRL were disolved*

At 30 September 2014, the Group management decided the dissolution of Destiny Wheel SRL. In the 9 months to 30 September 2014, the subsidiary contributed with a loss in amount of 898,788 Lei.

At 30 April 2014, the Group management decided the dissolution of Millenium Consult Invest 2002 SRL. In the 4 months to 30 April 2014, the subsidiary contributed with a profit in amount of 1,244,979 Lei.

Clearline Development and Management SRL (formerly Lomb SA) is the company project of IMPACT established in order to develop a residential project in the city of Cluj-Napoca in partnership with the local authority and there is a legal case for this project as it is presented in the current reports.

Actual Invest House SRL, a company in the IMPACT Group that has an important role in the diversification of services related to the sale of dwellings. Actual Invest House collaborates with major financial institutions from Romania in order to find solutions for credit facilities in the shortest time possible for customers who have purchased a dwelling. Also provides management services for new residential development and furniture and interior decoration services by partnering with leading suppliers at reasonable prices using high quality of materials and equipments.

11. Accounting and financial information

Presentation of economic and financial situation for 2014 compared to previous years:

	Indicators according to IFRS (RON)	2012	2013	2014
Result indicators	**Operational revenues, out of which:**	**36,182,961**	**36,915,587**	**32,599,575**
	Revenues from the sale of residential property stocks	16,958,502	21,985,516	21,171,873
	Revenues from leases and from reinvoiced utilities	6,202,129	5,062,229	4,377,164
	Revenues from the sale of investment property	4,688,707	8,698,124	6,088,013
	Work performed by entity and capitalized	6,459,515		
	Other revenues of operational nature	1,874,108	1,169,718	962,525
	Operational expenses, out of which:	**(49,656,965)**	**(63,728,594)**	**(47,586,325)**
	Accounting value of the sold residential property stocks	(24,820,600)	(20,434,728)	(22,687,973)
	Operational costs afferent to sold / leased properties	(3,428,395)	(3,262,874)	(2,778,621)
	Accounting value of sold investment property	(4,277,863)	(9,576,654)	(6,829,995)
	Expenses with consumables	(1,510,556)	(1,692,434)	(3,465,610)
	Services supplied by thirds	(7,001,256)	(8,932,056)	(1,705,169)
	Expenses with the benefits of employees	(1,687,124)	(2,663,987)	(4,374,609)
	Other expenses of operational nature	(6,931,171)	(17,165,861)	(5,744,348)
	Operational result (EBITDA)	**(13,474,004)**	**(26,813,007)**	**(14,986,750)**
	Expenses with depreciation and amortization	(945,024)	(655,338)	(522,975)
	Value losses of assets, other than investment property	(22,975,767)	(23,149,027)	4,543,299
	Earnings / (losses) of real value of investment property	(37,220,889)	9,731,037	16,967,592
	Operational result (EBIT)	**(74,615,684)**	**(40,886,335)**	**6,001,166**
	Net financial cost	(5,998,202)	(3,765,543)	(1,774,771)
	Gross profit / (loss) (EBT)	**(80,613,886)**	**(44,651,878)**	**4,226,395**
	Tax on profit	5,721,420	2,194,258	(135,252)
	Net profit / (loss) of the period	**(74,892,466)**	**(42,457,620)**	**4,091,143**

	Indicators according to IFRS (RON)	2012	2013	2014
Financial Position indicators	Tangible assets	20,784,144	7,148,126	6,596,081
	Real estate investments	230,508,536	230,662,919	230,979,061
	Intangible assets	49,163	17,840	154,405
	Financial assets	18,634,631	14,377,226	14,377,276
	Non-current receivables	25,550,859	19,823,286	19,300,941
	Total non-current assets	**295,527,333**	**272,029,397**	**271,407,764**
	Stocks	114,167,133	86,415,696	158,125,501
	Total current assets	**131,071,747**	**99,631,101**	**170,749,931**
	Total assets	***426,599,080***	***371,660,498***	***442,157,695***
	Share capital	205,330,158	205,330,158	277.866.574
	Ownership equities	**326,121,387**	**281,430,511**	**365,579,741**
	Total debts	**100,477,693**	**90,229,987**	**76,577,954**
	Total equities and liabilities	***426,599,080***	***371,660,498***	***442,157,695***

	Indicators according to IFRS (RON)	2012	2013	2014
Cash Flow	**Cash and cash equivalents as at 1st of January**	**8,915,228**	**1,581,101**	**4,543,781**
	Net cash from operating activities	8,154,667	(3,038,801)	(65,739,669)
	Net cash used in investing activities	9,899,297	13,628,010	7,174,009
	Net cash from (used in) financing activities	(25,271,030)	(7,557,767)	57,743,170
	Effect of exchange rate fluctuations on cash	(117,061)	(68,762)	(256,565)
	Cash and cash equivalents as at 31st of December	***1,581,101***	***4,543,781***	***3,464,726***

PROFITABILITY SOLVENCY AND LIQUIDITY	**31.12.2012**	**31.12.2013**	**31.12.2014**
Return on capital employed (ROCE)			
Profit before interest and tax (A)	-74,615,684	-40,886,335	6,001,166
Capital employed (B)	376,458,323	341,093,648	404,516,877
A/B	**-19.8%**	**-12.0%**	**1.5%**
Return on equity (ROE)			
Profit net (A)	-74,892,466	-42,457,620	4,091,143
Capital propriu (B)	326,121,387	281,430,511	365,579,741
A/B	**-23.0%**	**-15.1%**	**1.1%**
Leverage rate (Debts vs Assets)			
Total Debts (A)	100,477,693	90,229,987	76,577,954
Total Assets (B)	426,599,080	371,660,498	442,157,695
A/B	**23.6%**	**24.3%**	**17.3%**
Liquidity ratio			
Current assets (A)	131,071,747	99,631,101	170,749,931
Current debts (B)	50,140,757	30,566,850	37,640,818
A/B	**2.6**	**3.3**	**4.5**

PROFITABILITY SOLVENCY AND LIQUIDITY	**31.12.2012**	**31.12.2013**	**31.12.2014**
Quick ratio			
Current assets (A)	131,071,747	99,631,101	170,749,931
Inventories (B)	114,167,133	86,415,696	158,125,501
Current debts (C)	50,140,757	30,566,850	37,640,818
(A - B)/ C	**0.34**	**0.43**	**0.34**

12. Corporate Governance

The Corporate Governance observes the Romanian legislation, aiming to ensure both accuracy and transparency regarding the results of the company and all shareholders have equal access to relevant information about the company.

IMPACT Developer & Contractor SA is administered in a single system, the leadership being provided by the CEO, under the supervision of the Board.

The elements of corporate governance are implemented in the company according to the Code of Corporate Governance adopted by the Board of the Stock Exchange in December 2007, the implementation starting with the 2010 annual report.

IMPACT Developer & Contractor SA submitted and will endeavor professional, legal and administrative measures to ensure consistency with the Code and transparent presentation of these results.

IMPACT Developer & Contractor SA published in a dedicated section on the company's website details of the GMS, respectively the convener, materials / documents related to the agenda, proxy forms, forms for voting by correspondence, draft resolutions and "Comply or Explain" declaration.

The company also ensure the information of all shareholders immediately after the GMS, through the section dedicated to the website in connection with decisions taken in the General Meeting of Shareholders and detailed results of the vote. The company also makes available to the shareholders / investors current reports, releases, financial calendar, annual, half-yearly, quarterly reports.

Since 2014, IMPACT has adopted the following documents substantiating the corporate governance:

- The anticorruption code
- Code of conduct
- Ethical values of the company
- Policy for health and safety at work, employment, environment
- Reporting Policy

Chairperson of the BoD
Iuliana Mihaela Urda

Chief Executive Officer
Lucian Claudiu Mateescu

Chief Financial Officer
Bogdan Geanta

Translation from Romanian language