Annual Report

2008

IMPACT

Developer & Contractor

2008 has been a year of many contrasts

IMPACT Developer&Contractor

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1. CHIEF EXECUTIVE'S OVERVIEW

Dear Shareholders, Customers and Business Partners,

2008 has been a year of many contrasts. The start of the year was marked by much interest from investors and purchasers in Impact's products. During the first 3 months of the year, contracts amounting to RON 32 million (EUR 9 million) had already been signed. From the second quarter, respectively from the month of May, the effects of the economic crisis that had begun to be felt in the United States of America from the autumn of 2007 began to be felt in Romania too, though in a more diffuse way. The strongest signals came from the capital markets that had begun to decrease since the winter of 2007, spreading in the summer of 2008 in to the Romanian banking market as well. Summer confirmed that the European economies, and thus Romania, were to be no exception and the worldwide liquidity crisis begun to be felt strikingly. The period between May and October brought contracts worth only RON 17 million, and cancellation of contracts worth RON 10 million that corresponded to British citizens who were no longer able to meet their purchase commitments due to the credit crisis.

Understanding that the liquidity crisis was forecast to last longer, from the month of October, Impact has been developing products that provide living solutions to those who still want an apartment but cannot access any finance or bank loans. Therefore, in November, the Call-buy system (lease by sale pre-emption) was launched and this, helped by the VAT decrease introduced on December 15th by the Government of Tariceanu, boosted sales so that contracts amounting to RON 7.5 million have been concluded during the last 2 months.

Outside of the Call-buy system, the payment by installments system (Find-L) was revived and the Cetif product was introduced for customers paying the whole value of the apartment and claiming protection by the future reductions of the prices.

Considering the changes in the financial markets that have sent messages of restraint as to the financing of the real estate sector, no other projects began in 2008 other than the Quartz complex in Greenfield providing the entire conclusion to the residential complex Greenfield I, that was launched back in the autumn of 2006.

This complex represents the priority for the company in 2009, along with the commencement of the infrastructure section for the Lomb project in Cluj-Napoca. Other than the Quartz complex, to be completed in the summer of 2009, the other complexes in the country (Lotus I, Roua I, Boreal II) will be completed during the first half of 2009, and the launching of stages II of Lotus, as well as Roua will be achieved when the market is ready for new offers.Considering this, the development unit within the company has been restrained, costs being monitored more often and any unnecessary expenses have been reduced to a minimum.

In conclusion, 2009 will be a difficult year which requires that we be fewer and more creative to attract as many clients as possible even if the Call-buy system profits are in fact postponed until the re-launching of the credit markets.

The re-launching of the market is strictly related to the measures being adopted by the government, which are delayed, so that we expect a fall in business by about 20-25%, the company being focused this year on the contracting of a higher share of customers, even if it is at a lower profit. It is at times like these that it is important to increase market share, and we are dedicated to achieving this.

Besides, we must succeed in attracting partners who can facilitate with the completion of the non-residential parts of the ongoing projects in order to increase awareness of these projects and the client traffic to them.

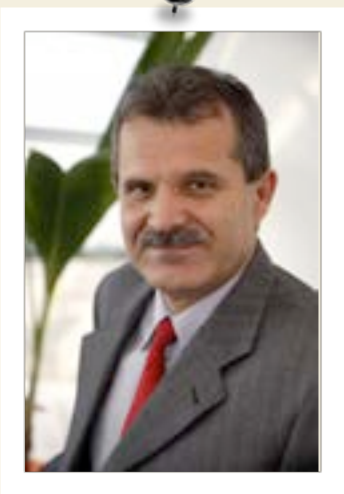
Yours,

2. CORPORATE GOVERNANCE

2.1 MANAGING BOARD AND MANAGEMENT (EXECUTIVE MANAGEMENT, BOARD OF DIRECTORS)

DAN IOAN POPP

Chief Executive Officer



- General Manager of IMPACT Developer & Contractor S.A.
- Main shareholder of IMPACT Developer & Contractor S.A.
- Leading Shareholder with Havila Trading International SRL
- USAID partner on housing related matters

Other professional training and experience:

1990 – 1994: Experience in setting up and running, as General Manager, of IMPACT S.A. and SERCA S.A. companies

1993: Founder of the Romanian Agency of Real Estate Companies

1994: Founding the Bucharest Stock Exchange and the National Agency of Transferable Securities

1998: Member of the National Association of Home Builders in USA

1999: Lecturer and President of the Examining Commission of the Real Estate Institute IRECSON

President of the Romanian Agency of the Real Estate Companies (ARAI)

Founder and Vice-President of the National Federation of Real Estate Development

2000: President of UNAI (National Union of Real Estate Brokers)

2005: Associated Professor at Master Courses organized by The Bucharest Academy of Economic Studies

CARMEN SANDULESCU

Chief Financial Officer

•Executive Manager of IMPACT Developer & Contractor S.A.

•Important shareholder of IMPACT Developer & Contractor S.A. (>11%)

•USAID partner on housing and mortgage related matters

Other professional and training experience:

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

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

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

LIVIU NITA

Executive Manager

•Executive Manager of IMPACT Developer & Contractor S.A.
Legal representation for the company in all important issues

•Collaborator for Financial Markets Reform in Romania – within Deloitte & Touche Romania.

Other professional training and experience:

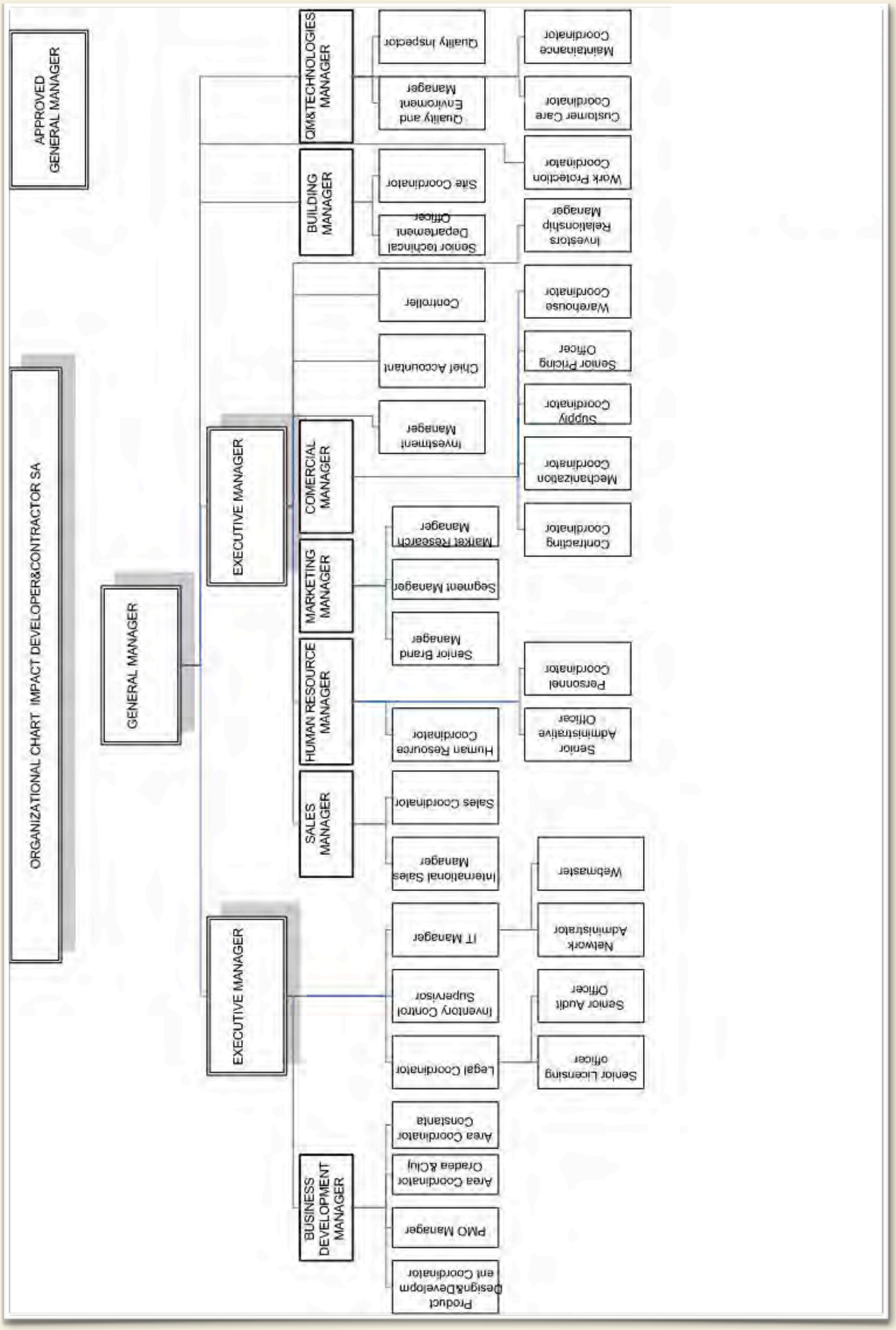
2001 – 2007: Experience in legal consultancy for the Board of Directors regarding company development and coordination of Legal Department, Licensing Department, Inventory Control and Controlling

2002 - 2003: co-author of "*How to Build a House*" and "*A Bank Loan Gives Me The Opportunity to Have a Home*", Economic Publishing House 2003.

2005: Graduate of the Process Management training programme provided by ROQuality and of the Leadership for managers training programme provided by Dale Carnegie

2007: Graduate of Cambridge Legal Summer School - Managing & Leading an Effective In-house Legal Department – Cambridge, U.K.

2.2. ORGANOGRAM



2.3 AUDITOR'S REPORT

Report of the Independent Auditor

To: The General Assembly of Shareholders of SC IMPACT Developer & Contractor SA

We have audited the annexed individual financial statements of ***IMPACT DEVELOPER & CONTRACTOR*** *(the "Company") that comprise the balance as of 31st of December 2008, the profit and loss account, the statement of the own capital modifications and the statement of the treasury flows for the accounting period closed as at this date, and a summary of the significant accounting policies and other explanatory notes, numbered from page 9 to page 47. The mentioned financial statements refer to:*

- *Net asset/Total capitals:* *333,718 thousand lei*
- *Net return of the year:* *8,259 thousand lei, profit*

Responsibility of Management for the Financial Statements

The management of the Company has the responsibility to draft and present in an accurate way these financial statements in accordance with the Order of the Minister of Public Finances no. 1752/2005 for the „approval of accounting regulations in compliance with the European regulations", with its subsequent modifications. This responsibility includes: the design, implementation and maintenance of a relevant internal control for the accurate draft and presentation of the financial statements that would not contain significant distortions, due to the fraud or to the error; selection and enforcement of adequate accounting policies; elaboration of some reasonable accounting estimates under the given circumstances.

Responsibility of Auditor

Our responsibility is, based on the performed audit, to express an opinion on these financial statements. Except for those mentioned at paragraph 4, we performed the audit in compliance with the audit standards adopted by the Chamber of Financial Auditors from Romania. These standards require us to comply with the ethical requirements of the Chamber, to plan and to perfoem the audit in order to obtain a reasonable assurance that the financial statements do not comprise significant distortions. An audit consists in the performance of procedures for obtaining audit evidences with respect to the amounts and information presented in the financial statements. The selected procedures depend on the professional reasoning of the auditor, including the risk assessment of the significant distortion of financial statements due to fraud or to error. In the assessment of these risks, the auditor takes into consideration the relevant internal control for the accurate draft and presentation of the financial statements of the Company in order to establish the relevant audit procedures under the given circumstances, but not to express also an opinion on the efficiency of the internal control of the Company. An audit also includes the assessment of the adequacy degree of the used accounting policies and the reasonability of the accounting estimates elaborated by the management, and the assessment of the financial statements' presentation, taken as a whole. We consider that the audit evidences that we have obtained are sufficient and adequate in order to constitute the basis of our audit opinion.

Bases of Reserved Opinion

1.Limitation of Auditor's Activity Scope

a. The Company registered and reported in the year 2007 revenues from the sold production and based on the minutes of the finding of finishing stages for the constructions of houses/apartments with contracted beneficiaries, considering the concluded contracts as services supply contracts. This accounting policy is different from the provisions of OMFP 1752/2005 for the „approval of accounting regulations in compliance with the European directives" with regard to the recognition rules of revenues from sales of goods. As of 31st of December 2008 there were not such contracts in development anymore. Based on the received information, we were not able to estimate the impact on the attached financial statements of the enforcement of this accounting policy both as of 31st of December 2008, and as of 31st of December 2007. The audit report on the financial statements as of 31st of December 2007 was modified accordingly.

b. The Company is involved into a series of lawsuits with clients coming from the contracts concluded with MTS Leasing GmbH. Therefore, a number of 4 contracts are found in different stages of development, their finality (the sale of 4 houses) being unsure. Afferent to these contracts, the Company recognizes at current assets (debts to be invoiced) an amount of approx. 700 thousand lei, the adopted policy being to record into the accounting the effects of contracts' termination only on the basis of final sentences. The available information on the date the annexed financial statements were approved are not sufficient in order for us to be able to express an opinion with regard to the recoverability of this amount.

2.Disagreement on Accounting Policies – Improper Accounting Method

The Company concluded with the supplier MacAnthony Realty International Ireland Ltd a commission contract regarding the sale of houses and apartments. According to the contract, the Company owes a commission percentage to the supplier at the moment a sale precontract is concluded with a client brought by the supplier. As of 31st of December 2008, the Company reports within the balance position „Advance Expenses" the amount of 1,486,456 Lei representing commissions due on the basis of this contract. As these commissions are generated by sale precontracts concluded with final clients, the services mentioned in the services supply contract are presumed to have been received by the Company and have to be recognized in the costs. Therefore, as of 31st of December 2008, the balance positions „Advance Expenses" and „Profit of Accounting Period" are overevaluated each with the amount of 1,486,456 Lei.

Reserved Opinion

In our opinion, except for the effects of some adjustments that could have been considered as necessary under the situation we would have obtained audit evidences in relation with the aspects mentioned at paragraph 4, and except for the effects on the financial statements of those presented at paragraph 5, the attached financial statements offer an accurate image, in all the significant aspects, of the financial position of the Company as of 31st of December 2008 and of the obtained performance and of the cash flows for the accounting period concluded on that date, in accordance with the Order of the Minister of Public Finances no. 1752/2005 with its subsequent modifications.

Prominence of some Aspects

Without expressing other reserves on our opinion, we draw the attention upon the following aspects:

a. *The Company develops its activity on the real estate market, a market that suffered significant losses both with regard to the individual value of the transactions, and with regard to the transactioned volume. In the present context, it is to expect that these worsenings of the economic conditions on the real estate market would produce negative effects on the value and on the number of transactions that will be developed. The existing information do not allow us to estimate the effect of any possible value losses of the stock of houses and apartments upon the annexed financial statements;*

b. *As presented in Note 1 – „Frozen Assets", the Company owns participation interests upon nine affiliates (trade companies it holds control into). The attached financial statements represent the individual financial statements of IMPACT Developer & Contractor SA and do not contain any adjustment that would be necessary under the situation the Company would have drafted consolidated financial statements.*

The Company will draft for the accounting period concluded as of 31st of December 2008 a separate set of consolidated financial statements in accordance with the requirements of the International Financial Reporting Standards (IFRS). This set of financial statements presents a complete image of the Impact Group by the inclusion of the financial positions and of the results of the nine affiliates.

Report on the Compliance of the Administrators' Report with the Financial Statements

In accordance with the Order of the Minister of Public Finances no. 1752/2005, article 263, point 2, we have read the administrators' report attached to the individual financial statements and numbered from page 1 to page 23. The administrators' report is not a part of the financial statements. In the administrators' report, we have not identified any financial information that would not be in compliance with the information presented in the financial statements as of 31st of December 2008, attached.

Other Aspects

This report is addressed exclusively to the General Assembly of Shareholders (AGA) in its entirety. Our audit was performed for being able to report to AGA those aspects that we have to report into a financial audit report, and not for other purposes. At the extent permitted by the law, we do not accept and do not assume responsibility but before the Company and its General Assembly of Shareholders, in its entirety, for our audit, for this report or for the formed opinion.

In the name of

BDO CONTI AUDIT	
Registered with the Chamber of Financial Auditors of Romania	
Under no. 18/02.08.2001	
Name of the signatory: George Stancu	
Registered with the Chamber of Financial Auditors of Romania	*Bucharest, Romania*
Under no. 1821/30.07.2007	*[10] [04] [2009]*

2.4 MEMBERS AND COMMITTEES OF THE SUPERVISORY BOARD

Mrs. Andreea - Ioana Rosca

Mrs. Rosca graduated the Academy of Economic Studies, with first degree in Insurance and Reinsurance in 1995. In 2004 she became MBA graduate at Open University Business School, United Kingdom of Great Britain. Also she graduated courses of media management and economic journalism in USA (2001) and Germany (1998).

Mrs. Andreea Rosca held during the period 1992-2005, within the publication " Capital"-member of Ringier press group, the positions of Editor, Deputy Chief Editor, during the period 1999-2005 the position of Chief Editor. During the period 2005-2007 Mrs. Rosca was General Manager of NewsIn, press agency within Realitatea group and she is currently Business Press Manager within Realitatea Catavencu Group. Within Realitatea Catavencu Group, Mrs. Rosca managed projects as for example: *Business Standard and money Express and NewsIn*. Regarding her activity within Capital magazine, Andreea Rosca coordinated two projects of reconfiguration of this magazine in the year 2000 and 2004. She also coordinated the series TOP Capital: special supplements focused on various types of categories (for example Top 300 the Wealthiest Romanians): including the editorial concept, marketing strategy, project management, development strategy (2002-2005).

Mr. Valeriu N. Ionescu

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

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

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

2.5 RISK MANAGEMENT

Our goal is to identify risks at an early stage and implement suitable measures to minimize any variance from corporate goals.

Market risks: Arise from the demand and supply from the real estate market, the housing prices in various towns where the company operates across Romania, and the difficulties for our customers to get mortgages, we pursue a strategy of offering a variety of products that are targeting different categories of customers, of offering different types payment for our clients and even mortgages for the ones that have difficulties in getting a mortgage from the bank.

Price risk: For preventing the price risk, the company requires in the sale-purchase contract the alignment of the price with the price increase index in constructions.

Exchange rates and interest rates are the major sources of financial risk: For the long-term necessary cash-flow there are contracted credits with variable interest rate, but the contracts give us the possibility of converting the currency at any moment without paying additional commissions.

We work to counteract the risk of rising construction material prices and the work force prices by continuously monitoring the situation on key markets.

Excess of supply can lead to pressure on prices and uncovered costs. In order to minimize any impact on earnings, we regularly evaluate our capacity and make any necessary adjustments in order to answer to the market demand.

The most important instruments for monitoring and management of risk are planning, controlling processes and regular reporting.

3. THE COMPANY

3.1 INTRODUCTION

Founded in 1991, Impact is the largest and most reputable developer in Romania and focuses on real-estate development in major cities throughout the country. Since 1996, Impact has been the only local developer and contractor to be listed on the Bucharest Stock Exchange (BSE). In 2006, the company's shares were promoted to the first tier of the stock market, becoming the first company in the real estate development and building sector to do so.

Community is at the heart of Impact's vision for large-scale mixed-use developments

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

Impact has also built partnerships with several financial organizations in order to provide a variety of financing solutions to their customers.

3.2 COMPANY OVERVIEW

In 1995 Impact introduced the concept of the "residential compound" to the Romanian market. Over the 18 years that Impact has been in business, the company has achieved numerous successes: partnerships with international financial institutions; nationwide expansion: Bucharest, Cluj-Napoca, Oradea, Ploiesti and Constanta; 11 completed projects; 9 projects currently at different stages of development; over 2,000 dwellings; an A-class 17,230 m^2 business centre; over 100 awards and accolades; an established, respected and recognised brand name with an experienced and qualified management team.

Established and respected, IMPACT is the leading property developer in Romania

Impact's financial strength puts the company in an advantageous market position and has established itself as a reliable and trustworthy partner.

The management team recently decided to move from medium-sized residential projects to large mixed-use developments. The company continues to focus on maintaining its status as the most important Romanian real estate developer in respect to size, business growth, market recognition, brand awareness and meeting the specific demands and needs of its customers.

The company currently manages the largest real-estate project outside of Bucharest, developed in partnership with a municipality, as well as a second private real-estate project that is being developed in Bucharest. Both projects have enormous urban potential and are the first projects to be developed in Romania that adhere to the highest European construction standards.

Impact's success is not only measured by its award winning planning and design, but also by how these elements have positively affected people's quality of life and working environments.

Mission

The mission of the IMPACT is to make its clients' real estate dreams reality, by the professionalism of the staff, which continues to develop, thus fulfilling the investment expectations of the shareowners. This means that IMPACT must identify a clean setting, linked to the city by modern roads, must offer level plans and facades which can cover a larger area of the financial possibilities of its clients, accomplish durable and high quality construction and fittings, grant performance guarantees and more flexible payment mechanisms, adapted to the financial availability of the clients. Thus, IMPACT is the company that builds more than dwellings, it develops communities.

Impact's success is not only measured by its award winning planning and design, but also by how these elements have positively affected people's quality of life and working environments

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

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

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

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

3.3 BUSINESS OVERVIEW

Impact began its residential projects in Bucharest and has now expanded its work to other Romanian cities such as Constanta, Oradea, Ploiesti and Cluj–Napoca (the financial and business capital of Transylvania). In order to maximize its market position, Impact also intends to diversify into property management services.

Impact's target market is made up of mostly well-educated middle and top management people

Impact's target customers know that the value presented by any real estate project is not only through the construction methods used by the construction company (new execution technologies, quality materials, flexibility), but also by the financial products/ services and after sales support offered by Impact.

This is achieved through the guarantees and maintenance system – and discounts received by the clients from the traditional suppliers of Impact.

Alongside its main business activity, Impact also provides its customers with intermediary services. Caring for their client's needs and the market requirements is also sustained on an ongoing basis through new product development. Ever since 1995 Impact has met the expectations of both those for whom they have built and for those affected by the communities we have developed.

Location represents another strong element both by its positioning, and by its additional value given by its neighbouring amenities (hospital, schools, kindergartens, commercial sites, churches).

Since the company was formed, it has gone through an intensive process of selecting the best people in the market in order to ensure the best quality for its projects.

Impact's target market is made up of mostly well-educated middle and top management people

Impact offers various living solutions, adjusted to client needs and flexible in their application

3.4 STRATEGY AND BUSINESS MODEL

2008 was a year of reversing the construction market growth trends in the midst of a global financial recession. Towards the end of 2007 and the beginning of 2008, the financial crisis had started to spread to Romania - a crisis that had its origins in the USA. This is the same period in which the financial problems have appeared on the sub-prime credit markets that had widely affected the capital markets and the international banking systems. The real estate market has been amongst the first sectors in which the financial recession felt particularly in the USA, South East Asia and to a lesser extent Europe.

IMPACT's company strategy had the following goals in 2008:

- Focusing on mixed housing developments
- Completing projects that were started
- Adapting the sales strategy for finished products appropriate to market conditions
- Identification of the various sale and payment modalities
- Analysis of developments in the hotel and office sector
- Revisions of master-plans for future projects
- Division on sub-phases of the projects that will be released according to the new master-plans
- Prospecting markets for attracting new partners for mitigating project risk.

• Focusing on mixed housing areas development

The basic company activity until 1995 was in the renting and maintenance of luxury villas in the main residential and central areas of Bucharest. In 1995 IMPACT introduced to the Romanian market the concept of "residential housing areas" together with the construction of ALFA housing area. Beginning in 2007, the company strategy has been focused on mixed-use development projects. These include large residential areas, office spaces, commercial spaces, hotel units, as well as educational units (schools, kindergartens) and sanitary units (surgeries, policlinics). Moving forward, 80% of IMPACT's current and future construction projects will be focused on residential housing. The remainder will consist of commercial spaces, conference centres, schools, kindergartens and parks.

- **Started project completion**

At the beginning of 2008, IMPACT was undertaking projects in Bucharest (Rubin, Topaz, Onix, Blue, which are part of Greenfield residential area), and projects in Ploiesti (Roua), Oradea (Europa and Lotus) and Constanta (Boreal), and in the summer of 2008 construction of Quartz (part of Greenfield project) in Bucharest had been started.

Four of these projects (Onix, Boreal, Roua 1 and Lotus 1) being at a completion stage of over 90%, three of them - Rubin, Topaz and Europa have been totally completed. At the end of 2008, Blue had a completion level of circa 90% and Quartz of 66%.

Project Name	Rubin	Topaz	Europa	Onix	Blue	Roua 1	Quartz	Lotus 1	Boreal 2
Completion level in December 2008	100%	100%	100%	93,28%	88,18%	99,16%	66%	98,14%	97,3%

- **Project progress in 2008**

Regarding the projects' progress at the beginning of 2008, all nine projects that had been started had progressed to between a minimum level of 5% (Lotus housing area from Oradea) and a maximum level of 88%, for the Blue housing area.

Project Name	Rubin	Topaz	Onix	Blue	Quartz	Roua	Europa	Lotus	Boreal
Progress in 2008	35%	35%	82%	88%	66%	38%	12%	5%	21%

- **Current projects - sales strategy**

Because of the situation with the real estate market starting in May 2008, Impact offered diverse housing solutions, adjusted to client needs and flexible in their application. These have been promoted by a variety of marketing and sales campaigns:

1. Integral payments with discounts and CETIF Programme access – "Buy now at the lowest price in 2009":

For the integral payment scheme, apartments have discounts between 1% and 16%, and houses between 2% and 7% (all depending upon the neighbourhood, on the paid down payment and on the total value of the housing with VAT included). The CETIF financial product guarantees that the return of any price difference will be between the value of the dwelling at the moment of purchasing it and a future value, in the event that the dwelling price decreases. The rules of the promotion stipulate that the client may request a re-calculation of the property's price, on one occasion only, but at any point before 31st December 2009. The price difference is calculated using the list prices displayed on the web site/client's account at the moment they request the calculation. By paying integrally, the client can benefits from all the latest discounts.

2. FIND - L – developer installment system on 6 years with 28% down payment:

FIND – L programme is an alternative solution to loan/mortgages that enables buyers to purchase a new house with less financial pressure placed on the buyer. The product is designed for people who cannot meet the entire costs of a house, but who have large enough incomes and who could afford to pay for such a house in a relatively short term, for example between one and six years. The payment structure is as follows: on contract signing a down payment of 20% is made and then on handing over the house, another payment of 8% is made. Every month a monthly payment is made - the interest rate is calculated dependant on ROBOR, as follows: ROBOR at 6 months +3% to 5% depending on the lending period.

3. Installment payment system for 4 years and residual value:

IMPACT clients can buy the house by residual value installment payment system as well. The maximum period for paying the rates is 4 years, and the residual value can be paid at the end of the contract, after the payment of all the rates.

4. CALL BUY – renting with the possibility of buying and partial capitalization of the rent:

Call Buy programme represents a renting programme that offers the tenant pre-emptive rights to buy the house. An initial guarantee/deposit can be paid, starting with €4.600 euro, depending on the dwelling type, and at the moment of signing the contract it can be chosen a period in which the house integral payment will be done from one to four years. Over the entire contract period, a fixed monthly rent is paid in lieu, this way the client is offered a protection against exchange rate fluctuation. At the point of purchasing, the entire guarantee/deposit and a part of the monthly rent is paid in advance.

It should be mentioned that the houses IMPACT sells are completed and finished, the clients being able to move immediately after signing the contract. IMPACT has chosen to address the needs of a diverse type of potential customers: ranging from buyers with cash which the first product addresses, to those with less financial resources, to whom viable habitation alternatives are offered – the possibility of renting with a buying option.

The company also offers appropriate financial solutions for the above offers and expert advice for procurement of the dwellings.

- **Other activities under analysis**

Projects that IMPACT develop are of mixed-use type, an important place being held by hotels component and office spaces. During 2008, IMPACT finished two feasibility studies conducted by the company Khol&Partner from Austria. The main objective of the studies was to evaluate the development of two hotels from Bucharest, one of them in the Pipera area, the other within Greenfield project.

The conclusion was that both hotels would be placed in the northern area of Bucharest, an area that has a major deficit of hotel rooms. The northern part of the capital has undergone an accelerated economic development during the last few years, becoming a new economic hub in Bucharest.

In this respect, the land owned by IMPACT has proven to be a favourable location for the development of a 2 or 3 star hotel (in the case of the Greenfield project), and of a 4 star hotel with circa 170 – 180 rooms (in the case of Pipera).

One of the major advantages of the project is the location: it is close to the area's businesses and offices and in close proximity to the two airports. Subsequent to the feasibility study for Pipera hotel, the phase of prospecting hotel sponsors and operators has begun.

In 2008, IMPACT also analysed the possibility of constructing office spaces within the Greenfield project. These office spaces are of the SOHO type, are designed for the small investors that in current market conditions will want to relocate their business activities to an office space with a reduced surface area, for which they will pay a lower rent.

• Master-plan revisions by assigning foreign specialists

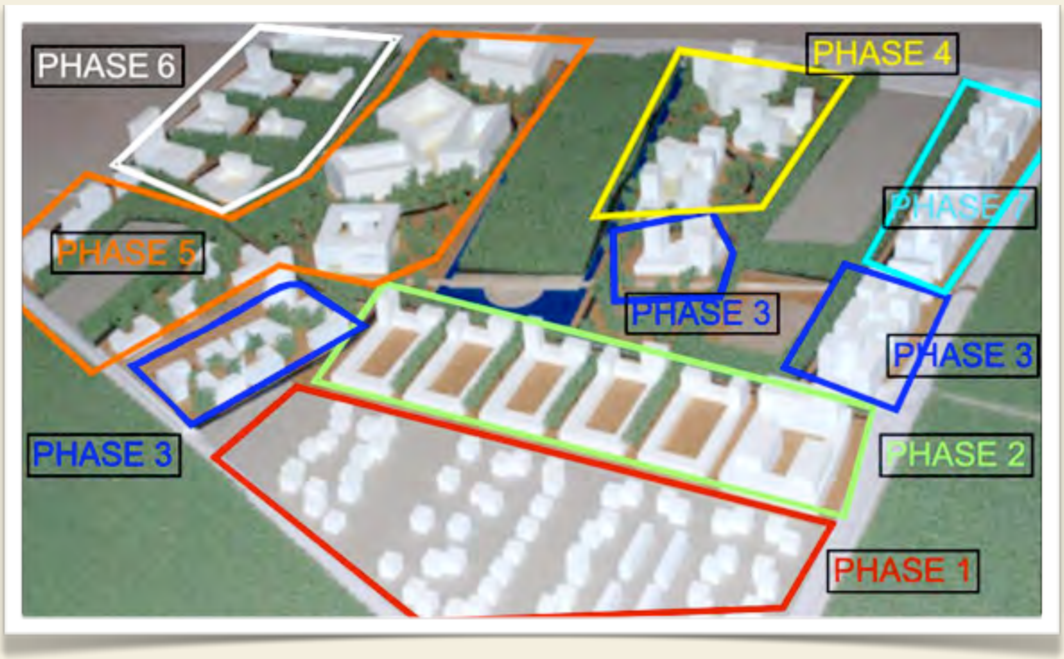
In 2008 specialists from Holland, Great Britain and Romania have been assigned to review the master-plans for the Greenfield project in Bucharest and Lomb in Cluj-Napoca so that they fit with market requirements as well as possible. Thus, for reviewing the master-plan for Greenfield project, Impact has assigned PZP Architecture company from Romania. PZP collaborates with the Dutch company De Architekten Cie for the architecture part of the project and with SC IPCT Instalatii SA for the infrastructure part, having a target completion date of June 2009.

Regarding the master-plan revision for the Lomb project, in July 2008 the English architects YRM Architects have been procured. YRM Architects was founded in 1944, and has worked on over 800 major projects for 450 clients in 37 countries. Some of their projects include the new Terminal 5 at Heathrow Airport in London, the biggest and the most modern European airport and at Gatwick Airport, and also at commercial and educational centres. In Romania, they have work in Bucharest, Baia Mare and Brasov.

The objective of the contract for the Lomb project includes master-plan revisions and planning services with the help of the sub-consultants Macgregor Smith, a landscape specialist, and Cundall company for consultancy in the domain of re-usable energy and sustainability. Completion date of the contract is March 2009.

• Sub-phase division of the current projects

Bearing in mind the commencement of works for the large projects, IMPACT has divided future projects into sub-phases. In this respect, Greenfield project is divided into 7 phases with surfaces between 1 ha and 8 ha.



Lomb project is divided into 10 phases with surfaces between 8 and 37 ha. These, are then divided into sub-phases.

Phase 1 – Lomb Meadow West – 24.62 ha
Phase 1 – Lomb Meadow East – 33.38 ha
Phase 2 – Under Lomb North – West – 33.38 ha
Phase 2 – Under Lomb South - 13.43 ha
Phase 3 – Under Lomb East – 22.53 ha
Phase 3 – Lomb Hill West – 30.16 ha
Phase 4 – Centre North – East – 34.28 ha
Phase 4 – Business Zone/ arts & culture – 13.07 ha
Phase 5 – Centre South – West – 36.79 ha
Phase 5 – Campus & research pole – 24.41 ha

Each project sub-phase includes a maximum of 150 accommodation units, and each phase that is made up of 2 to 7 sub-phases is provided with facilities such as a grocery store, fitness hall, cash dispenser, and surgery depending on what the inhabitants' request.

- **Partner identification for risk mitigation and service offers**

The company has a flexible strategy for attracting partners for project development, depending on the investment volume, partnership structure, and the objectives for when the partnership has been signed.

At the end of 2008 some discussions occurred about the execution of dwellings within the Greenfield and Lomb projects and the subsequent need for partnerships. For the Lomb project, the discussions were about attracting partners for the development of a medical and educational zone (to include besides a university, a campus for students and a research and development zone).

Regarding the Greenfield project, the idea of opening some commercial areas has been discussed with various investors such as fitness, a grocery store, and a kindergarten.



In order to mitigate risk levels, it has been decided that IMPACT will look to attract financial investors from Israel, Greece, Spain, UK etc for Greenfield's future phase development.

- **Cash-flow demands for achieving the 2008 activity plans.**

The cash-flow demands for achieving the 2008 activity plans have been provided by the company, by collecting monies on properties that have been sold and by also increasing a previously arranged €4 million credit line to help finance the execution costs of the Quartz housing area within the Greenfield project which includes 105 housing units. Due to the market conditions and to changing buyer needs, Impact has adjusted its offering to the market: now being oriented exclusively to the construction of blocks of flats within the Quartz housing area.

In this respect, the 28 houses that were included in the initial design of Quartz have been replaced with blocks of flats with two and three storeys. In 2008, 188 contracts were signed with a value of 85 million RON, only 23% less than the value of the 110 million RON of contracts signed in 2007. Although the first half of 2008 saw high levels of income, the second half of the year could clearly feel a slow-down of sales influenced by the global financial recession which started to be felt in Romania.

Most of the contracts have been signed for the housing areas constructed in the northern part of Bucharest, these representing over 58% of all the signed contracts, the rest coming from the housing areas of Constanta, Oradea and Ploiesti.

The sale price for the square meter of the residential units has evolved as following:

- in Greenfield residence from Bucharest the apartment prices decreased by 14% in the period November 2007 – December 2008
- price/ square meter of houses from Boreal housing area (Constanta) increased by 15% in the period February 2008 – December 2008
- price/square meter of houses from Roua housing area (Ploiesti) increased by 14% in the period February 2007 – December 2008

3.5 KEY FACTORS AND MAJOR DRIVERS FOR THE DEVELOPMENT BUSINESS

All the factors driving growth and investment in this sector are driven by three key fundamentals:

Strong Economic Growth: In 2008, Romania had one of the highest economic growths rates in Europe at 7.1% Domestic demand was the one of the main drivers of the economic growth in 2008 - the gross fixed capital (with a 27.4% increase in 2008 compared with 2007) being the most dynamic component. Individual consumption, the second most dynamic component of the internal demand, recorded an increase of 14.1% in 2008 compared with 2007. The goods and services export had significant growth in the second quarter of 2008 when the goods and services export levels actually increased above the goods and services import levels. In the 4th quarter the effects of the global economic crisis started to manifest itself in Romania - a slowing economy becoming reality. The current statistical information shows a decrease in industrial activities, and a decrease in the activity volumes in the services and construction sectors.

The Rise of the Middle-Class: The growing economy has led to an increase in average salaries - an average of 15% per year over the past 10 years – subsequently resulting in a significant increase in the middle classes. Besides having a higher disposable income, they also have higher aspirations; there is therefore a better educated, professional workforce driving urbanization beyond the traditional metropolitan cities.

Enviable Demographics: Romania has over 21 million inhabitants

Huge gap between the demand and the supply on the residential market.

3.6 COMPLETED PRODUCTS

1996 – 1998 IMPACT has build individual luxurious housing with a built area between 180 sqm and 350 sqm, with a modern design, attention for details and dedication for the satisfaction of our clients

1998 – IMPACT started to build semidetached houses with a built area between 120 sqm and 150 sqm, part of the accessible villa category, villas for people who appreciate family values, people who want their dreams to come true

2003 – IMPACT introduced the row houses product with a built area between 80 sqm and 115 sqm, it's a product for young people, for those who aspire and are in a continuous ascension, for those who want more from life.

2006 – IMPACT started to build flats with two, three and four stories design. Also, the company entered the market of office spaces one with the delivery of the Class A Office Building Construdava Business Centre. In the residential compounds, developed by IMPACT, there were developed small retails spaces with a built area between 300 sqm and 1000 sqm in order to serve the community needs.

4. COMPLETED PROJECTS

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

Alfa Project

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

Beta Project

Initiated in 1998 and completed in 2002, Beta is the second residential compound, developed by Impact. The project includes 70 deluxe and prestige villas.

Gamma & Delta Projects

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

Epsilon & Zeta Projects

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

Junior

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

Class

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

Azur 1&2 Projects

The Azur 1 project was initiated in September 2004 and was developed on a 53,500 m² area. The complex includes 150 Prestige and Junior type villas, supplemented with sports grounds, playgrounds, green areas and 50 parking spaces. The Azur 2 development was initiated in February 2005. Both developments were completed in 2007.

Europa Project

In close proximity to the university and with easy access to the Oradea city centre, Europa Project is developed on plot of 130.000 sqm and a total built-area of 112,200 sqm with 298 villas. Because Europa is located in close proximity to this important area, it is ideal in making journeys quicker and easier.

Boreal 1 Project

Located in Constanta and comprising 151 villas, Boreal 1 was initiated in 2002. Developed on an area of 60,000 m^2, the project includes villas with 150-700 m^2 plot and 115-450 m^2 built area.

Figure: Completed Projects

PROJECT	Units	Built Area (sqm)	Started	Completed
Alpha	40	7000	1995	2001
Beta	70	12,250	1998	2002
Gamma & Delta	250	43,750	1999	2003
Epsilon & Zeta	106	19,950	2001	2005
Junior	54	7840	2004	2005
Class	202	41,375	2001	2006
Azur 1&2	150	53,500	2004 and 2005	2007
Europa	298	112,000	2004	2008
Boreal 1	151	60,000	2002	2008

Source: IMPACT Developer & Contractor

5. ONGOING PROJECTS

As well as these completed projects, Impact is also involved in many other ongoing developments, at various stages of completion throughout Romania.

5.1 GREENFIELD PROJECT IN BUCHAREST

Bucharest Overview

The capital of Romania, Bucharest, is the most economically-developed and industrialized city in Romania. Bucharest is a city which produces around 21% of the country's total GDP. This strong economic growth has revitalized its infrastructure and led to the development of shopping malls as well as modern high-rise residential and office buildings.

Bucharest attracts more than 55% of the total foreign investments at the country level

Established blue chip companies (such as HP, Orange, Adobe) have offices in Bucharest and are continuing to invest in Romania's highly skilled modern workforce, which has a growing reputation in I.T, educational, medical and financial expertise fields.

The world's top companies relocating in Bucharest

Following the trend of other major international cities, Bucharest has grown and continues to develop specifically in the northern part of the city. This area is considered an affluent and progressive sector due to its many facilities, investments and the potential for development – it continues to dominate with more than 60% of residential developments currently in progress. The commercial and business centre of Bucharest has migrated in the Northern part of the city (to Baneasa–Pipera), due to the fact that the city center became very crowded in the last few years, parking spaces are insufficient and the rents for the commercial and office spaces are very high.

GREENFIELD
THE BEST SIDE OF THE CITY

Greenfield Project

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

The Greenfield project has been specifically designed with convenience and community values and is based on a new community concept – one that provides all types of facilities required by a modern city and its population.

The development will be complemented by all the services and amenities necessary in order to define it as an autonomous city.

Location:

- Less than 2 km away from the crossroads with the DN 1 Bucharest – Ploiesti (National Road) and from the future Bucharest – Brasov highway
- 5 minutes from 2 airports Henri Coanda and Baneasa International Airport.
- the major commercial complexes such as Metro, Selgross, Carrefour, Bricostore and IKEA are concentrated approximately 5 minutes far away from Greenfield.

The setting is an ideal and attractive location for the future employees of companies relocating or establishing a presence in the business areas currently being developed or planned in the local area (60% of the on-going office buildings are constructed in this part of the city).

GREENFIELD

THE BEST SIDE OF THE CITY

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

Greenfield City offers many of the facilities required for modern living: home, business, commercial, health care, entertainment, religious, etc.

The project was conceived in two phases, Greenfield 1 (phase 1) and Greenfield 2 (Phase 2 – Phase 7).

Greenfield 1 includes the residential compounds: Rubin, Topaz, Onix, Blue and Quartz. The construction work for the 5 Greenfield residential compounds has started. More than 75% of the units from the first phase of the project have already been sold and more than 250 units have been delivered. Greenfield I is targeted to the buyers who want to swap their old apartment for a new one that is built at the highest standards of quality and comfort.

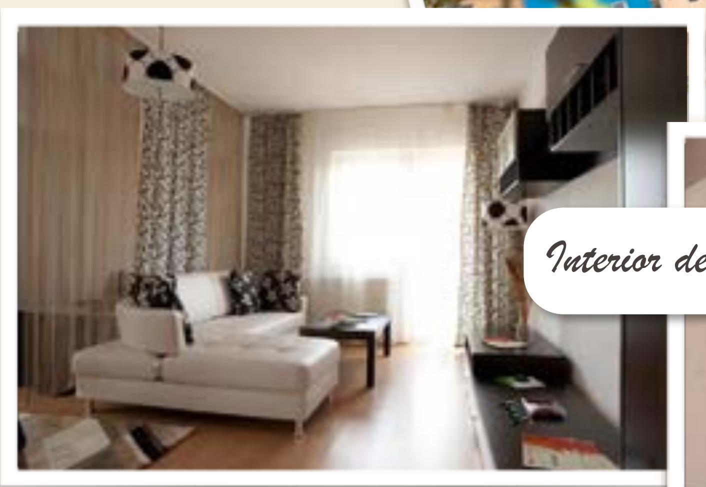
Specifications:

Greenfield I (phase 1)

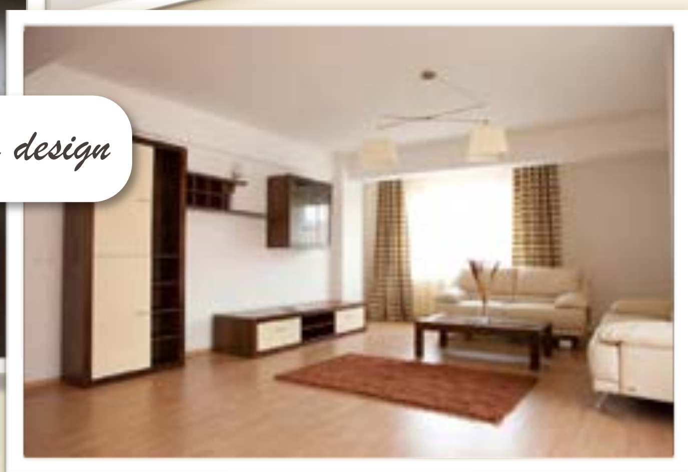
- Development size: 10 ha
- The project time frame: 2006-2009
- Over 720 residential units

The first phase of the project is located in the South-Eastern part of the project and is developed on 10 ha. It is a residential project and it comprises over 720 residential units divided in 5 compounds. The project has started in August 2006 and will be finished by the end of 2009. Greenfield 1 is targeted to the buyers who want to swap their old apartment for a new one that is built at the highest standards of quality and comfort.

Real Pictures



Interior design



5.2 BOREAL 2 PROJECT IN CONSTANTA

Constanta overview

Compared to other Romanian cities, Constanta, known as the 'Pearl of the Romanian Black Sea Coast', is very unique in terms of its residential market's structure and growth patterns. Located in the south-east section of Romania's Black Sea coast, the Constanta's key development features are tourism, shipyards and oil refineries. With a population of over 300,000 Constanta is one of the country's largest cities and also boasts one of its biggest ports. It is also home to the largest beach resort in the region with attractive holiday areas located in the north including the popular resort of Mamaia.

The city, located 220 km east of Bucharest and 80 km north of the Romanian-Bulgarian border, is the eastern terminus of the Pan-European Corridor IV that also crosses through the Romanian cities of Bucharest and Timisoara.

There are two demand needs specific to the city's real estate market. Primarily, the city has its own significant local housing requirements which are then followed by heavy demand for holiday homes because of its attractive location (especially with respect to areas in the north of the city).

Boreal 2 Project

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

Location:

- Outskirts of the Constanta-Bucharest highway
- 3.5 km from the beach
- In the near vicinity of the Boreal 1 Project
- Plot: 5,858 m^2
- Sellable Built Area: 3,578 m^2

The residential compound will incorporate children's playground and entertainment centres.

5.3 LOTUS 1 PROJECT IN ORADEA

Oradea overview

Oradea city is an important entry point into Romania and lies on the western border. It is the capital of the Bihor County, with a population of more than 220,000. Oradea is a commercial and cultural city that brings with it a wealth of great potential. Oradea is open to many opportunities and interests and is a place that attracts holidaymakers as well as Romanian and foreign students who enrol in summer and regular courses at the University.

Additionally it is an appealing city for business development and industrial activities. The multi-cultural environment, affordable accommodation and food, and efficient transport system make Oradea the perfect location to live and study in.

Companies looking for reliable partners, willing to invest or establish new markets for their products, will find Oradea to be a city well-suited to an entrepreneurial spirit.

Lotus 1 Project

Lotus Residential Project fits perfectly to the ones who choose a quiet and unpolluted area. Comprising villas with 300 – 480 sqm plot and 160 – 280 sqm built area. Lotus 1 was started in 2004. The compound is situated close to the bank of Criș River, about 4 km far away from Oradea city.

5.4 ROUA 1 PROJECT IN PLOIESTI

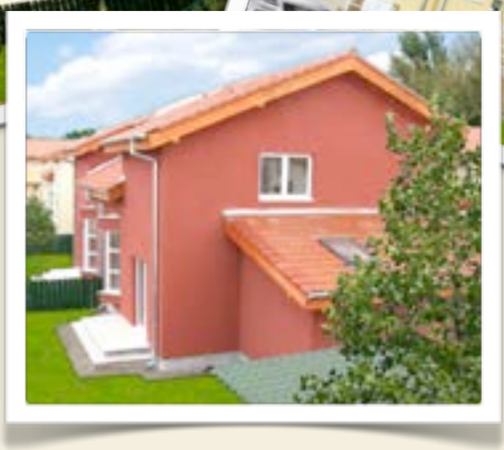
Ploiesti Overview

Ploiesti is an important road and railway hub which connects with other major cities such as Bucharest, Brasov, Buzau, Targoviste, Urziceni, Valenii de Munte and Slanic. Situated at 60 km far away from Bucharest, the city has direct access to Prahova Valley, the most important area for mountain tourism in Romania.

Ploiesti has experienced recent economic growth due to significant investments from major corporations such as Shell Gas, Lukoil, Coca Cola, Carrefour and Unilever. Apart from the mineral oil and equipment industry there are also chemical factories, tyres and rubber product factories, light industry and agriculture.

Roua 1 Project

Roua is a residential project comprising more than 35 houses that represent a new era in the company's activities: the expansion in to another market – the city of Ploiesti. The compound was started in November 2004. Developed on 13.000 sqm, the project has villas with 140 – 300 sqm plot and 125 – 135 sqm built-area.



6. FUTURE PROJECTS

6.1 GREENFIELD II PROJECT

Greenfield II - “Living in a forest” concept

A new urban forest

In a green surrounding with a large forest, within 10 km distance of the city center of Bucharest, a new part of the city will be created: a new neighborhood within a city forest where people can live, work, learn and recreate. By enlarging the existing forest, conditions will be made for a social, green and sustainable environment. This new forest made out of a large variety of trees and plants will provide an attractive environment for people. The forest will give together with the water a strong basic for a sustainable environment and will be recognized as the leading structure; the air quality will rise, rain water will be reused and ecology will increase. Additionally, energy management will take an important part in the new built area.

Recognizable identity

Living in a forest provides a strong identity for the overall area and creates within the programmatic variety a unique layout of high density in a green and sustainable environment.

Specifications :

Greenfield II (phase 2 to phase 7)

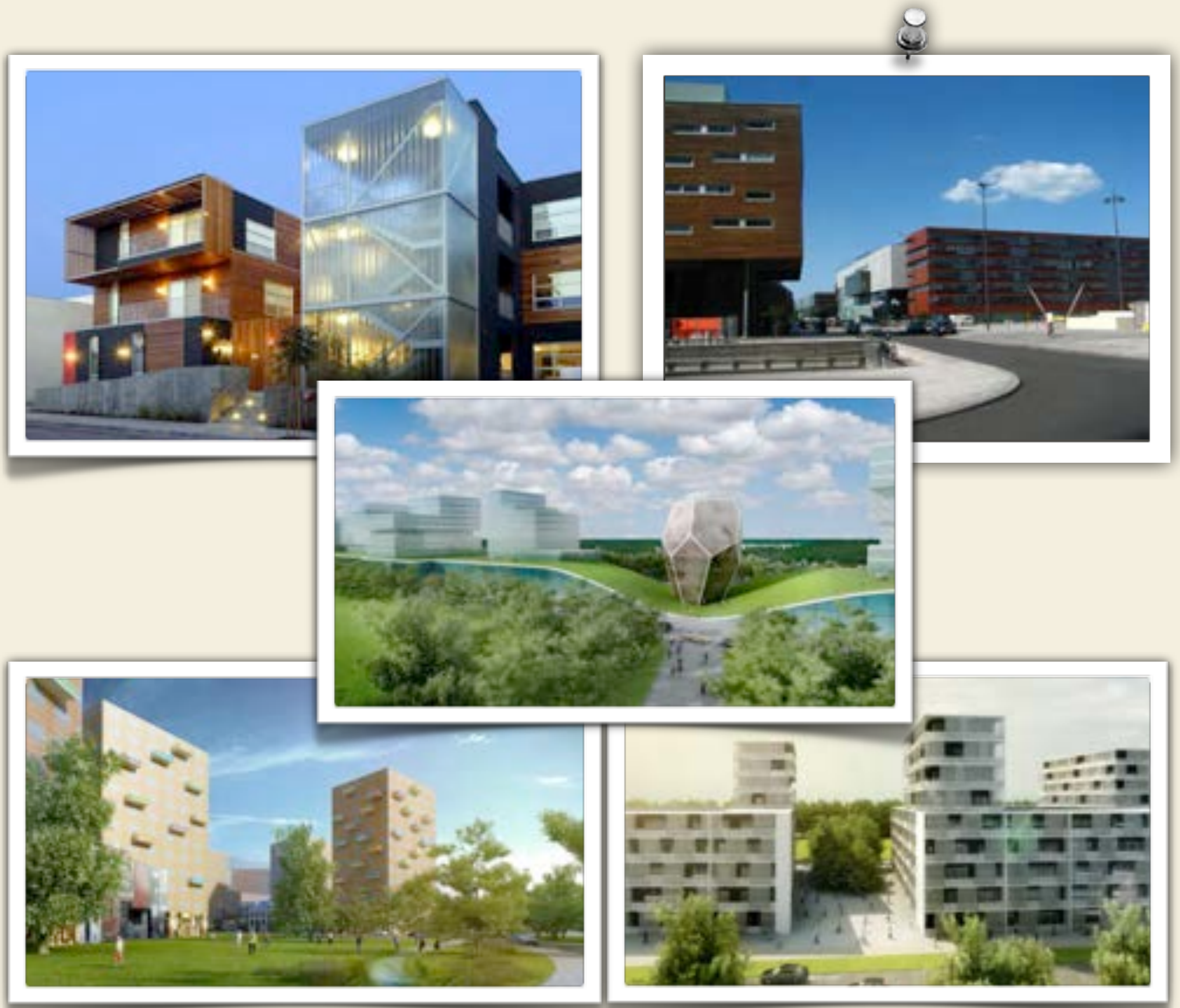
- Development size: 48 ha
- The project time frame: 2009 – 2015
- Over 4,000 flats
- Over 170,000 sqm of built area for office spaces, retail spaces and other facilities such as health care and entertainment.

Phase 2 to phase 7 of the project are developed on 48 ha and it is divided in 7 areas of development from A to G. Each are of development integrates residential units and a mix of office, retail area and other facilities, bringing in the area all the facilities the inhabitants need.

The closeness of the forest areas, green spaces and lakes will help to transform the lives of an urban community, and encourage it to experience a life dedicated to comfort and recreation. The theme of "greenness" creates a framework for a relaxed environment; unpolluted, yet both organized and functional.

Greenfield will be one of the largest "city-in-a-city" types of complex in Bucharest with all the required facilities on hand making it an excellent place to buy or invest. Due to the proximity of the several multinational's business headquarters, Greenfield offers excellent rental potential for investors. This development's location makes Greenfield perfect for active people who are always on the move.

Greenfield is the right place, where everything you choose defines you.



6.2 CONSTRUDAVA II HOTEL

The Construdava II Project site is located in the northern part of the Bucharest, on the south bank of the Pipera Lake, at 10 km far away to the Bucharest city centre. The area currently lacks of quality accommodation while offering a variety of demand generators and showing an attractive business potential for new hotels projects.

Specifications:

- Capacity: 200 rooms
- Land Area: 2,000 sqm
- Total Floor Space Gross: 12,500 sqm
- Concept: International 4-star business & conference
- Quality level: Upscale segment
- Opening time: Year around

6.3 LOMB HILL PROJECT IN CLUJ-NAPOCA

Cluj-Napoca Overview

Cluj-Napoca is the city which has attracted the most foreign investment after Bucharest and continues to be a Romanian real-estate market hot-spot. Due to exceptional growth prospects, leading blue-chip companies such as Nokia, Siemens and Emerson have chosen Cluj-Napoca for their production line presence in Romania. The market area is extremely large with a city population of over 350,000 in addition to the 70-80,000 students who live and study there. The increased number of companies and investors in Cluj-Napoca has led to a rise in real estate transactions and an in-migration of the workforce to the city.

Leading blue-chip companies have chosen Cluj-Napoca for their production line presence in Romania

The local authorities intend to make Cluj a regional demographic and economic hub. Considering the major factors: the projected outstanding economic development; the presence of higher education facilities; the rising level of interest from multinational companies to invest in Romania (and Cluj in particular), and last but not least the rapidly improving infrastructure - the construction of the highway from Bucharest to Budapest and the expansion of the airport.

All these improvements are therefore intended to kick-start this development, by addressing the following issues:

- Easing the pressures on housing rents and purchase prices
- Improving the overall quality of living standards
- Enabling the expansion of the University's faculties
- Encouraging further immigration to Cluj
- And achieving a critical mass of employment and economic activity which will continue to attract more investors.

Cluj-Napoca is the city which has attracted the most foreign investment after Bucharest

Lomb Hill Project

The Lomb Hill Project is set within a 267 hectare plot and will be the largest real estate development in Romania. The site is sufficiently large to house several thousand residential units and corresponding commercial infrastructure, along with significant space reserved for public activities and university campuses. In short, the location is essentially suited for the construction of a small, self-sustaining town of around 30, 000 inhabitants.

Location:

The Lomb Hill project is located in the northern part of Cluj-Napoca (within the Transylvanian region) and close to the main DJ 109A road, Cluj-Napoca – Jibou.

High standards in modern living combined with a broad range of business and commercial buildings are the hallmarks of Lomb Hill.

People living in this community will be part of a safe, quality and fun environment

The community will offer the same lifestyle and standard of living to which western European clients are accustomed. People living in this community will be part of a safe, quality and fun environment, with the most modern health and educational facilities. The environment will be clean and healthy, with people encouraged to walk, cycle and use the many athletic facilities offered by us. A spacious, well planned and maintained community will grow.

The project is divided into 10 phases with a time frame of 8 years

The project will offer the following types of residential units:

• Single family, stand-alone homes: these will be houses on their own plots of land

•Duplexes: these are structures shared between two families

• Row houses: a series of attached single-family homes

• Multiple-family dwellings

Some of the more centrally located blocks will be mixed-use units, with a commercial establishment on the ground floor and 2 – 3 residential units on upper floors.

7. CUSTOMER CARE DEPARTMENT

The Customer Care department evolved because of the need for IMPACT to better understand the problems and issues that were affecting clients, and to centralize these problems and resolve them quickly.

It became clear that what was an important priority for IMPACT was to maintain a very close customer relationship and be honest and open about problems and communicate clearly how the company would be able to resolve them. IMPACT's main goal is to "increase customer satisfaction", using research questionnaires and reports drawn up by the Customer Care Department.

Each Customer Care representative has a main aim to build a win-win relationship (a partnership) between the company and customer. Customer Care ensures communication between Impact and our customers is excellent which in turn helps Impact deliver a successful customer service program and ensures our entire marketing program works effectively.

Customer Care: Department within the Environment and Quality Management

Objective: Maintaining post-sales relationships with customers

Tasks:

- Talking to clients and relaying their complaints to those who are responsible and are able to resolve them;
- Setting a schedule for the problem resolution, monitoring the progress of the resolution process and ensuring the customer is informed as to the progress
- Provide information to the customers regarding the events, programs, status observation / claim issues and utility services

Process:

Information from customers comes directly in to the Customer Care department or via the 24 hour customer call center. Customer Care Representatives then forward these messages to those that are responsible for resolving them and then keep in touch with the customer. All problems are recorded in a CRM database which contains a complete list of our customers and the issues they have raised. Periodic reports are sent to the Quality Manager to ensure that the appropriate corrective and preventative measures are taken. Where necessary, the re-design and even re-evaluation of contracts with suppliers concerning their products and services follows.

8. QUALITY CONTROL

Firstly, the company is careful not to carry out activities that have a significant detrimental impact upon the environment.

Secondly, IMPACT has implemented an integrated environmental management system in order to monitor any effects our work has on the environment. The system was certified in September 2005 by the SRAC organization, according to the SREN ISO 9001:2001 and SREN ISO 14001:2005 standards.

The environmental management system was reconfirmed in a monitoring audit from April 2006. The system works by following the 8 core principles of quality management, one of them being the process-based approach: plan-do-check-act (planning-executing-checking-acting), ensuring the activity is kept under control and follows a process of continuous improvement.

In 2006, Impact started the implementation of the health and occupational security management system according to the OHSAS 18001:2004 specification.

IMPACT has implemented an integrated environmental management system

9. EMPLOYEES

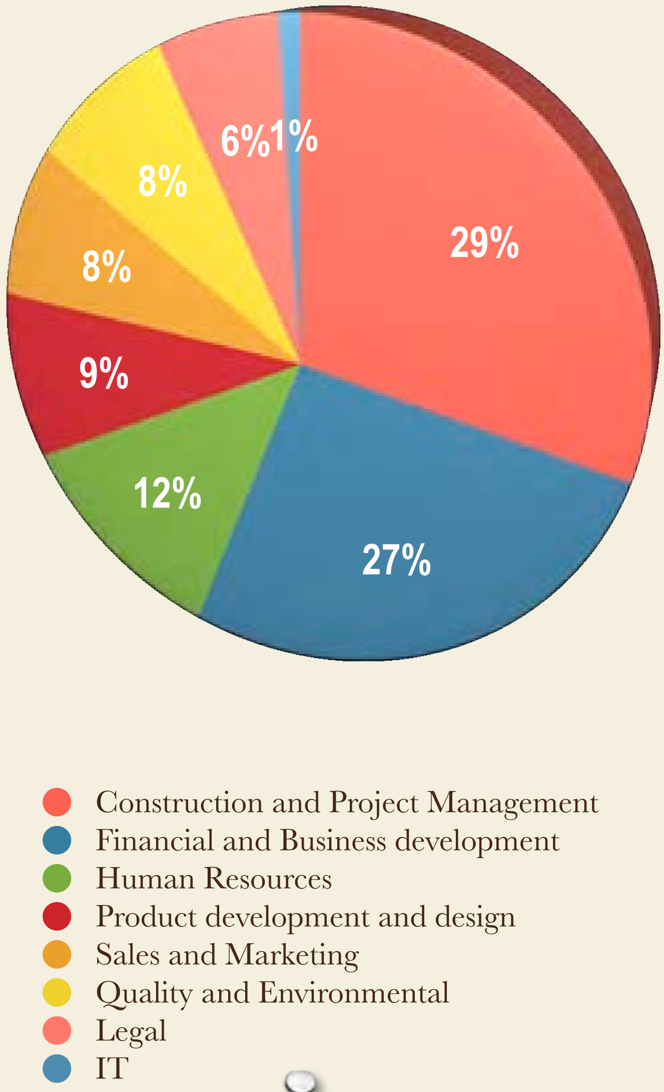
Training and professional development at Impact is based around one of the company's core values - Continued Learning, which follows a well structured and planned training programme.

IMPACT had an average number of employees for 2008 of 160. The training programs that we offer to our employees follow the "Plan of Vocational Training" and courses are run by both internal and external training staff. The internal training programme is designed to develop skills and competencies in: communications, sales techniques, customer service and real estate project management.

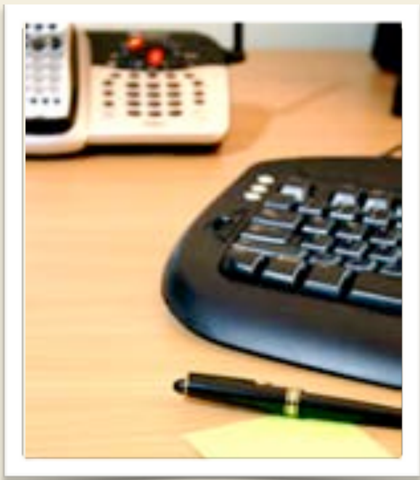
Impact employees also have the opportunity to take part in conferences, seminars, fairs and exhibitions on project management, human resources, leadership and public relations.

Training and professional development at Impact is based around one of the company's core values - Continued Learning

Chart showing the breakdown of Impact staff by department/function



10. CORPORATE RESPONSIBILITY



Real estate has a strong influence and impact on society and on the environment. Urban development, residential areas, car parks, offices, retail and leisure centres, all encroach upon people's lives.

Impact views business as an integral part of society. Because of its duty to serve people and create value for all, Impact takes its role as a responsible member of society seriously and acts in accordance with economic and social principles.

Impact takes its role as a responsible member of society seriously and acts in accordance with economic and social principles

CSR Policy:

Impact aims to create an atmosphere of trust between employees, shareholders, clients and society. The company focuses on three main areas:

- Education and culture
- Society
- Developing employees

Education and culture

Impact encourages the young and ambitious to begin their professional careers by offering students internships to give them experience of a business environment. Students have the opportunity to gain experience in the following areas.

- construction
- marketing
- human resources
- administration.

To support youth development, the company has donated computers to teenagers with limited access to proper computing equipment. Also, IMPACT supports the initiatives of student organizations through material resources and human resources.

IMPACT supports the initiatives of student organizations through material resources and human resources

Society

The field of activity has enabled the company to donate building materials to people from different regions in the country. At the same time, the company makes donations to orphanages, in order to support Romanian society as a whole.

Developing employees

Impact organizes regular training programs so as to develop individual employees. To strengthen professional relationships, each staff member can suggest a social cause in which the company should be involved.

10.1 CORPORATE RESPONSIBILITY PROJECTS

"The Hope for Neighbours"

The project consisted of helping people in Radauti, who had lost their homes during the 2008 summer floods. Impact developed a two-pronged response to this situation: on the one hand, the company donated building materials so that the people were able to rebuild their homes. On the other hand, Impact helped raise funds from the wider population in order to further help the cause.

Social Case:

In the summer of 2008, six counties in Romania were affected by serious flooding (Bacau, Botosani, Iasi, Maramures, Neamt and Suceava). Out of these, the greatest damage was recorded in Radauti, Suceava county. The waters destroyed the houses of 38 families and the agricultural land of 217 families. Impact started the "The Hope for Neighbours campaign".

In May 2008, Impact supported to carry on the Communication Olympics

IMPACT sponsored Communication Olympics

In May 2008, Impact supported to carry on the Communication Olympics. The team that was supported by the company won third place for the Public Relations category. The brief that the company gave to the students consisted of carrying out a campaign for Impact through which they had to build the company's reputation amongst a younger target audience (18 – 26 years age groups) and to position the business in the eyes of this audience as a company deeply integrated in community life and one that adapts and modifies its activities according to the community's values.

Impact sponsored Business Summer School 2008, which took place in Sibiu

Impact encouraged youth development and education in 2008 when it sponsored the “Business Summer School” and „ “CEE Real Estate – A Developer Approach” workshop, using the famous teaching method involving several case studies developed by Harvard Business School specialists.

Business Summer School 2008 was dedicated to investment in the emerging markets. Participating at this event were representatives from 3 of the world famous Ivy League universities: Harvard, Columbia and Yale. Also present were Romanian and international experts from the Harvard Club Romania-Moldova, the World Bank, and representatives from the world’s largest investment banks: JP Morgan Chase, Morgan Stanley, Lehman Brothers and Goldman Sachs. Business Summer School (BSS) is an international summer school which brings together students, master and doctorates/ teachers from Romania and abroad to discuss economic issues.

International Student’s Festival Film was supported by Impact

– 24th -30th November – Cluj 2008

Partnership with 3 universities from Cluj – Napoca: UBB, Art and Design University and Sapientia.

The Festival was dedicated to young students: fictional film, animation, documentaries multimedia and visual anthropology producer. The festival was intended to promote quality student film production and encourage the exchange of experiences between young people and audiences eager for alternative cinema. The film consisted of projections of selected films, workshops, seminars and other events which promoted the creation and production of short films. The festival is open to all budding student producers /writers from Romania or abroad, provided only that the films made are entirely non-commercial.

Business Summer School 2008 was dedicated to investment in the emerging markets

Impact has donated 15 computers for disadvantaged children

At the end of last year, the company Impact made a donation of 15 computers to the Children, Community and Family Romanian Foundation. The computers were set up in 2 community centres (“Every Child" and “Dumbrava Rosie"), where approximately 100 children from socially disadvantaged families live.

This action is part of a larger programme entitled “A computer for each one”.

11.THE YEAR 2008 AND OUTLOOK

11.1 EVENTS

11.1.1 Impact Developer & Contractor in the middle of international events

IMPACT at the ING EMEA Conference

On May 14th 2008 Impact Developer & Contractor SA participated in the ING EMEA Real Estate Conference in London. Whilst at the conference Impact's representatives met investors from capital markets interested in real estate companies from the European Emerging markets. The investors' interest in Impact shares is driven on the one hand by the company's real estate projects and on the other by the attractive value of the company shares on the stock exchange.

Another factor that roused the investors' interest in IMPACT shares is the growth potential of Romania's real-estate market. There is a vast discrepancy between supply and demand, and the mortgage market is still relatively young in Romania - only 3.25% of GDP compared with 49% of GDP on average in other European countries.

On 27th – 29th May - IMPACT at REAL VIENNA

Impact was pleased to exhibit at Vienna's annual trade fair for commercial and industrial property and real estate investments, Messe Wien on 27th - 29th May 2008. REAL VIENNA is an event intended to help real estate companies do business and network for projects, investments and financing involving various sectors of the economy and several regions focussing on Central, Eastern and South-Eastern Europe.

IMPACT an attractive company for real-estate market

Impact participated in the "New Europe - New Opportunities" Conference organized by Erste Bank in Dubrovnik, Croatia on 19th -20th June 2008. This event has gathered over 50 investors from the capital market especially from the Central and Eastern Europe. Interest from investors in Impact was driven by a low share price / NAV (e) 0.57 (below average for the sector), and by the portfolio of projects and large areas of land owned by the company.

Bucharest Meeting Point – event guide for partner

On July 1st – 3rd 2008, Impact participated in the 1st edition of the symposium Bucharest Meeting Point from Bucharest. The objective of the event was to transfer the good results that Central Europe Meeting Point (CEMP) had gained in Poland to Romania - one of the hottest countries in Europe from a property perspective.

During this event, Impact's representatives met foreign investors, foreign real estate agents representing clients interested in Romania and with investment brokers that are interested in Romanian real-estate market. The discussions revolved around the huge potential that IMPACT's future developments offer.

UniCredit CAIB Annual Regional Conference

On the 4th and 5th September, Impact participated at the UniCredit CAIB Annual Regional Conference organized by UniCredit CAIB Group in Istanbul, Turkey.

This event has attracted over 140 participants from Europe and the United States. At this conference the Impact's representative had the chance to chat with some of the company's shareholders and with other investors interested in the company. Due to favourable economic conditions, Romania remains an attractive opportunity for investors in capital markets.

"BUYING PROPERTIES ABROAD" in Globen Arena, Stockholm

On September 27-28 Impact participated at the fair "BUYING PROPERTIES ABROAD" in Globen Arena, Stockholm. It was the first time that a Romanian developer was present at a Scandinavian property fair.

Our main objective was to introduce Romania and Impact Developer & Contractor to the Swedish market - as well as to attract new investors. We contacted the Romanian Embassy in Stockholm in order to promote our presence at the fair to the Romanian community in Sweden. We also sent an invitation to the members of the Swedish Chamber of Commerce and their partners containing a short presentation about (Impact and the business opportunities the projects offer investors.

Being the first time Romania was represented at the fair, IMPACT's representatives were interviewed by Hem Utomlands – Homes Abroad – a well known Swedish property portal. The interview was posted on the site's home page and contained information on Romania as one of the newest and most interesting countries for Swedish property investors. We were also given the opportunity to post Quartz on the portal for six months.

Even though the fair was mainly for holiday home buyers, Impact's projects stirred interest from several Swedish investors. They asked for information about the steps for purchasing property in the country as well as about the fiscal and economic situation in Romania.

Interesting discussion at EXPO REAL 2008

On 6-8th October Impact participated at the biggest commercial property fair in Europe, EXPO REAL, organised in Munich, Germany. The event attracted 24,500 trade visitors from 77 countries. During this event, Impact's representatives talked at length with potential investors interested in real estate companies from the European Emerging markets.

EXPO REAL offered a conference programme in which experts and high-profile speakers discussed the latest trends and developments in the commercial real estate industry. IMPACT Developer & Contractor was proud to be a part of these discussions.

On Thursday, 7th October at 3:30 pm all those interested were invited to attend the "Real estate investors guide: Romania" Panel.

"PROPERTIES ABROAD" Aren Oslo

On October 18-19 Impact participated at the "PROPERTIES ABROAD" event in Spektrum Arena Oslo. It was the first time that a Romanian developer was present at a Norwegian property fair. Our main objective was to introduce Romania and Impact to the Norwegian market - as well as to attract new investors.

GCC Europe Expo – an open gate to Gulf

On 12th - 13th November, Impact participated at the GCC Europe Expo, organized in London. The fair was held at the Olympia Trade Centre with the endorsement of the British Prime Minister Gordon Brown. The event is intended to facilitate bilateral trade and investments, and helps forge potentially thousands of new commercial relationships between EU and GCC businesses.

We had the chance to take a seminar which allowed us to present the unique attributes of the Romanian economy and the potential of its real estate market to thrive in an otherwise troubled global climate -as well as to present Impact and its projects.

MIPIM HORIZONS - A show for countries with fast economic growth

Over 2nd and 4th December, Impact participated at MIPIM HORIZONS, held at the Palais des Festivals in Cannes, France. Impact's representatives discussed with different consultants and investors from all over Europe including France, Germany, Italy and Russia who were interested in our company's portfolio.

During the Speed Matching session, our Investor Relations Manager, Oana Trifu presented investors with the opportunity to be involved in one of the biggest and most attractive mixed-use development in Bucharest – Greenfield Project. The jury was impressed by the high quality of the Greenfield Project and found it very interesting.

The Speed Matching format allowed us to gain visibility and helped us to find the right investors for our project and to offer various structures for equity partnership. The quality of our 7-minute multi-media presentation was the key to our success.

11.1.2 Impact Developer & Contractor in the middle of national events

CONDOMINIUM International Expo & Conference

Impact was pleased to participate at the "Apartment's exhibition" which took place from 14th to 17th February 2008. IMPACT also participated at the event that took place on 25th – 28th September - autumn show.

TIMON

Between 20th - 24th February and from 19th to 23rd March, Impact participated at the TIMON Exhibition at the World Trade Centre in Bucharest.

Impact's representatives discussed about the Greenfield project with those who had expressed an interest. Impact also attended TIMON - the events took place between 18th - 21st September and 16 - 19th October (autumn editions) and 4 – 7th December (winter edition).

National Property Fair

National Property Fair is the only event that brings together players from the real estate market in the largest real estate exhibition in Romania. The event attracted over 120 companies and institutions, national and international exhibitors and more than 17, 000 visitors. Impact participated at this expo between 17th – 20th April and 18th – 21st September.

21-22 October – participation at Biz Days in Cluj

Impact participated at the workshop “Human Resource – key factors in business development” and “Investment in the real-estate market - who wins and who loses?”, which took place on 21 – 22 October at Biz Days, in Cluj. Participating in this event was for Impact to interact with people from specific fields and information.

Condominium Exhibition - Cluj

Between October 30th - 2nd November, IMPACT attended the Condominium Exhibition – real-estate exhibition. The aim was to create a positive attitude to Impact’s projects, so that the public can become more confident, responsive, curious and interested in projects that are made by IMPACT. One of the activities offered by IMPACT at the fair was the contest “Name your street!” This proved to be a great success by increasing the number of visitors to our stand.

Career Fair “Top Employers” - 21-22 march 2008, Bucharest

Each year, Impact Developer & Contractor participates at the most important career fair “Top Employers”. Impact’s stand attracted more than 450 visitors last year.

11.2 HIGHLIGHTS 2008

11.2.1 INTERNATIONAL HIGHLIGHTS 2008

15 May SILOBRAKER

Romanian developer IMPACT invest EUR 700 million in the local real-estate market by 2012

Romanian listed property developer IMPACT Developer & Contractor is planning to invest EUR 700 million on the local property market in the coming five years.

16 June WIRTSCHAFTBLATT

Romania is a paradise for living

The biggest real-estate development in Romania, Lomb Hill Project is impressive. It is set within a 267 hectare plot and the location is ideally suited for the construction of a small, self-sustaining town.

19 May INTERFAX

Impact invests EU 0.7 billion

The company's main interest tends toward mixed-use projects on the local market, with residential, office and retail area built in "city in a city" style developments which create entire communities including kindergartens and schools.

June INTERFAX

Impact and Local Council Cluj-Napoca have signed the Act for the SC Lomb SA

Romanian developer Impact Developer & Contractor have signed with the Local Council Cluj-Napoca on June 5th the act for the establishment the society SC Lomb SA. The aim of this company is to provide the infrastructure and to build a residential neighbourhood in Lomb Hill area, in Cluj-Napoca City.

July PATHFINDER BUSINESS

For IMPACT, the "residential compound" has a special meaning because the company was the first to bring this concept to the Romanian real-estate market.

Over time we have become more and more interested in developing communities (a city within a city – with schools, kindergartens, offices, leisure areas, commercial spaces in the close proximity to the residential areas). An example of this is the Greenfield project. Greenfield has been specifically designed with convenience and community values in mind. It is based on a new district concept, providing all types of facilities required by a modern city.

17 July THE WALL STREET JOURNAL

The real estate market in Romania is an increasing market

IMPACT Developer & Contractor has developed multiple million dollar projects in Romania, not only in Bucharest, but also in Oradea, Constanta and Ploiesti. The main service provided by the company is the development of complex real estate projects: housing ensembles, modern office buildings, as well as spaces for retail or logistic Impact's customers are: Romanian residents, Romanian investors and international investors.

August Overseas Property Professional (OPP)

"Chipping off the old bloc"

Romania is now working hard to turn the international community's attention to a more serious proposition, its property market. IMPACT's representative said that: "supply won't cover the demand for several years. The economy has been growing for the last few years and you can see the need for new residential, industrial and office spaces".

September Hem Utomlands

Romania - new country for SwedesSwedes are looking at more and more countries for property purchases. One "new" country is Romania. Impact's representative said that "the interest for the Romanian property exhibition in Stockholm was great, not least from Romanians living in Sweden. Like so many other new Swedes, they also want to own property on their old homeland".

07 October PROPERTY SECRETS Credit crises – is there an upside for CEE property investors?

Perhaps the most interesting market right now is Romania. IMPACT's representative said that "the big plus for this market is that we have a huge demand". Housing needs will continue to drive growth in the long term.

January Property Xpress

The second phase of the Greenfield will include more than 140 apartments, kindergarten, as well as retail zone of 500 sq m. The project site is located between the two airports in northern Bucharest, Baneasa and Otopeni, and is surrounded by a forest. A UK-based firm will work on the master plan of the project.

11.2.2 NATIONAL HIGHLIGHTS 2008

12th May, ADEVARUL

Impact - growing profit

Impact, led by Dan Ioan Popp, registered, during the first quarter, a net profit of RON 5.13 million, an increase of 135% compared to the first three months of 2007. The significant profit increase is based on the double value of the execution works completed.

12th May JURNALUL NATIONAL

IMPACT shares are attractive on the emerging real estate market due to the financial indicators for 2007 and 2008

IMPACT Developer & Contractor is a privately-owned listed company, active in the integrated mixed development area. IMPACT shares were promoted to tier I of the Stock Exchange in 2006: the company became the first representative of the real estate and constructions area. Due to the prestige obtained by its involvement in several mixed projects, including "Greenfield", the second biggest project in Bucharest, IMPACT has become attractive to the emerging real estate market.

07th April, MEDIAFAX

IMPACT Developer & Contractor participates in the biggest real-estate fair in Europe

Impact will participate in the biggest real estate fair – SIMA, which took place in Madrid, in April. Last year's experience, the 150,000-strong attendance and the participation of 61 countries prove that SIMA 2008 is one of the biggest real estate events organized on an European level, gathering the most prestigious companies. For this year, the organizers expect over 160,000 visitors.

SIMA gathers many exhibitors from the international real estate market, including developers, builders, banks, famous real estate agencies and architecture companies.

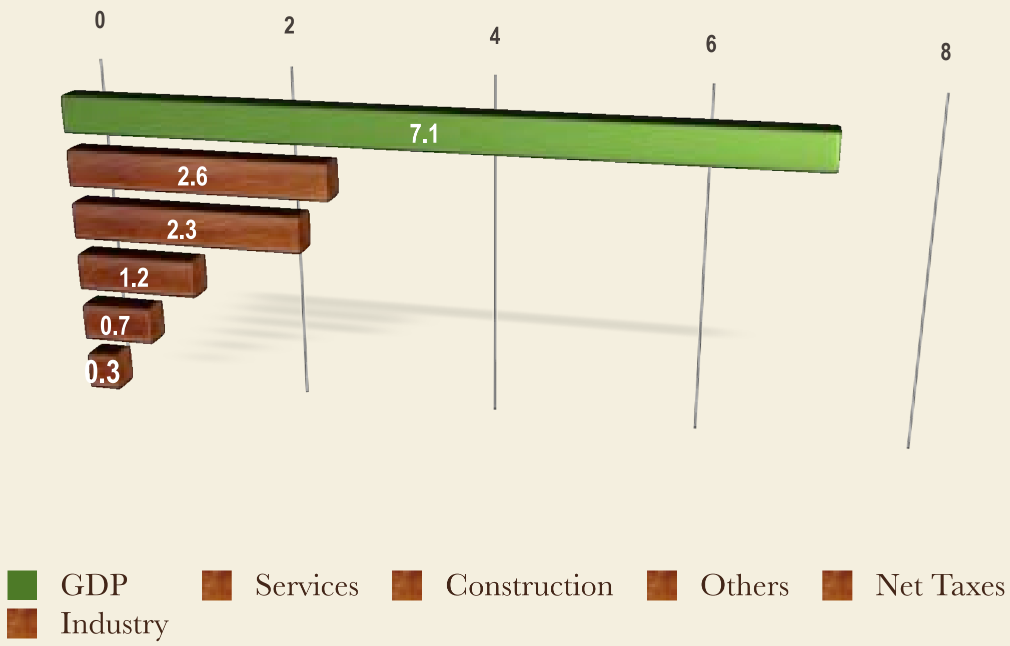
11.3 THE ECONOMY

Romania acts as a business hub for the rest of South-Eastern Europe (Albania, Bosnia, Herzegovina, Bulgaria, Macedonia and Serbia), a role drawn from its strategic location between Central Europe, Russia and the Balkans.

The GDP growth rate was 7.1% in 2008 based on the increase in final consumption by 7.1%, the public administration consumption by 6.3% and fixed capital investments by 5.9%. Regarding the increase of GDP structure 2008 / 2007, the highest increase (2,6%) is represented by services and the lowest (0,3%) by industry.

Romania has received increasing amount of foreign direct investment in the last year

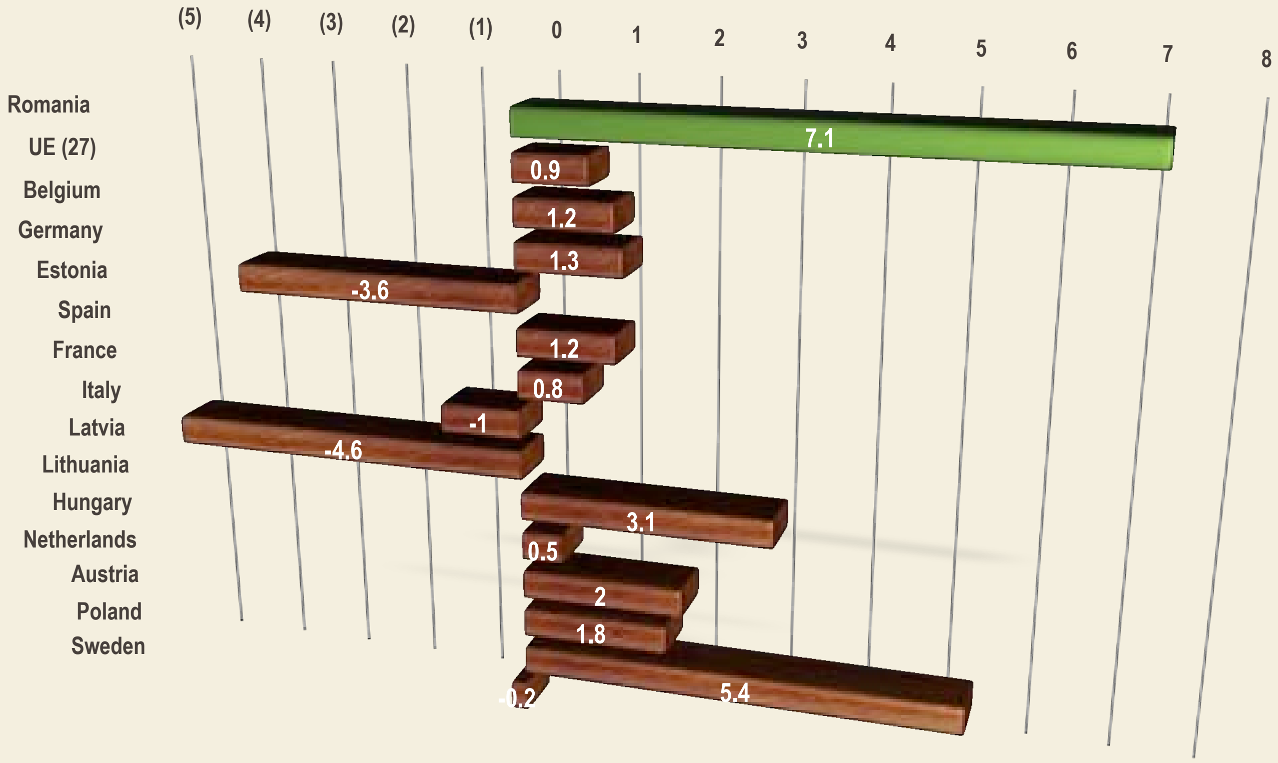
Increase on GDP structure 2008/2007



Source: National Institute of Statistics

Romanian economic growth was considerably higher compared to the Euro Zone average, creating the conditions for a successful "catch-up" strategy.

GDP increase % 2008 / 2007



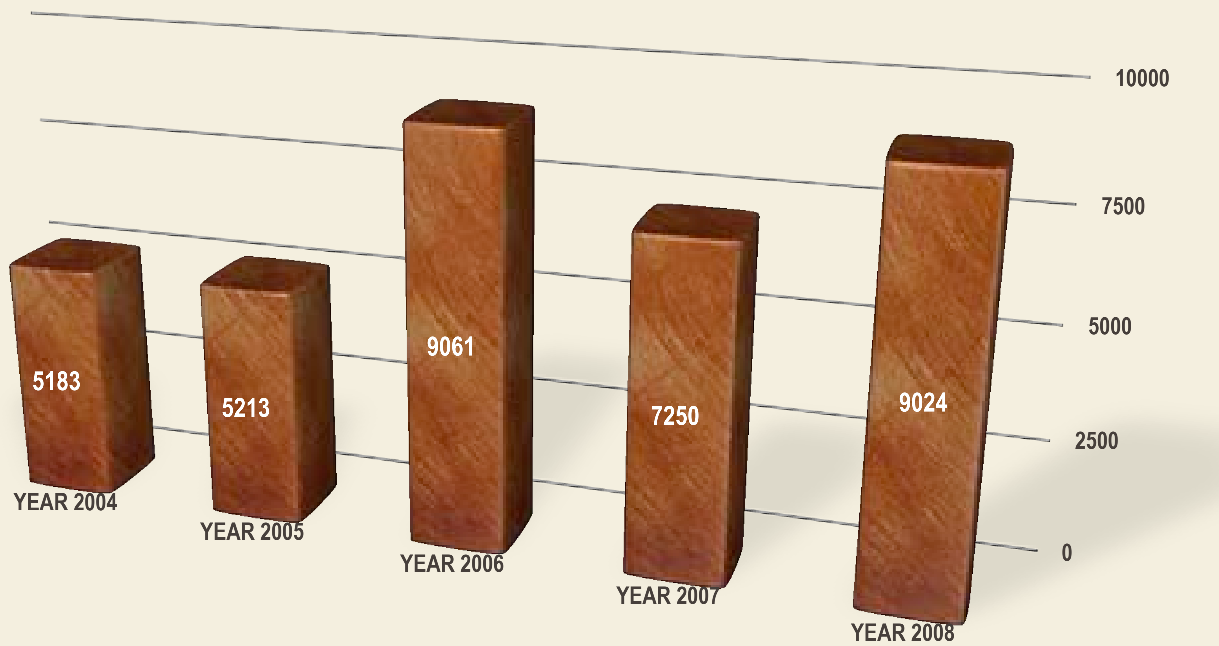
Source: Eurostat

The average salary has increased since 2001 by an average of 25% per year - a significant increase in consumer purchase power over the past eight years.

Year	2001	2002	2003	2004	2005	2006	2007	2008
The average salary growth	41%	25%	28%	24%	26%	16%	20%	23%

According to the National Bank of Romania and the National Institute of Statistics, in 2008 the investment value at national level was of 9024 Million EUR, 24.5% higher than in 2007.

The total value of FDI - Milion EUR

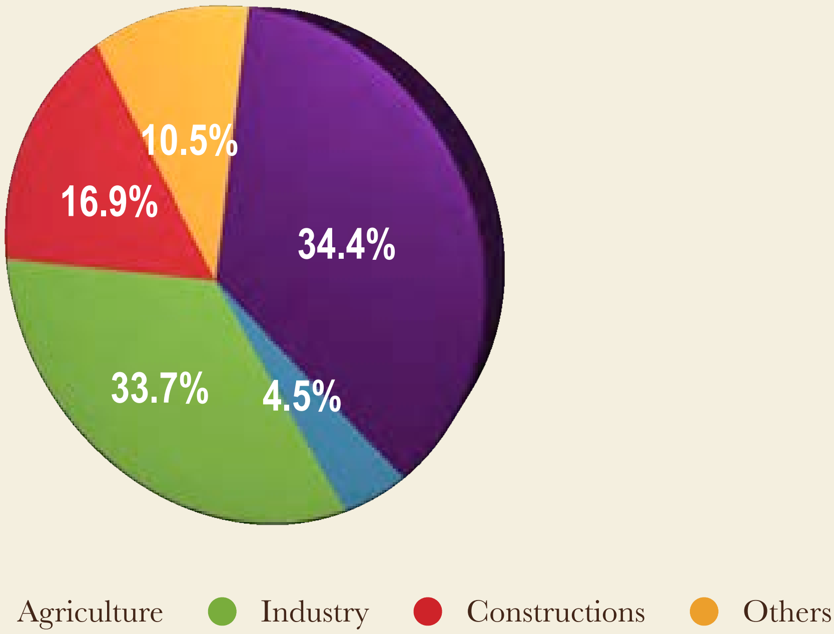


Source: National Bank of Romania

Romania ranks first in attracting strong investor interest", according to the study "Southeast Europe: An emergent FDI destination in Europe", carried out by Ernst & Young. Findings from this study indicate that: 52% of respondents that were interviewed by Ernst & Young consider Romania as an attractive country to do business in, compared with 50% for Turkey, 40% for Bulgaria, 31% for Greece, 28% for Croatia, 19% for Serbia, 10% for Bosnia & Herzegovina and 9% for Cyprus.

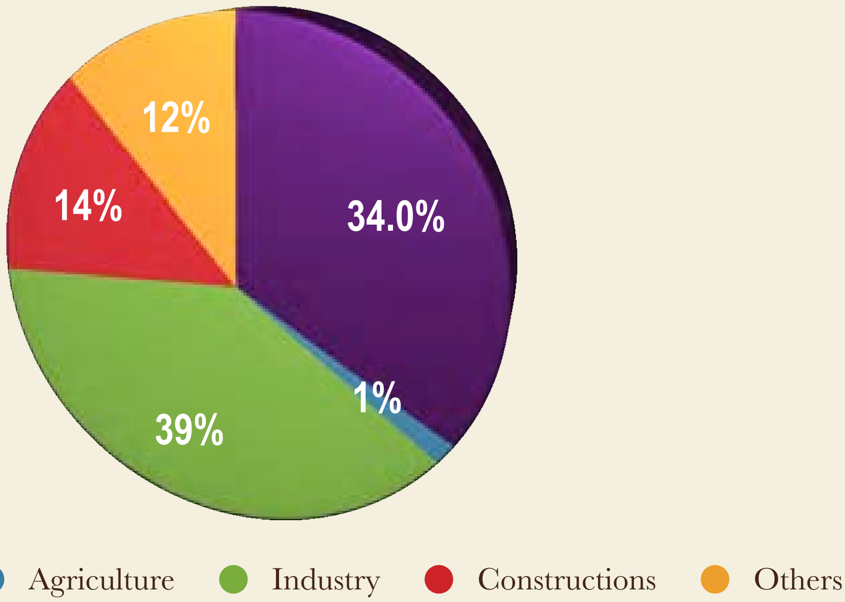
Regarding the investment structure, in 2008 the value of trade/services was the same as the value in 2007, industry growth increased by 5% and construction increased by 3%.

Investments structure for 2008



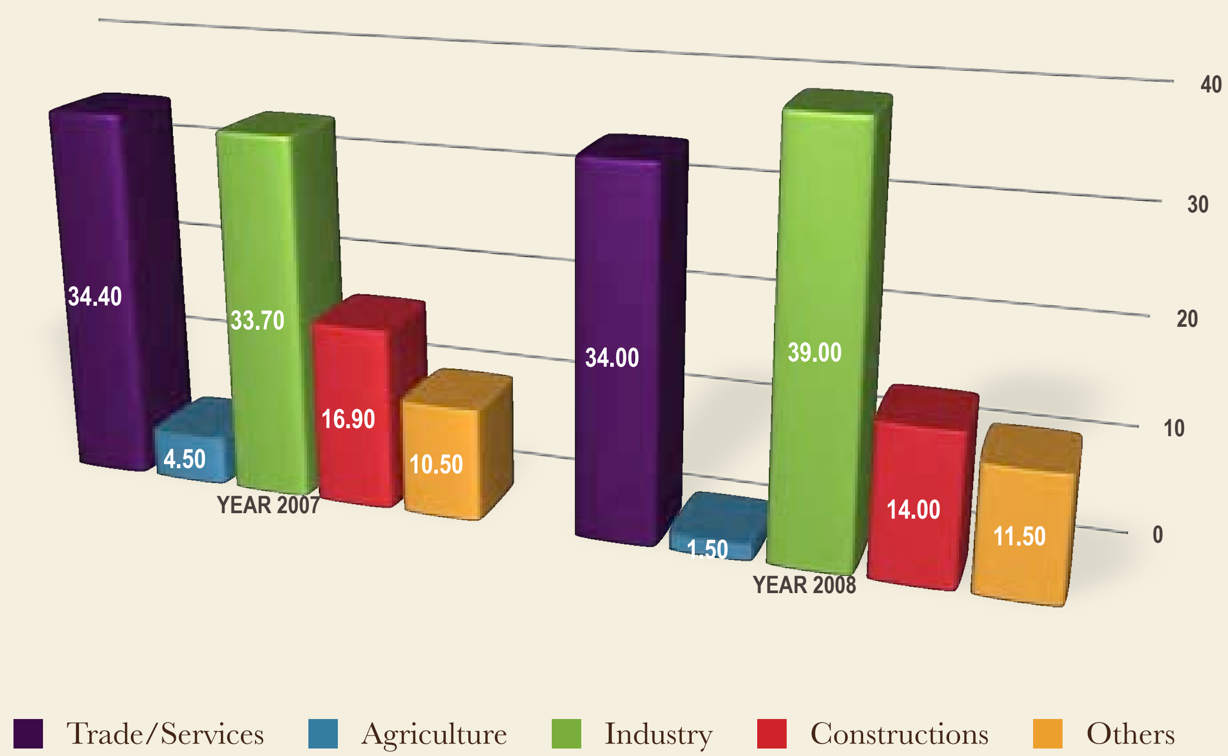
Source: National Institute of Statistics

Investments structure for 2007



Source: National Institute of Statistics

Investestments structure for 2007 - 2008



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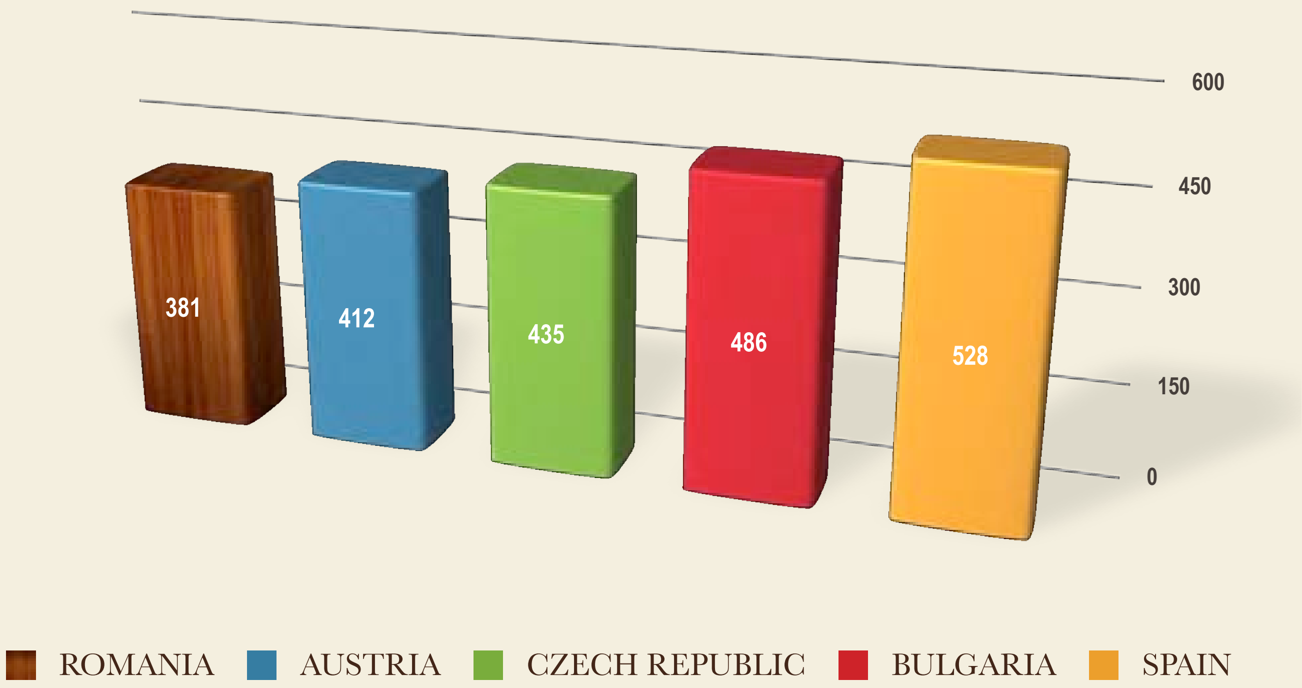
Taking into account these statistics, the housing stock in Romania is below the housing stock in other European countries. Its volume is estimated at 381 units per 1,000 inhabitants, while in Austria, the number of residential units is: 412 units, in Czech Republic – 435 units, in Bulgaria – 486 units or in Spain - 528 units per 1,000 inhabitants. According to this, the general fundamental demand is extremely high.

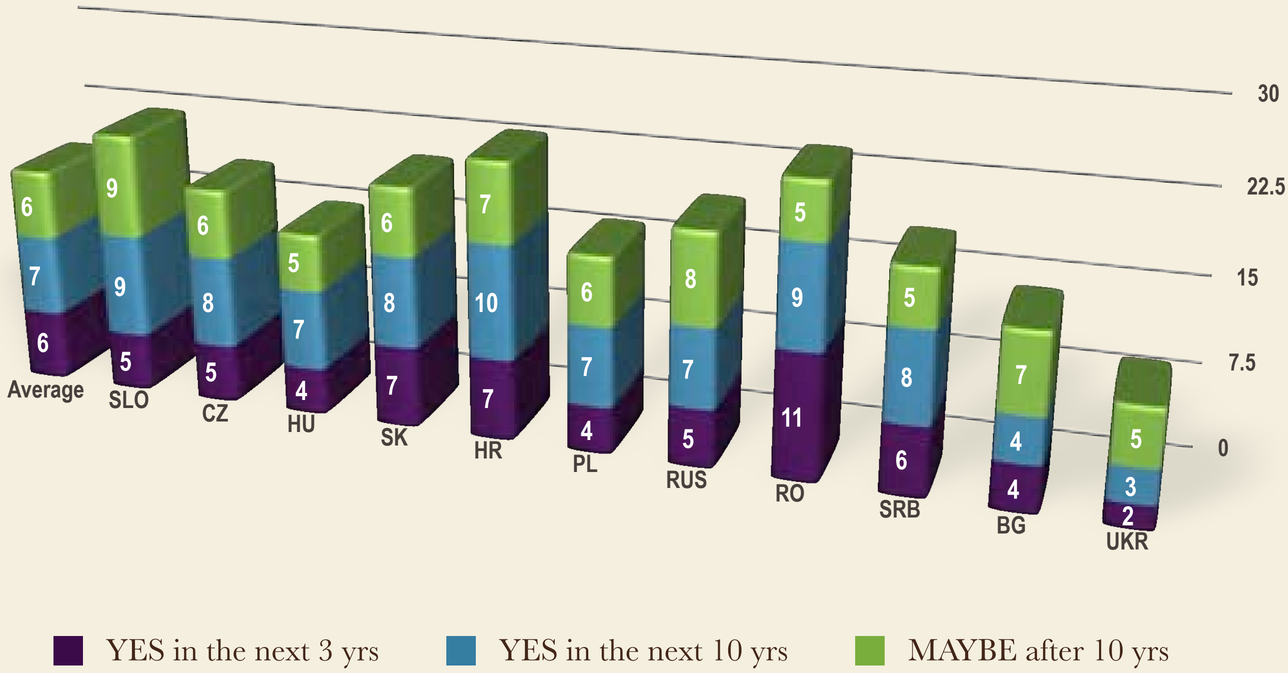
Housing Stock/1000 inhabitants



Source: Unicredit Group

Romania offers high potential demand for new housing construction and renovation in the mid to long term, compared with other European countries. The general likelihood to buy housing in Romania (25%) is above other peer countries' average figures e.g. 20% in Russia, 15% in Bulgaria and17% in Poland. In Romania, 11% of the active population plan to purchase housing in the next 3 years, 9% in the next 10 years and another 5% after 10 years.

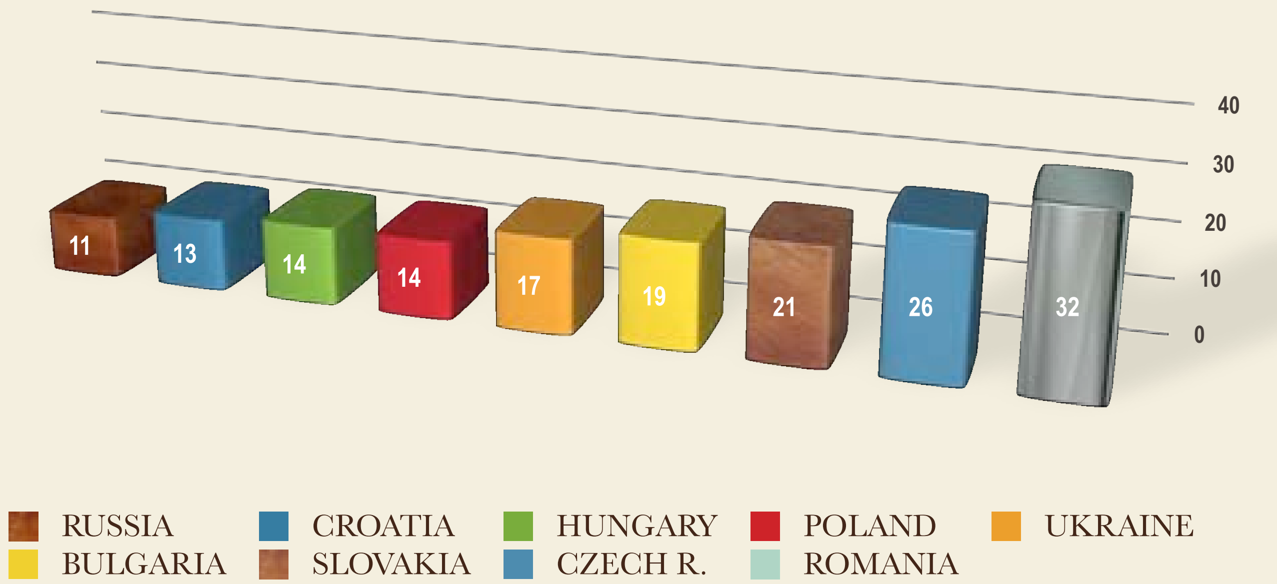
General likelihood to buy house/flat



Source: Unicredit Group

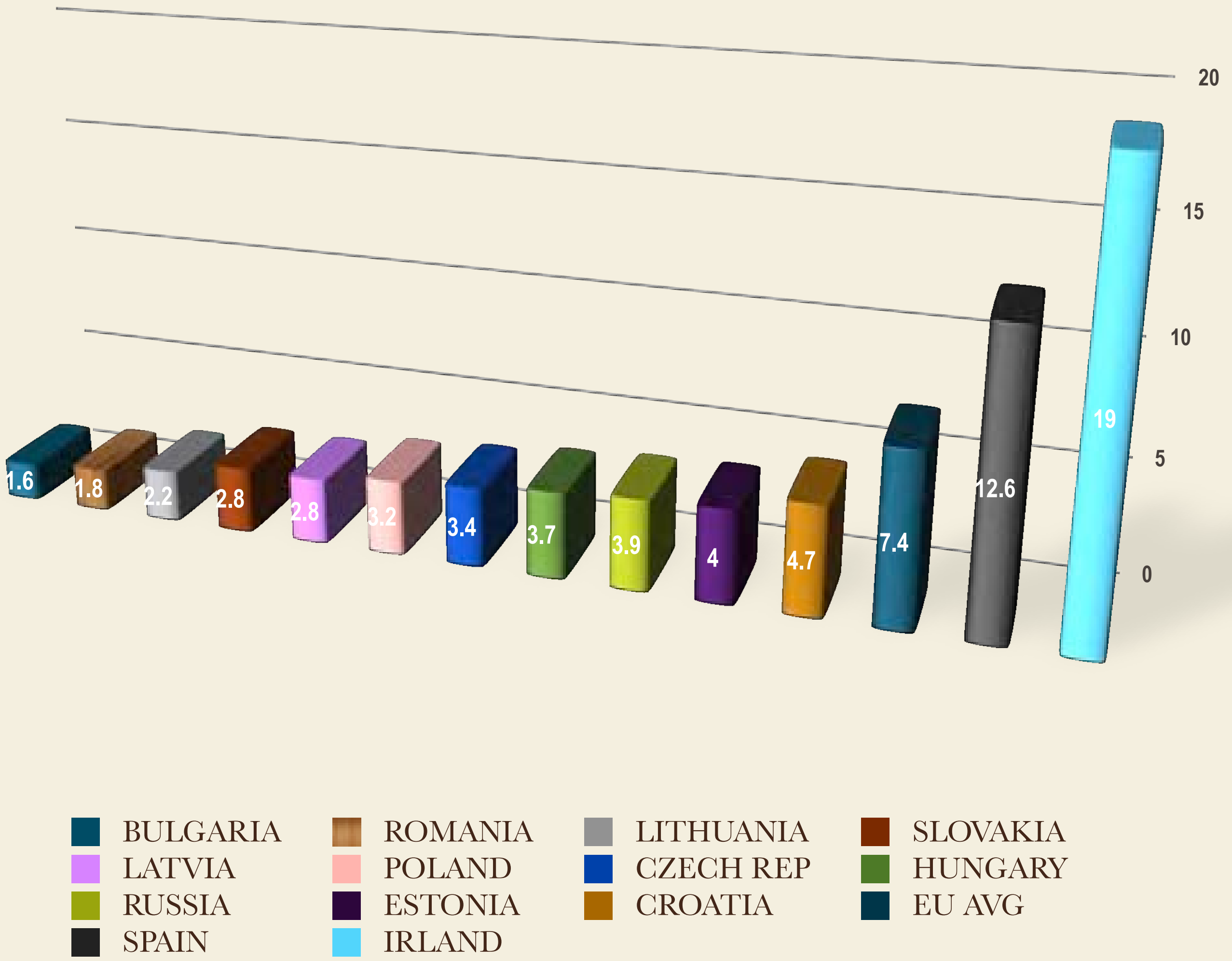
The analysts estimate a potential time frame for market saturation, which ranges from 11 years in Russia to 32 years in Romania.

YEARS TO SATURATION



Source: Eurostat

DWEELING UNIT COMPLETION per '000 inhabitants



Source:Unicredit Group

Economic Review 2009

In 2008, Romania recorded a strong GDP growth of more than 7% in real terms. The most active sectors were construction and trade. Foreign direct investments, which increased by 24.5% to reach 9024 Million EUR, played an important role in economic development. According to a Colliers report, the GDP's performance placed Romania as the fastest growing economy in the European Union. Also, foreign private capital played a key role in financing investments and consumption, thus facilitating this economic growth.

A strong correction of GDP growth is expected in 2009, but growth should stay in positive territory as Romania is less vulnerable to the decline of the Western European economies. This would be a privileged situation as many economies around the globe are facing recession.

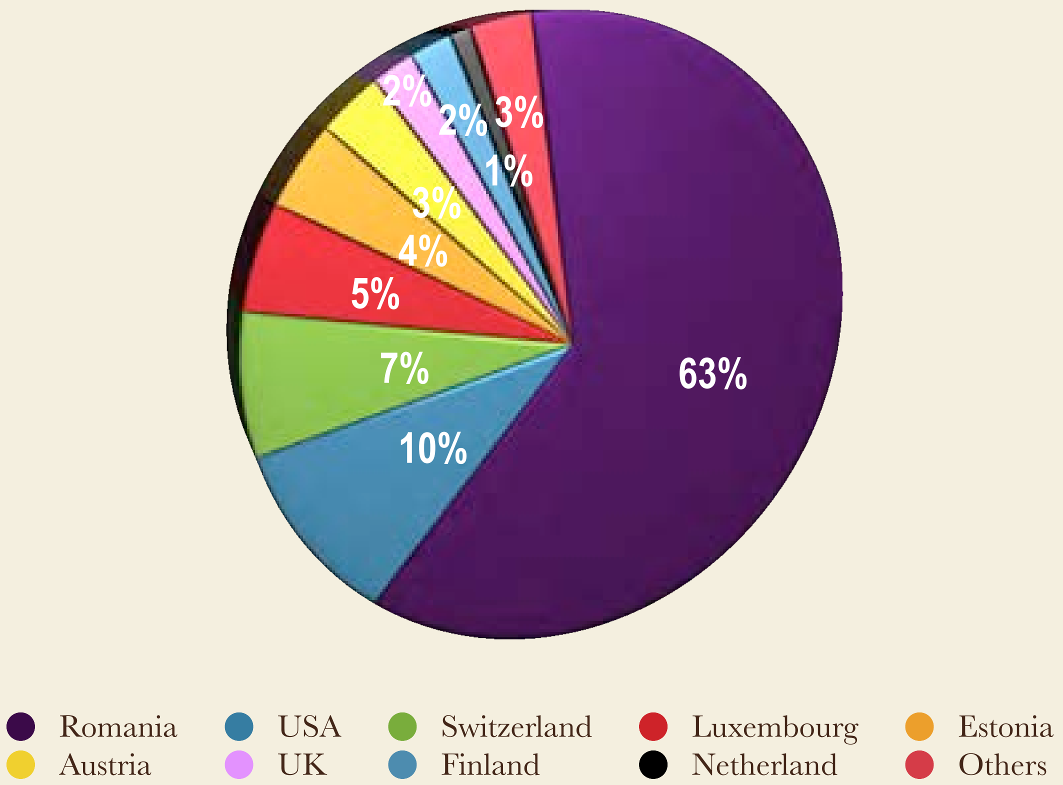
In the medium and long term, investments will be attracted by the still unexhausted opportunities offered by the Romanian economy. Two key areas are the need for quality infrastructure, substantially funded by the European Union and the need for modern real estate across all sectors.

12. THE IMPACT DEVELOPER&CONTRACTOR SHARES AND SHAREHOLDERS

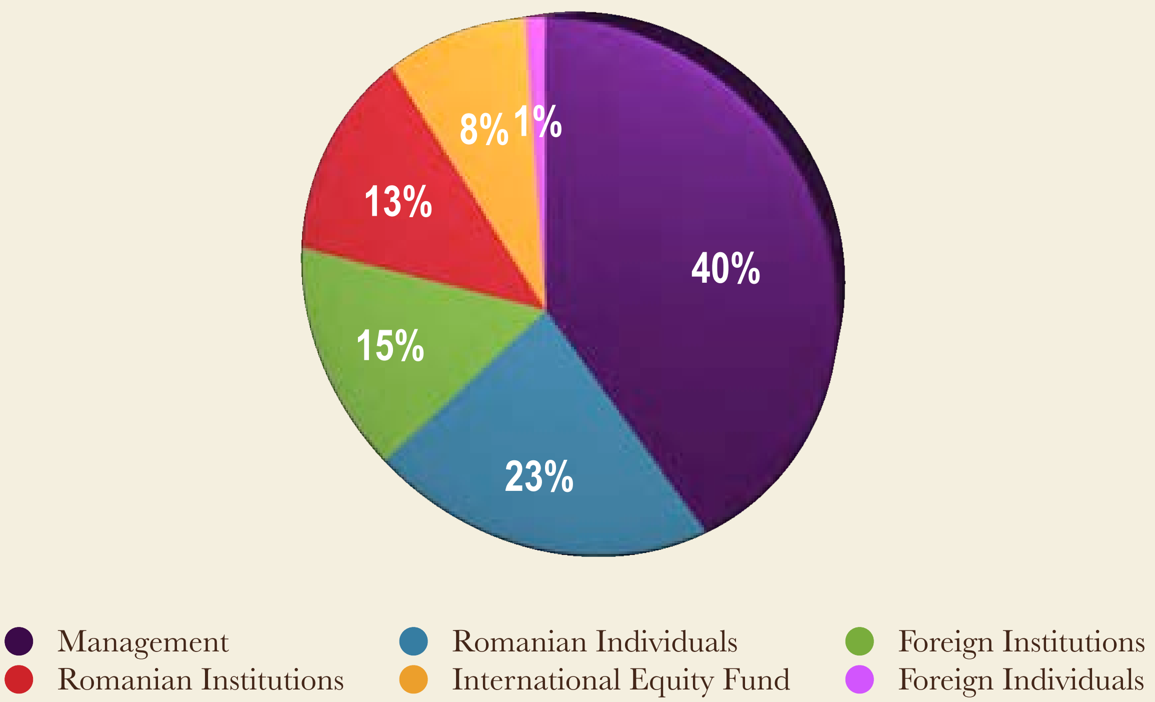
Impact Developer & Contractor SA is listed with 2 billion shares in the First Market segment of the Bucharest Stock Exchange (BSE). With a market capitalization of €15.76 million and a weight of 2.43% of the BET at the year-end 2008, IMPACT is the only developer listed in the first category at the BSE. In November 2008 the company's share consolidation was approved. The number of shares was reduced from 2 billion shares to 200 mil shares, and the share value increased from 0.1 RON/share to 1 RON/share. 60.38% of the company shares are free float, and the management of the company holds 39.62% of the shares. The shareholders with holdings over 5% are: Mr. Dan Ioan Popp, the CEO of the company with 28.06%, Mrs. Carmen Sandulescu, the CFO of the company with 11.55%, Atrio International Equity, formerly the Julius Baer Fund with 8.45% of the shares, and East Capital Balkan Fund with 5.02% of the shares. There are no other reports of shareholdings that exceed 5%.

At the end of 2008, 64% of the shareholders were Romanian individuals and investors. 10% of the investors were from the USA, 7% from Switzerland and 5% from Luxembourg. The share of private investors totalled 60%, whereby 40% of shareholders are institutional investors.

Shareholder Structure by Country



Shareholder Structure in 2008



Over the course of last year Impact was covered by 6 analysts: KBC Securities, BRD Securities, EFG Eurobank Securities, Unicredit CAIB, ING Securities, and Wood & Co

Investors Relations

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

Impact has also participated in several investor conferences throughout Europe and the USA during 2008. The Managing Board and the Investor Relations team met hundreds of investors personally, and discussed the company as well as its development and strategy in conference calls. The Impact website represents an important communications medium, and provides a wide range of information on the company as well as downloads of financial situations, the company's financial calendar, the annual report, the reporting to the BSE, and special power of attorneys.

Over the course of last year Impact was covered by 6 analysts: KBC Securities, BRD Securities, EFG Eurobank Securities, Unicredit CAIB, ING Securities, and Wood & Co.

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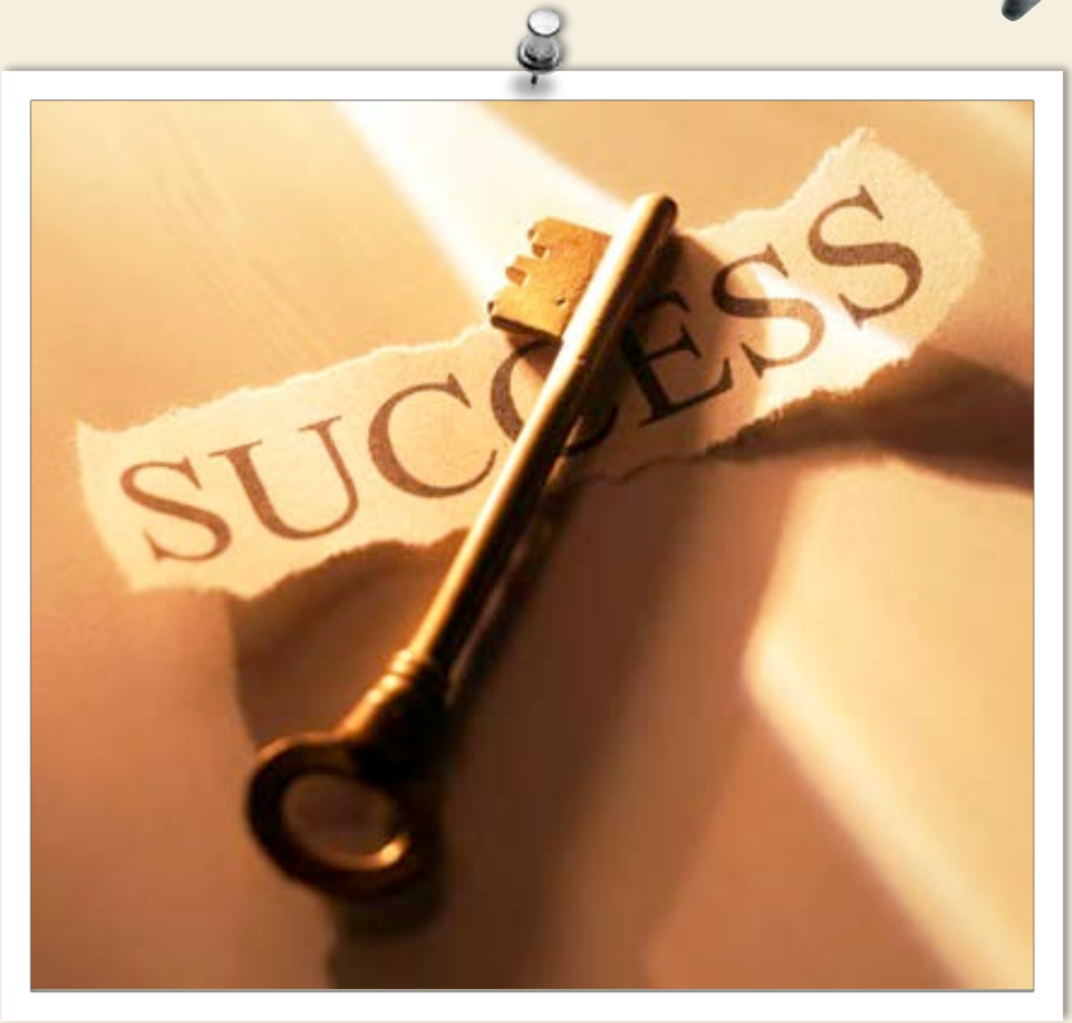
Website:	www.impactsa.ro
Bucharest Stock Exchange:	IMP

13. OUTLOOK AND GOALS

For the year 2009, the shareholder have decided to take advantage of the high degree of market segmentation and to consolidate the IMPACT's position by adopting a development strategy based on increase of the market share (calculated as percent of the delivered units) at the Bucharest level with about 15%. This increase of the market share will be based on new and creative payment methods adopted to the new market requirements.



14. FINANCIAL STATEMENTS

Romanian Accounting Standards

OMFP 1752 / 2005

Cash Flow Statement

Balance Sheet

Notes to the Financial Statement

International Financial Reporting Standards (IFRS)

IFRS Audited, Non-consolidated

IFRS – Consolidated financial statement

ECONOMIC – FINANCIAL INDICATORS

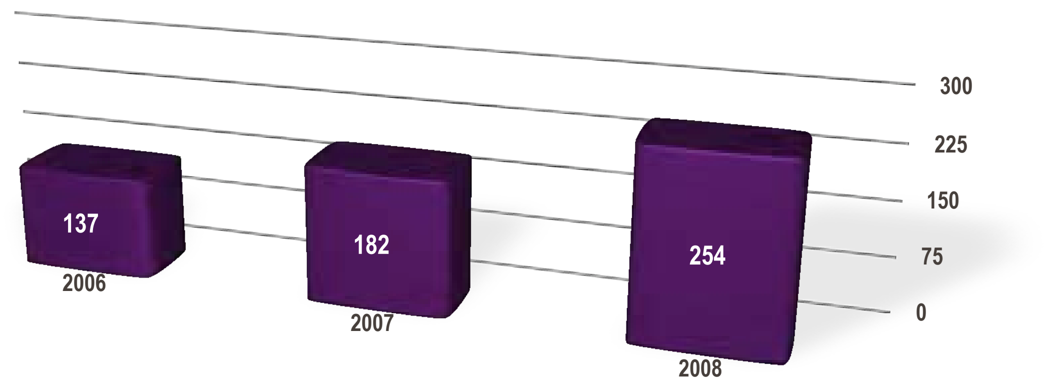
	OMF 1752	IFRS	OMF 1752	IFRS
Profitability Indicators	**12/31/2007**	**12/31/2007**	**12/31/2008**	**12/31/2008**
Capital eficiency				
Profit before interests and taxes (A)	22,730,583	362,237,217	25,616,418	16,361,454
Equity (B)	439,655,899	899,304,430	421,424,451	869,745,989
A/B	**5.17%**	**40.28%**	**6.08%**	**1.88%**
Operating profit rate				
Profit before interests and taxes (A)	22,730,583	362,237,217	25,616,418	16,361,454
Operating incomes (B)	158,641,682	166,147,481	233,600,410	224,830,361
A/B	**14.33%**	**218.02%**	**10.97%**	**7.28%**
Net profit rate				
Net profit (A)	7,401,076	324,968,543	8,258,687	637,111
Total income (B)	182,079,265	507,923,711	254,418,276	241,711,973
A/B	**4.06%**	**63.98%**	**3.25%**	**0.26%**
Gearing rate				
Total loans (A)	110,854,196	110,854,196	86,336,874	87,463,184
Equity (B)	326,702,495	713,924,270	333,718,186	710,840,124
A/B	**0.34**	**0.16**	**0.26**	**0.12**

Solvability Indicators	**12/31/2007**	**12/31/2007**	**12/31/2008**	**12/31/2008**
Debt ratio				
Total liabilities(A)	234,886,519	308,581,845	250,233,793	321,625,566
Total assets (B)	561,589,014	1,022,506,115	583,951,979	1,032,465,690
A/B	**41.83%**	**30.18%**	**42.85%**	**31.15%**
Interest coverage rate				
Profit before interests and taxes (A)	22,730,583	362,237,217	25,616,418	16,361,454
Interest(B)	12,510,887	12,510,887	15,326,608	15,326,608
A/B	**1.82**	**28.95**	**1.67**	**1.07**
Liquidity and Working Capital Indicators				
Current liquidity indicator	499,568,834	441,466,087	455,856,563	356,647,504
Current assets (A)	112,275,614	123,201,685	156,647,911	162,719,701
Current liabilities (B)	**4.45**	**3.58**	**2.91**	**2.19**
A/B				
Clients turnover	98,715,103	109,508,197	100,231,532	80,405,395
Commercial debt (A)	108,645,733	120,736,839	151,688,180	117,784,594
Net turnover (B)	**327.09**	**326.52**	**237.88**	**245.75**
(A /B)* no. of days in the period	499,568,834	441,466,087	455,856,563	356,647,504

Total Income

According to OMF 1752, in 2008 the company income increased with 40% due to the operational income growth.

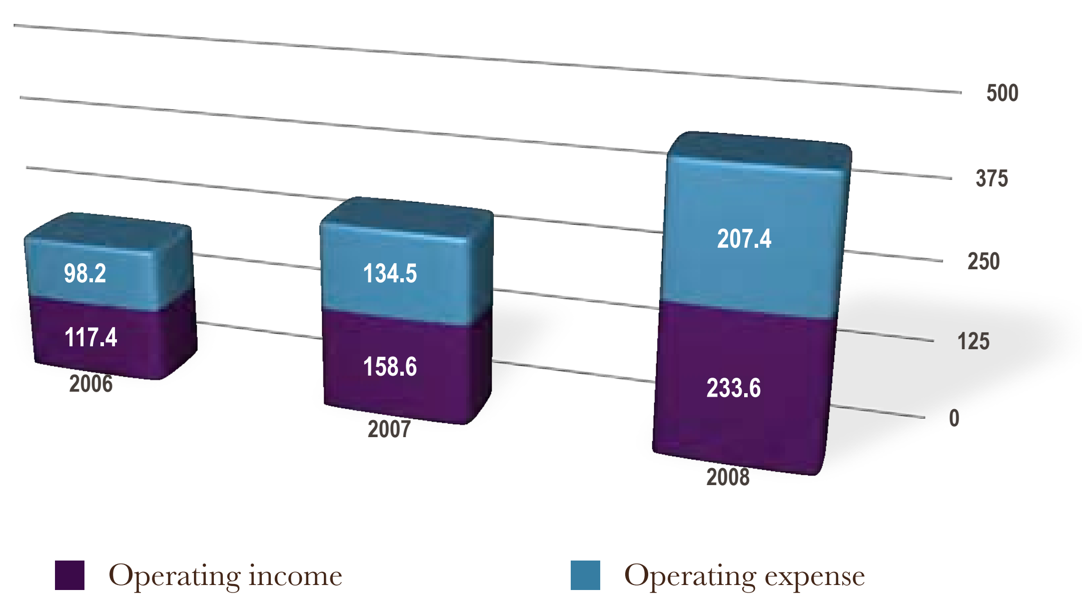
Total Income OMFP 1752(mil RON)



According to IFRS, the the company income decreased from 507.9 mil RON in 2007, to 241.7 mil RON in 2008 due to the decreased of the income from revaluation.

The operating income recorded a 47% growth compared to 2007, due to a bigger volume of dwellings delivered, and the operating expenses recorded a 54% growth compared with 2007. According to IFRS, the operating income increased with 35% , from 166.1 mil RON in 2007, to 224.8 mil RON in 2008, and the operating expense grew with 55%, from 145.6 mil RON in 2007 to 225.4 mil RON in 2008.

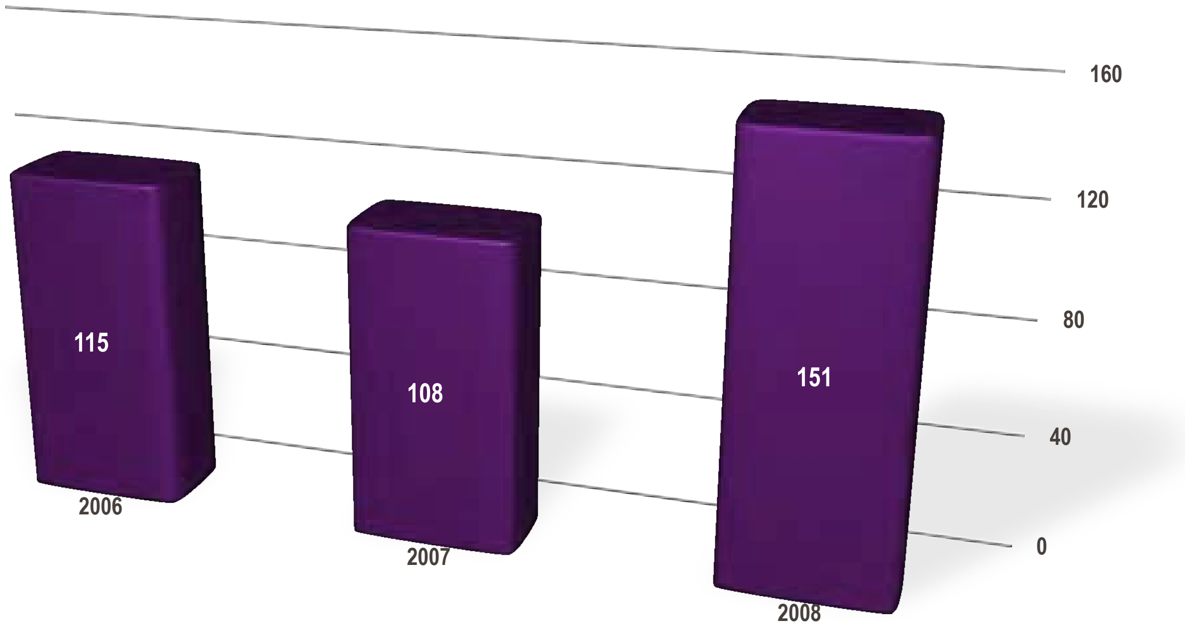
The Operating Income and Operating Expense (mil RON)



The Turnover

The turnover has recorded a 40% growth, from 108.6 mil. RON to 151.6 mil. RON, due to the growth of the number of delivered residential units from 108 in 2007 to 199 in 2008.

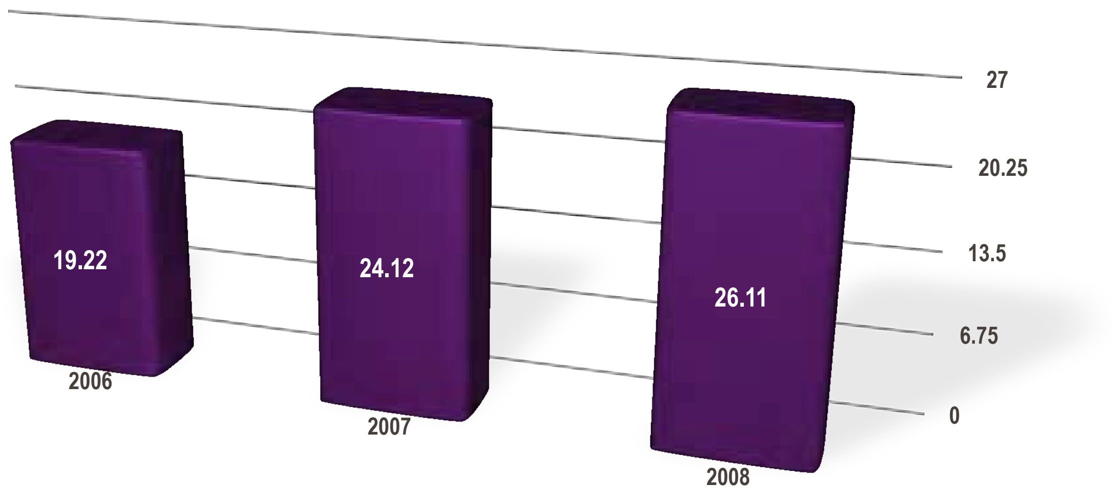
Turnover OMFP 1752 (mil RON)



According to IFRS, the turnover decreased with 2%, from 120.7 mil RON in 2007 to 117.7 mil RON in 2008.

The Operating Profit

Operating Profit OMFP 1752 (mil RON)



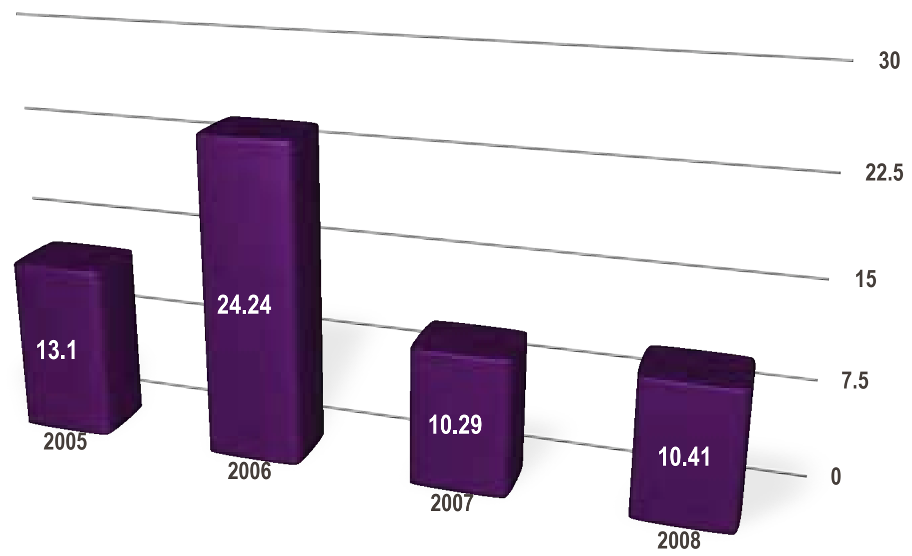
According to the Romanian standards OMF 1752, the operating profit has recorded a 8% growth compared with 2007, from 24 mil RON to 26 mil RON, due to a bigger volume of the dwellings delivered.

The Gross Profit

According to OMF 1752, the gross profit recorded in 2008 of 10.4 mil lei is mentained at the same level recorded in 2007. Due to the accounting modalities of treating the loans in EURO that involve the evaluation of the credit balance on 31st of December 2008, there was recorded a loss from financing activity of 15.8 mil RON. This accounting procedure makes the value, in the EURO loans accounting, to be influenced by the RON/EUR exchange rate at the end of the year. This is only an accounting loss and it is not actually registered from the operational point of view, as the loans, which maintain the same value in EURO, are to be reimbursed during the following years from revenues in euro of Impact.

In regard to this issue, we specify that currently, the company has contracts signed in euro, which during March 2009 – December 2009 will bring revenues of about 8 mil euro. According to IFRS, the gross profit decreased from 358.4 mil RON in 2007 to 1.03 mil RON.

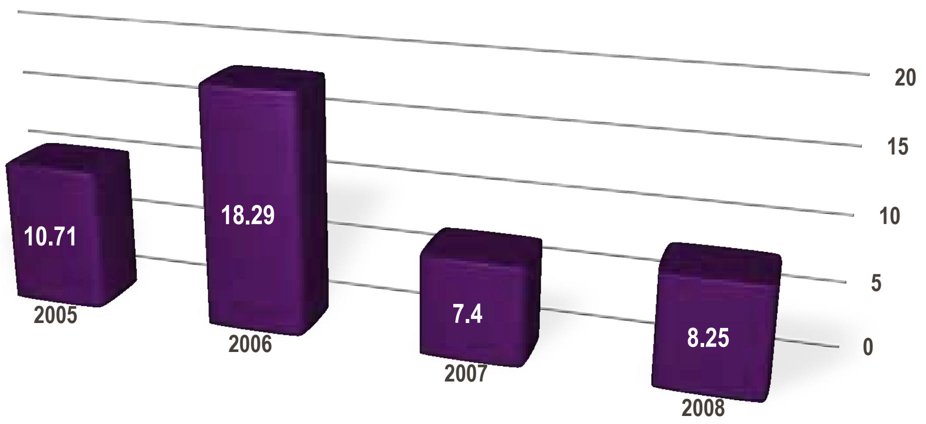
Gross Profit OMFP 1752 (mil RON)



Net Profit

According to OMF 1752, the net profit increased from 7,4 mil RON in 2007, to 8.25 mil RON in 2008. According to the International Accounting Standards, the net profit decreased from 295.19 mil RON in 2007, to 0.637 mil RON in 2008. This decrease is mainly due to the loss from the lands revaluation (IAS 40) of 9.14 mil RON. In 2007 there was recorded a profit from revaluation of 341.7 mil RON.

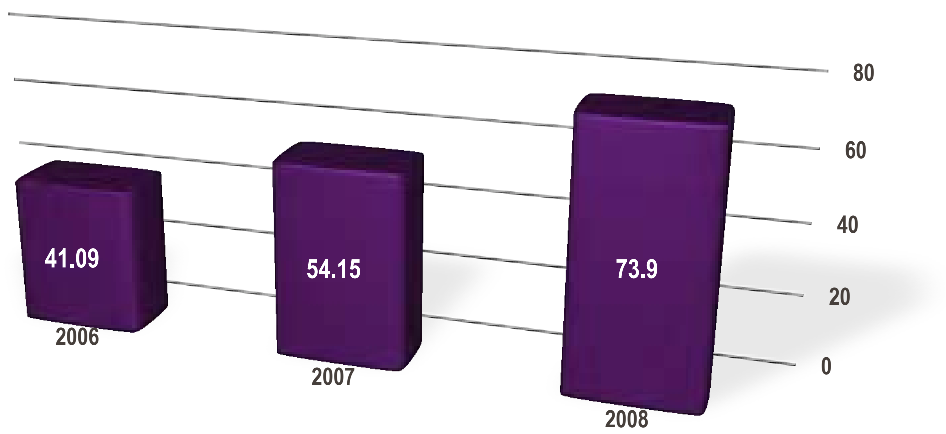
Net Profit OMFP 1752 (mil RON)



Fixed Assets

According to OMF 1752, the fixed assets increased with 36% in 2008 compared with 2007, from 54.15 mil RON to 73.9 mil RON. This growth is mainly due to the infrastructure work from Greenfield project and to the current fixed assets growth. 50% from the current fixed assets applies to Greenfield Project, 9% to Oradea projects (Lotus and Europa), 9% to Roua project from Ploiesti and 9% to Constanta project. According to IFRS, the fixed assets increased with 8% in 2008, compared to 2007, from 578.7 mil RON to 627.78 mil RON.

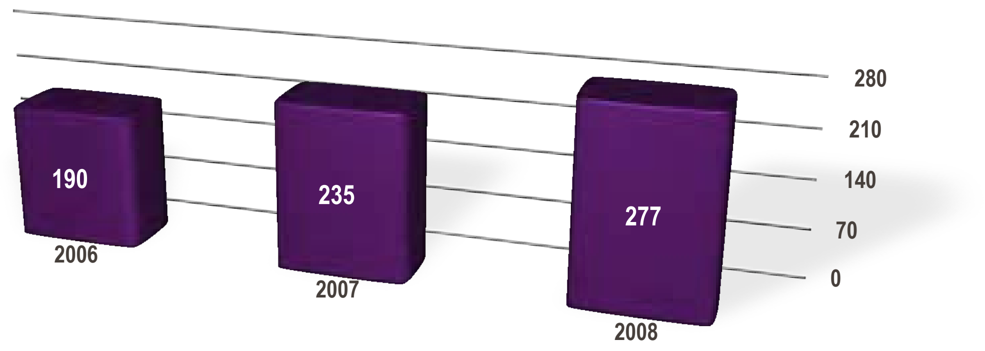
Fixed Assets OMFP 1752 (mil RON)



Inventory

According to OMF 1752, the inventory grew with 18% from 235 mil RON in 2007, to 277.34 mil RON in 2008. 53% of the inventories is represented by lands, and 41% by the work in progress.

Inventory OMFP 1752 (mil RON)

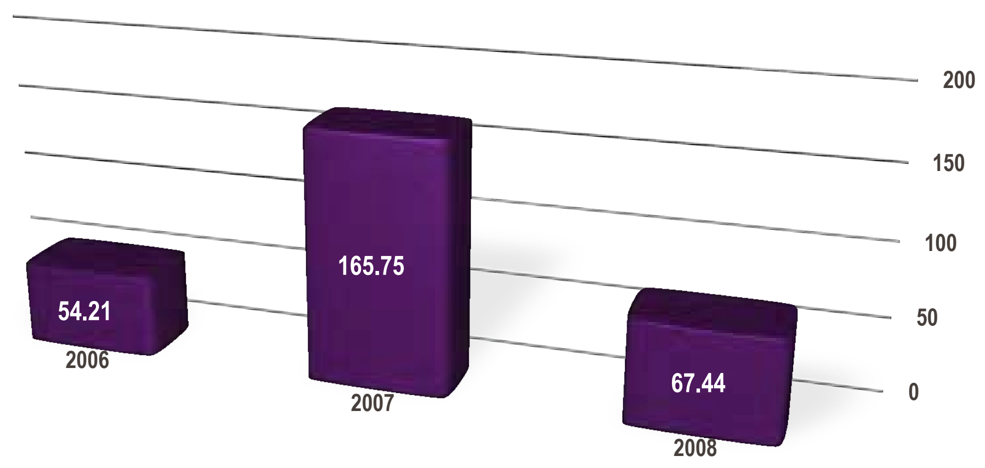


According to IFRS, the the inventory of the company increased with 10% from 148.3 mil RON in 2007, to 163.3 mil RON.

Cash and Cash Equivalents

The cash decreased with 60% from 165.7 mil RON in 2007, to 67.44 mil RON in 2008 due to the fact that in September 2007 there was a capital increase. At the end of 2007 the company's cash position was of 165.7 mil lei. In 2008, part of this cash was invested in the development Greenfield and Dealul Lomb projects. Thus, at the end of 2008, the avilable cash was of 67 mil lei.

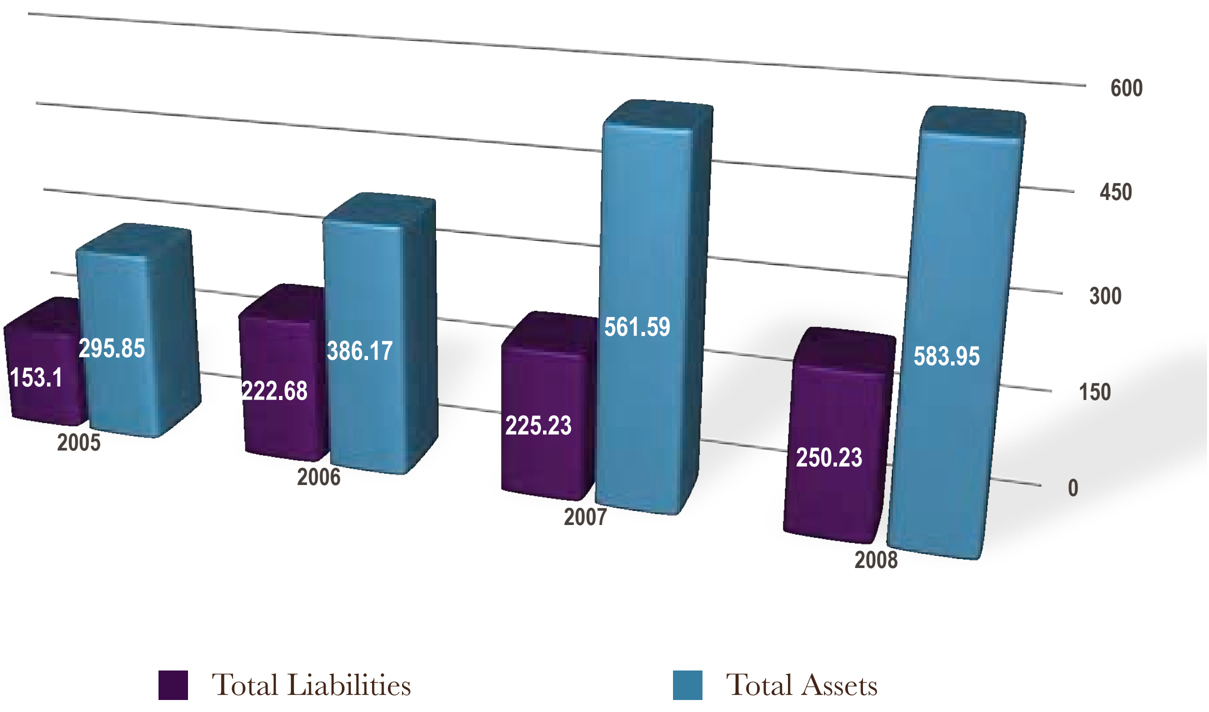
Cash and cash equivalents OMFP 1752 (mil RON)



Total Liabilities

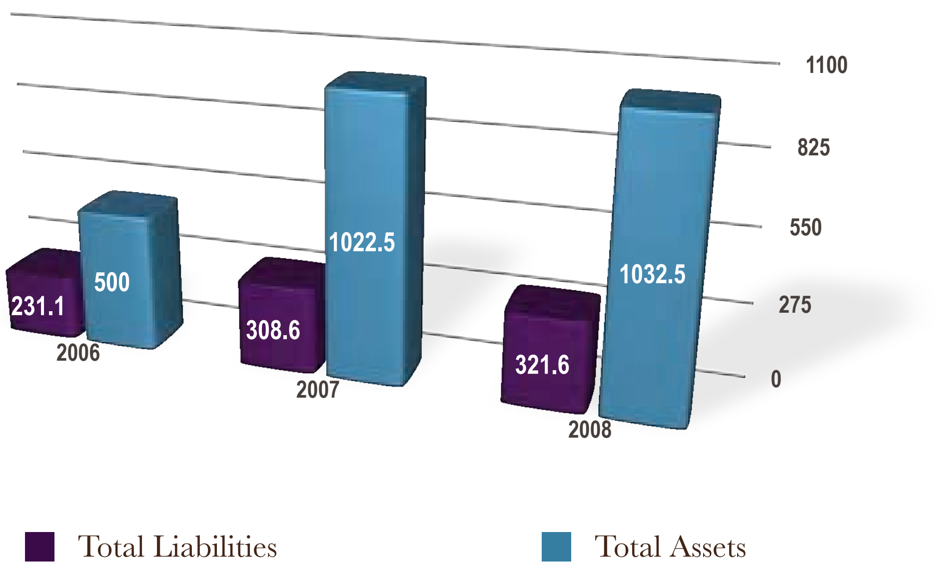
According to OMFP 1752, the total liabilities increased with 11% from 225.23 mil RON in 2007 to 250.23 mil RON, the total loans representing 68% of the total liabilities. The total assets of the company increased with 4%, from 561.59 mil RON in 2007, to 583.95 mil RON in 2008. Thus, although the total liabilities increased in 2008 compared with 2007, the debt ratio remained relatively steady in 2008 compared with 2007.

Debt Ratio OMFP 1752 (mil RON) (total liabilities/total assets)



According to IFRS (International Financial Reporting Standards), the total debts of the company have increased only with 4% from 308.58 mil RON in 2007, to 321.62 mil RON, the interest gearing of the company being maintained at 31%.

Debt Ratio (total liabilities/total assets) IFRS (mil RON)



Equity

The Equity of the company has remained at the same value recorded in 2007, of 200 mil RON.

14.1 Romanian Accounting Standards OMFP 1752 / 2005

14.1.1 Cash Flow Statement

The cash-flow outfit for the accomplishment of the activity plan in 2008

The cash-flow outfit for the accomplishment of the activity plan in 2008 has been provided by both own sources, through the cashing from sales, and by means of supplementing with 4 Million EUROS of an older credit for the finance of the execution costs as related to the Quartz assembly, within "Greenfield I" project, comprising 105 locative units. Due to the current market context and to the rapid change of purchasers' requirements, IMPACT has adjusted its market offer by focusing exclusively on the construction of blocks within the Quartz assembly. In this respect, the 28 houses which were included within the initial design of the Quartz assembly have been replaced with two or three storey blocks. In 2008, there have been signed 188 agreements, having a value of 85 million RON, somewhere around 23% less than the value of 110 million RON of the agreements having been signed from 2007. Although the first months of the year 2008 have brought high cashing, during the second half of the year a slowing down of the sales has been felt, which has also been fed by the global financial crisis which has already started to be felt in Romania. Most agreements have been concluded for those assemblies as developed in the Northern area of Bucharest, the aforementioned representing 58% of the agreements, as signed, the remaining units being contracted in those assemblies as developed in Constanta, Oradea and Ploiesti.

CASH FLOWS FROM OPERATIONAL ACTIVITIES	December -07	December -08
Net Profit /(Loss) prior to taxation	**10,219,696**	**10,289,810**
Adjustments for:		
Amortization	2,473,777	2,289,699
Incomes from the sales of assets	-5,370,340	-4,831,534
Expenses as related to assigned assets	2,761,876	1,878,630
Incomes from foreign currency exchange rate differences	-14,944,605	-3,967,663
Expenses from foreign currency exchange rate differences	24,832,645	20,394,422
Interest related incomes	-8,492,978	-16,850,203
Interest related expenses	12,510,887	15,326,608
Provisions increase / decrease	2,432,705	-139,470
Adjustments of non – cash elements	**16,203,967**	**14,100,489**
Increase / Decrease of commercial and other receivables	-17,701,497	-12,054,391
Increase / Decrease of Stocks	-31,957,073	-42,413,412
Increase / Decrease of expenses registered in advance	12,759,876	-3,470,775
Operational assets and liabilities amendment	**-36,898,694**	**-57,938,578**
Paid interest	-12,065,082	-15,176,586
Paid tax on profit	-5,109,421	-1,843,824
Paid dividends / Profit allotted to employees	-177,797	-11,266
Net cash coming from the operational activity	**-27,827,331**	**-50,579,955**
CASH FLOWS FROM INVESTMENT – RELATED ACTIVITIES	**December -07**	**December -08**
Purchase of branches	-2,020,740	-45,444,108
Loans granted to affiliated entities	-2,605,264	-782,339
Purchases of fixed assets	-15,886,968	-21,606,009
Cashing from the sale of fixed assets	5,161,758	4,831,534
Cashed interests	7,605,462	13,128,228
Net cash coming from the investment – related activity	**-7,745,752**	**-49,872,694**
CASH FLOWS FROM FINANCE ACTIVITIES	**December -07**	**December -08**
Average term loans variation	-8,673,927	6,142,398
Own share purchase	-	-2,852,670
Payment of all obligations relating to the financial leasing	-210,581	-1,147,083
Increase / decrease of the share capital	14,857,215	-

Issuing premiums	141,143,543	-
Net cash coming from the finance activity	**147,116,250**	**2,142,645**
Net cash increase	**111,543,167**	**-98,310,004**
Cash at the beginning of the period	**54,213,147**	**165,756,314**
Cash at the end of the period	**165,756,314**	**67,446,310**

In view of continuing the activity as related to the projects development, the company IMPACT shall use mixed financing sources:

- The sources as attracted by the issuance of shares, which has taken place in September 2007 shall be used for the initiation of the project called „The Lomb Hill" in Cluj-Napoca, and for the continuance of the Greenfield project;
- Contracting loans from the banks, in order to facilitate the activity relating to financing the customers wishing to pay in installments;
- Refinance;
- Partnerships with the financers who shall be attracted within the Greenfield Projects in Bucharest, The Lomb Hill from Cluj-Napoca, and Construdava II Hotel from Pipera.

14.1.2 Balance Sheet

As of 31.12.2008

Name of indicator	**Row no.**	**BALANCE AS OF**	
		01.01.2008	**31.12.2008**
A	B	1	2
A FIXED ASSETS			
I Intangible assets			
1. Set up expenses **(ct. 201-2801)**	01	0	0
2. Development expenses (ct. 203-2803-2903)	02	0	0
3. Concessions, patents, licenses, trademarks, and other similar rights and assets (ct. 205+208-2805-2808-2905-2908)	03	90163	330848
4. Goodwill (ct. 2071-2807-2907)	04	0	0
5. Advances and intangible assets in progress (ct. 233+234-2933)	05	0	89558
Total (row 01 to 05)	06	90163	420202
II. Tangible assets			
1. Land and buildings (ct. 211+212-2811-2812-2911-2912)	07	19412474	18556772
2. Machinery and equipment (ct. 213-2813-2913)	08	3174001	3184806
3. Other equipment and furniture (ct. 214-2814-2914)	09	550746	409477
4. Advances and tangibles in progress (ct. 231+232-2931)	10	31015561	51754141
Total (row 07 to 10)	11	54152782	73905196
III Financial assets			
1. Investments in companies within the group (ct. 261-2961)	12	2176767	47556125
2. Debts upon the companies within the group (ct. 2671+2672-2964)	13	2993413	3775752
3. Investments (263-2962)	14	0	0
4. Amounts owed by subsidiaries and associated companies (ct. 2673+2674-2965)	15	0	0
5. Investments as assets (ct. 265-2963)	16	0	0
6. Other debts (ct. 2675+2676+2678+2679-2966-2968)	17	0	0
Total (from row 12 to 17)	18	5170180	51331877
TOTAL FIXED ASSETS (rows 06 + 11+ 18))	19	59413125	125657275
B. CURRENT ASSETS			
I Inventories			
1 Raw materials and consumables (ct. **301+302+303+/-308+351+358+381+/-388-391-392-3951-3958-398)**	20	147464604	147865856
2 Work in progress (ct. **331+332+341+/-348-393-3941-3952)**	21	62295597	116476158
3 Finished goods and merchandise (ct. **345+346+/-348+354+356+357+361+/-368+371+/-378-3945-3946-3953-3954-3956-3957-397-4428)**	22	19416754	8191576

4 Advances for stock purchase (ct. **4091)**	23	5290462	535055
Total (from row 20 to 23)	24	235097417	277866645
II Receivables (the amounts which are to be cashed after a period larger than one year must be shown separately for each element)			
1 Trade receivables (ct. 2675+2676+2678+2679-2966-2968+4092+411+413+418-491))	25	91527905	100231532
2 Amounts to be received from related parties (ct. 451-495)	26	0	0
3 Amounts to be received from investments (ct. 453-495)	27	0	0
4. Other receivables (ct. 425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+473-496+5187	28	7187198	10292076
5 Debts related to subscribed and not paid in capital (ct. 456-495)	29	0	0
Total (from row 25 to 29)	30	98715103	110523808
III Short term investments			
1 Investments hold on related parties **(ct. 501-591)**	31	0	0
2 Other short term investments (ct. **505+506+508-595-596-598+5113+5114)**	32	0	0
Total (from row 31 to 32)	33	0	0
IV Cash and bank accounts (ct. 5112+512+531+532+541+542)	34	165756314	67446310
TOTAL CURRENT ASSETS (rows 24+30+33+34)	35	499568834	455856563
C PREPAYMENTS (ct. 471)	36	2607055	2438141
D PAYABLES WITHIN ONE YEAR			
1. Debenture loans **(ct. 161+1681-169)**	37	1379385	36073824
2. Payables to credit institutions (ct. 1621+1622+1624+1625+1627+1628+5192+5198)	38	66648103	79190165
3. Advances cashed for orders (ct. **419)**	39	26002521	12024410
4. Trade payables (ct. **401+404+408)**	40	10480307	21825675
5. Bills of exchange payables (ct. **403+405)**	41	0	0
6. Amounts payable to related parties (ct. (1661+1685+2691+451)	42	0	0
7. Payables to investments participation (ct.1663+1686+2692+453)	43	0	0
8. Other payables, including tax and social security payables (ct.1623+1626+**167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+455+456+457+4581++462+473+509+5186+5193+5194+5195+5196+5197)**	44	7765298	7533837
Total (from row 37 to 44)	45	112275614	156647911
E CURRENT ASSETS, NET CURRENT LIABILITIES, RESPECTIVELY (rows 35+36-45-62)	46	381646277	297009941
F TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19+46)	47	441059402	422667218
G PAYABLES IN MORE THAN ONE YEAR			
1. Debenture loans **(ct. 161+1681-169)**	48	31173196	0
2. Payables to credit institutions (ct. 1621+1622+1624+1625+1627+1628+5192+5198)	49	79681000	86336874
3. Advances cashed for orders (ct. **419)**	50	0	0
4. Trade payables (ct. **401+404+408)**	51	0	0
5. Bills of exchange payables (ct. **403+405)**	52	0	0
6. Amounts payable to related parties (ct. (1661+1685+2691+451)	53	0	0
7. Payables to investments participation (ct.1663+1686+2692+453)	54	0	0
8. Other payables, including tax and social security payables (ct.1623+1626+**167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+455+456+457+4581++462+473+509+5186+5193+5194+5195+5196+5197)**	55	2099208	1369391
Total (from row 48 to 55)	56	112953404	87706265
H PROVISIONS			
Provisions for pensions and other liabilities **(ct 1515)**	57	0	0

Provisions for taxes **(ct.1511+1512+1513+1514+1518)**	58	438714	161822
Other provisions **(ct.)**	59	964789	1080943
TOTAL PROVISIONS (rows 15to 59)	60	1403503	1242765
I DEFERRED INCOME			
Investments subsidies (ct. 131+132+133+134+138)	61	0	0
Deferred income (ct. 472)	62	8253998	4636852
Total (rows 61+62)	63	8253998	4636852
J SHARE CAPITAL AND RESERVES			
I Share capital			
1. subscribed and paid in share capital (ct. 1012)	64	200000000	200000000
2. subscribed and not paid in share capital (ct. 1011)	65	0	0
3. patrimony (ct. 1015)	66	0	0
TOTAL (rows 64 to 66)	67	200000000	200000000
II Premium related to capital (ct. 104)	68	84768851	84768851
III Revaluation reserve (ct. 105)	69	7169121	6215258
IV RESERVES			
1. Legal reserves (ct. 1061)	70	6094187	6573653
2. Statutory or contractual reserves (ct. 1063)	71	0	0
3. Reserves representing surplus from reevaluation reserves (ct 1065)	72	2272407	3226270
4. Other reserves (ct. 1068)	73	19425693	26189660
TOTAL (rows 70 to 73)	74	27792267	35989583
Own shares reserve	75	441	2853111
Income from equity instruments (ct. 141)	76	0	0
Losses from equity instruments (ct. 149)	77	0	8558
V Retained Profit(loss) for the period (A) (ct. 117) - Cr balance (ct. 117)	78	6972677	9606163
- Dr balance (ct. 117)	79	0	0
VI Profit(loss) for the financial year (ct. 121) - Cr balance	80	7401076	8258687
- Dr balance(ct. 121)	81	0	0
Profit appropriation (ct. 129)	82	7401076	8258687
TOTAL SHAREHOLDERS' EQUITY (rows 67+68+69+74-75+76-77+78-79+80-81-82)	83	326702495	333718186
Public patrimony (ct. 1016)	84	0	0
TOTAL EQUITY (rows 83+84)	85	326702495	333718186

THE PROFIT AND LOSS ACCOUNT
As of 31.12.2008

Name of indicator	**Row no.**	**Results in the reported period**	
		31.12.2007	**31.12.2008**
	B	1	2
1. Net turnover (rows 02 to 05)	01	108645733	151688180
Sold production (ct. 701+702+703+704+705+706+708)	02	100060448	138345429
Revenues from sales of commodities (ct. 707)	03	8585285	13342751
Revenues from interests incurred by the entities whose object of activity is leasing (ct. 766)	04	0	0
Revenues from operation subsidies relative to the net turnover (ct. 7411)	05	0	0
2. Movements in stocks of finished goods (ct. 711) – Cr balance	06	24170334	42969742
And of ongoing production – Dr balance	07	0	0
3. Own work capitalized (ct. 721+722)	08	17782981	20748895
4. Other operating revenue (ct.7417+758)	09	8042634	18193593
Total operating revenue (rows 01+06-07+08+09)	10	158641682	233600410
5 a) Raw materials and consumables expenses (ct.	11	14957818	12789990

601+602-7412)			
Other materials expenses (ct. 603+604+606+608)	12	665483	662519
b) Other utilities expenses (energy and water) (ct. 605-7413)	13	4308815	4022087
c) Purchases of goods (ct. 607)	14	6313067	9973256
6. Salary expenses (rows 16+17) out of which:	15	3623706	6256009
a) Salaries and indemnities (ct. 641+642-7414)	16	2813745	2813745
b) Social security contributions (ct. 645-7415)	17	809961	1322584
7 a)Adjusting the value of tangible and intangible assets (rows 19-20)	18	2473777	2354449
a. 1) Expenses (ct. 6811+6813)	19	2473777	2354449
a. 2) Revenues (ct. 7813)	20	0	0
b) Adjusting the value of current assets (row 22-23)	21	2492730	-43482
b. 1) Expenses (ct. 654+6814)	22	2685858	2643707
b. 2) Revenues (ct. 754+7814)	23	193128	2687269
8 Other operating expenses (rows 25 to 28)	24	99745390	171631077
8.1 Third parties services (ct. 611+612+613+614+621+622+623+624+625+ 626+627+628-7416)	25	91655990	163563240
8.2 Other taxes, duties and assimilated payments (ct. 635)	26	2785001	4578083
8.3. Compensations, donations and conceded assets (ct. 658)	27	5324399	3489754
Expenses pertaining to the refinancing interests registered by the entities whose object of activity is leasing (ct. 666)	28	0	0
Adjustments for provisions (rows 30-31)	29	-64749	-160738
- Expenses (ct. 6812)	30	954394	15658564
- Revenues (ct.7812)	31	1019143	15819302
Total operational expenses (rows 11 to 15+18+21+24+29)	32	134516037	207485167
Operating Result **- profit (rows 10-32)**	33	24125645	26115243
- loss (rows 32-10)	34	0	0
9. Income from participation interests (ct. 7611+7613)	35	0	0
- out of which revenues from related parties	36	0	0
10 Income from other financial investments and loans, part of fixed assets (ct. 763)	37	0	0
- out of which revenues from related parties	38	0	0
11 Income from interest (ct. 766)	39	8492978	16850203
- out of which revenues from related parties	40	0	0
Other financial revenues (ct. 762+764+765+767+768)	41	14944605	3967663
Total financial revenues (rows 35+37+39+41)	42	23437583	20817866
12 Adjustment of financial assets and investments held as current assets (rows 44 -45)	43	0	0
- Expenses (ct. 686)	44	0	0
- Revenues (ct. 786)	45	0	0
13 Interest expenses (ct. 666-7418)	46	12510887	15326608
- out of which revenues from related parties	47	0	0
Other financial expenses (ct. 663+664+665+667+668)	48	24832645	21316691
Total financial expenses (rows 43+46+48)	49	37343532	36643299
Financial result **- profit (rows 42-49)**	50	0	0
- loss (rows 49-42)	51	13905949	15825433

14 Current profit(loss) - profit (rows 10+42-32-49)	52	10219696	10289810
- loss (rows 32+49-10-42)	53	0	0
15 Extraordinary revenues (ct. 771)	54	0	0
16 Extraordinary expenses (ct. 671)	55	0	0
17 Extraordinary result - profit (rows 54-55)	56	0	0
- loss (rows 55-54)	57	0	0
Total revenues (rows 10+42+54)	58	182079265	254418278
Total expenses (rows 32+42+55)	59	171859569	244128466
Gross profit or loss – Profit (rows 28-59)	60	10219696	10289810
- loss (rows 59-58)	61	0	0
18. Income tax (ct. 691)	62	2818620	2031123
19. Other taxes which are not shown under the elements above (ct. 698)	63	0	0
20. Net profit or loss for the financial year - profit (rows 60-61-62-63)	64	7401076	8258687
- loss (rows 61+62+63-60)	65	0	0

INFORMATIVE NOTES

I. Data pertaining to the actual result	**Row no.**	**No. of units**	**Amounts**
Units which registered profit	01	1	8258887
Units which registered loss	02	0	0

II. Data pertaining to outstanding payments	**Row no.**	**Total: columns 2+3, out of which:**	**For the current activity**	**For investments**
A	B	1	2	3
Outstanding payments – total (rows 04+08+14 to 18+22), out of which:	03	0	0	0
Debtor suppliers – total (row 05 to 07), out of which	04	0	0	0
- over 30 days	05	0	0	0
- over 90 days	06	0	0	0
- over 1 year	07	0	0	0
Overdue obligations to the social insurance budget – total (rows 09 to 13) out of which:	08	0	0	0
- contributions for state social insurance owed by employers, employees and other included persons	09	0	0	0
- contributions to the health insurance fund	10	0	0	0
- contributions to the supplementary pension	11	0	0	0
- contributions to the unemployment insurance budget	12	0	0	0
- other social debts	13	0	0	0
Overdue obligations to the budgets of the special funds and other funds	14	0	0	0
Overdue obligations to other creditors	15	0	0	0
Overdue duties and taxes to the state budget	16	0	0	0
Overdue duties and taxes to the local budgets	17	0	0	0

Bank credits which have not been reimbursed by the due date – total (row 19 to 21)	18	0	0	0
- over 30 days	19	0	0	0
- over 90 days	20	0	0	0
- over 1 year	21	0	0	0
Overdue interests	22	0	0	0

III. The average number of employees	**Row no.**	**31.12.2007**	**31.12.2008**
Average employee number	23	166	160

IV. Interest and royalty payments	**Row no.**	**Amounts (RON)**
Gross revenues from interests paid by Romanian legal entities to natural persons which are not residents of the EU member states, out of which:	24	0
- taxes owed to the state budget	25	0
Gross revenues from interests paid by Romanian legal entities affiliated*), which are not residents of the EU member states, out of which:	26	0
- taxes owed to the state budget	27	0
Revenues from royalties paid by Romanian legal entities affiliated*), which are not residents of the EU member states, out of which:	28	0
- taxes owed to the state budget	29	0

V. Meal tickets	**Row no.**	**Amounts (RON)**
The counter-value of the meal tickets granted to the employees	30	33227

VI. Innovation expenses **)	**Row no.**	**31.12.2007**	**31.12.2008**
- Innovation expenses incurred during the period	31	0	0
- Innovation expenses in course of being incurred during the period	32	0	0
- Innovation expenses abandoned during the period	33	0	0

THE STATEMENT OF FIXED ASSETS

-RON-

Fixed assets	No.	Gross values				
		Initial balance	Increases	Decreases		Final balance (column 5=1+2+3)
				Total	Out of which segmentation and quashing	
A	B	1	2	3	4	5
Intangible assets						
Set-up expenses and development expenses	01	0	0	0	x	0
Other fixed assets	02	783899	477855	0	x	1261754
Prepayments and ongoing intangible assets	03	0	0	0	x	0
TOTAL (rows 01 to 03)	**04**	**783899**	**477855**	**0**	**x**	**1261754**
Tangible assets						
Lands	05	11582084	0	91379	x	11490705
Constructions	06	9322348	1831361	2073770	0	9079939
Technical installations and machinery	07	9232659	2024890	2267843	0	8989706
Other installations, equipment and furniture	08	811529	17859	45677	0	783511
Prepayments and ongoing tangible assets	09	31015560	20748895	10315	x	51754140
TOTAL (rows 05 to 09)	10	61964180	24622805	4488984	0	82098001
Financial assets	11	5170180	51941532	5715085	x	51396627
TOTAL FIZED ASSETS (rows 04+10+11)	12	67918259	77042192	10204069	0	134756382

THE STATEMENT OF FIXED ASSET DEPRECIATION

Fixed assets	no	Initial balance	Depreciation during the year	Depreciation relative to the fixed assets shown	Depreciation at the end of the year (column 9=6+7-8)
A	B	6	7	8	9
Intangible assets					
Foundation expenses and development expenses	13	0	0	0	0
Other fixed assets	14	893736	147816	0	841552
TOTAL (rows 13+14)	15	893736	147816	0	841552

Tangible assets					
Lands	16	0	0	0	0
Constructions	17	1491958	771438	249524	2013872
Technical installations and machinery	18	8058657	1646911	1900670	5804898
Other installations, equipment and furniture	19	260783	136602	23550	374035
Prepayments and ongoing tangible assets	20	7811398	2555151	2173744	8192805
TOTAL (rows 15 to 20)	21	8505134	2702967	2173744	9034357

THE STATEMENT OF DEPRECIATION PROVISIONS

Fixed assets	**No.**	**Initial balance**	**Provisions formed during the year**	**Provisions reincluded in revenues**	**Final balance (column 13 = 10+11+12)**
A	B	10	11	12	13
Intangible assets					
Foundation expenses and development expenses	22	0	0	0	0
Other fixed assets	23	0	0	0	0
Prepayments and ongoing intangibles	24	0	0	0	0
TOTAL (rows 22+24)	25	0	0	0	0
Tangible assets					
Lands	26	0	0	0	0
Constructions	27	0	0	0	0
Technical installations and machinery	28	0	0	0	0
Other installations, equipment and furniture	29	0	0	0	0
Prepayments and ongoing tangible assets	30	0	0	0	0

TOTAL (rows 26 to 30)	31	0	0	0	0
Financial assets	32	0	64750	0	64750
PROVISIONS FOR DEPRECIATION – TOTAL (rows 25+31+32)	33	0	64750	0	64750

Administrator
Name and surname:
DAN IOAN POPP

Stamp of the company

Drafted by:
name: FLORIN ROSCA
capacity: HEAD ACCOUNTANT
Registration number with the professional body:
Illegible signature

14.1.3 Notes to the Financial Statement

Note 1 – Fixed Assets

The variation of the gross value, of the amortization and of the net accounting value, until the 31st of December 2008, as per each category of fixed assets, is displayed as follows:

Intangible assets

Intangible assets	
01.01.2008	783,899
Entries	477,855
Exits/Transfer	-
31.12.2008	1,261,754
Amortization	
01.01.2008	693,736
Entries	147,816
Exits/Transfer	-
31.12.2008	841,552
Net value	
01.01.2008	90,163
31.12.2008	420,202

In 2008 the company Impact has decided upon turning its processes more effective by means of investments in software and hardware. Out of the total of 477,855 RON 20% stand for investments in software for customer relations, 20% management software (ERP) , 15% designing licenses and 35% IT management software.

Tangible assets

Description	Lands	Constructions	Technical installations, means of transportation	Furniture, devices and office support	Down payments and ongoing tangible assets	Total
COST						
On 01.01.2008	11,582,084	9,322,348	9,232,659	811,529	31,015,560	61,964,180
Entries	0	1,831,361	2,024,890	17,659	20,748,895	24,622,805
Exits / Transfer	91,379	2,073,770	2,267,843	45,677	10,315	4,488,984
On 31.12.2008	11,490,705	9,079,939	8,989,706	783,511	51,754,140	82,098,001
AMORTIZATION						
On 01.01.2008	-	1,491,958	6,058,657	260,783	-	7,811,398
Entries	-	771,438	1,646,911	136,802	-	2,555,151
Exits / Transfer	-	249,524	1,900,670	23,550	-	2,173,744
On 31.12.2008	-	2,013,872	5,804,898	374,035	-	8,192,805
NET VALUE						
On 01.01.2008	11,582,084	7,830,390	3,174,002	550,746	31,015,560	54,152,782
On 31,12,2008	11,490,705	7,066,067	3,184,808	409,476	51,754,140	73,905,196

The fixed assets are registered in accounting at the cost or reassessed value and they are depreciated from the time of the latter's start up and during their normal operational time, according to the « Catalogue regarding the classification and normal operational durations of fixed assets ». The normal minimum operational duration, as stipulated, has been taken into consideration.

The amortization accounting method as used is the linear method.

The fixed assets in process of being accomplished shall be depreciated as of the time of their being start up, which time coincides with the one of the latter's being transferred within the category of fixed assets. Lands shall not be depreciated.For the purpose of the display within the balance sheet, the historical cost less the accrued amortization has been reassessed in accordance with the Government Decisions no. : 500/1994, 983/1998, 403/2000, 1553/2003, by virtue of several statistical indices of the prices as established through the normative acts as previously mentioned as well as on 31.12.2006.

According to the Order of the Minister of Finance 1752, tangible assets have increased with around 32% in 2008 as compared to 2007, from 54.15 million RON to 73.9 million RON. This increase has been mainly owed to the works with the networks from the Greenfield project and to the increase of the ongoing fixed assets. 50% of the ongoing fixed assets belonging to the Greenfield project, 9% to the projects in Oradea (Lotus and Europa), 9% to the project Roua in Ploiesti and 9% to the project in Constanta.

Financial assets

Securities held within other companies

Current No.	Company Name	Investment Value	Contribution Percentage
1	Actual Invest House SRL	4,950	99.00%
2	Bipact 1995 SRL	975	63.00%
3	BIZ-AR SRL	190	95.00%
4	Hobbit Intermediere Asigurari	94,602	95.00%
5	IMOBILIA CREDIT SA	64,750	70.00%
6	Intop Construction	2,010,000	90.00%
7	LOMB S.A.	45,445,028	49.00%
8	PREST RV 2003 SRL	190	95.00%
9	TOPO PREST	190	95.00%
TOTAL		**47,620,875**	

Since on December the 31st 2008 the own equities of the company Imobilia are negative, there has been established a provision in the amount of 64,750 RON.

S.C. LOMB S.A. is a joint stock company having as its shareholders the Local Council of Cluj-Napoca Municipality (51%) and the company S.C. IMPACT DEVELOPER & CONTRACTOR S.A. (49%).

The share capital is subscribed according to the Articles of Incorporation of the company SC LOMB SA:

- The amount of 45,445,027.51 lei, representing the contribution of SC IMPACT DEVELOPER & CONTRACTOR SA to the subscribed share capital of the company SC LOMB SA, has been fully paid up;
- The amount of 47,299,926.60 lei, representing the land, in the area of 179 hectares, brought as a contribution by the Local Council of Cluj-Napoca Municipality to the share capital of the company SC LOMB SA, has not been paid up, the land dismemberment formalities being in process of being carried out;

The company is registered at the Trade Register Office in Cluj-Napoca under the number: J12/3024/2008, having the sole registration code: 24190182 with the fiscal attribute: RO. The main object of activity of the company is the real estate development, promotion according to the NACE Code no. 4110.

The purpose of this company being incorporated is that of developing a residential neighborhood in Cluj-Napoca. The concept of the project aims at the development of a city - like environment, inspired by the European urban poles, where the local characteristics naturally combine with the contemporaneous living standards, including as related to the natural environment. One shall also pay attention to the university brand of Cluj County as well as well as to the most recent trends in the city development, as it is the one of the Cluj County being seen also as a financial – banking center. Those constructions designed for living shall be in balance with the constructions designed for public functions, business, trade, the spaces allotted to entertainment and recreation and shall have an appropriate distribution in the allotted area of 267 hectares.

Below there is the presentation of few synthetic data, which are representative to the present project:

- Total area of the project: 267 hectares
- Estimated number of inhabitants: 30,000 inhabitants
- The duration of project accomplishment: 2009-2014
- Locative units: approximately 6.000 (3,200 houses and 2,500 apartments), there existing 20 types of dwellings

- 880.000 sq. m. shall be turned to good use and shall be handed over to the Local Council for social character use;
- 75 social dwellings shall be handed over to the Local Council;
- The project contains :
    - Amusement areas, lakes, channels, walking areas, alleys, playgrounds, sports grounds;
    - Commercial centers;
    - Medical centers;
    - Cultural centers;
    - Two exhibition centers;
    - Education units;
    - Churches;
    - University Campus;
- The project is divided into 10 areas, each of them with its own schedule, that is relatively independent, namely 100 sub – projects;
- The estimated value of the investment: approximately 650 million Euros

There are four financing sources: the own sources of IMPACT, the issuance of shares and bonds, the credits and the partnerships. We set our mind at attracting several financial partners with an international name and power, who shall offer, in addition to their investment related support, an anvergure as per the dimensions and ambitions of the project.

The company has its finance provided for the first stages of the project, namely the utilities and the infrastructure for approximately 90 hectares and the "expo" area.

Fixed receivables

Company	Loan at the beginning of the year 2008	Loan at the end of the year 2008
Actual Invest House	2,417,500	1,914,500
Imobilia Credit	575,548	727,548
Intop Construction	0	1,123,338
Investimob Development	0	10,365
TOTAL	**2,993,413**	**3,775,752**

In 2008, the loan as granted by Impact to the company Imobilia Credit has increased from 575,549 to 727,548 RON. The loan is in term, it runs according to the terms of the agreement and represents the working capital. During 2008 there has also been granted a loan to the company Intop Construction, which loan was in the amount of 1,123,338 RON. Just like in the previous case, the loan stands for the working capital. The loan as related to the company Actual Invest House has decreased with 20% through the partial payment of the latter.

Note 2 - Provisions

The provisions for taxes represent the tax on profit which has been postponed as related to those houses with the payment in installments which were sold in the year 2005 and which have been calculated according to the Order no. 94/2001. In time, with customers paying the installments or due to the occurrence of the agreement due date, the postponed tax becomes current and the provision decreases.

The provisions for guarantees are established at 0,5% of the cost relating to each sold locative unit, according to the Decision of the Board of Directors.

Since on December the 31st 2008 the own equities of the company Imobilia are negative, there has been established a provision for the loss of value of the shares of the affiliates in the amount of 64,750 RON.

Due to the fact that in 2008 a large part of old materials stocks has been sold, the provision decreased with 27%. On the 31st of December 2008 there has been provisioned 50% of the value of entering the stock for those materials with a flow of less than 3 months.

Provisions	Balance on 31.12.07	Balance on 31.12.08
Provisions for guarantees granted to customers	568,731	1,023,500
Provisions for postponed taxes	438,714	161,822
Other provisions for risks and expenses	396,058	57,444
Adjustments for the loss of value of the shares of the affiliates	0	64,750
Provisions for materials depreciation	1,370,998	995,184
Provisions for receivables depreciation – customers	1,616,863	1.930,233
Provisions for receivables depreciation – various debtors	880,234	899,196
TOTAL	**5,271,598**	**5,132,129**

Note 3 – Profit allotment

Out of the net profit as obtained in the amount of 8,258,687 RON there has been allotted, according to the law, the amount of 479.466 RON to the legal reserve, following that the allotment of the remaining 7,779,220.4 RON shall be decided by the General Meeting of the Shareholders.

Note 4 – Analysis of the operational outcome

Indicator	31.12.2007	31.12.2008
Turnover	108,645,733	151,688,180
Cost of sold assets and of provided services	90,395,258	122,033,598
Direct production related expenses	69,875,258	96,694,665
Indirect production related expenses	20,520,000	25,338,933
Gross result as related to the Net Turnover	18,250,475	29,654,582
Retail expenses	4,550,000	7,274,116
General administration related expenses	2,250,000	2,587,500
Other operational expenses	37,320,779	75,589,953
Other operational incomes	49,995,949	81,912,230
Operational outcome	24,125,645	26,115,243

The company includes in the production cost all the direct expenses (materials, man power, direct expenses (materials, man power and direct tools), the cost of the land, indirect production related expenses (indirect materials, indirect man power, indirect tools, the cost of the construction site networks). In the case of those loans which are strictly connected to the development of certain real estate projects, the related interest has been included within the production related cost. The general administration and marketing / retail expenses are not included within the production related cost. The turnover represents the sold production as well as the incomes out of the sales of merchandise.

Note 5 – The status of receivables and debts

Receivables
The detailed status of the receivables on the 31st of December 2008 is presented as follows:

Receivable name	Balance on 31.12.2007	Balance on 31.12.2008, Out of which	Liquidity term	
			Below 1 year	Over 1 year
Customers	85,368,678	99,239,714	41,680,680	57,559,034
Provisions for receivables depreciation - customers	1,616,864	1,930,234	0	1,930,234
Customers, invoices to be drawn up	2,625,022	914,241	914,241	0
Down payments as granted to services providers	5,102,865	1,959,608	1,959,608	0
Granted guarantees	48,203	48,203	48,203	0
Various debtors	5,682,454	4,738,660	3,743,541	995,119
Provisions for receivables depreciation - debtors	880,234	899,196	0	899,196
Other receivables*	2,384,979	6,452,612	6,452,612	0
TOTAL	**98,715,103**	**110,523,608**	**54,798,885**	**55,724,723**

Other receivables*	Value
Operations in process of clarification	1,272
Settlements between branches	19,973
Interests to be cashed	996,628
Amounts to be recovered from the budget	5,434,739
TOTAL	**6,452,612**

The receivables as registered within the accounts „Customers – invoices to be drawn up" represent the amounts acknowledged as incomes, according to the Order of the Minister of Finance no. 94/2001 and IAS 11 on the 31st of December 2005 for which there have been cashed no down payments whatsoever at that time. These receivables are related to those houses in process of being built in 2005 which have not been accepted until the 31st of December 2008. Due to the fact that as of the 1st of January 2006 the Order of the Minister of Finance no. 1752 shall apply, these amounts have remained „blocked" until the performance of the acceptance and the drawing up of the final invoice. During 2008 one major part of these houses has been handed over, so that the balance of the account dropped from 2.6 million RON in 2007 to 900 thousand RON on the 31st of December 2008.

On 31.12.2008 there were 7 deposits in lei in the amount of 44.4 million RON with an average interest of 20.7% and one deposit of 5.3 million EUROS with an interest rate of 7%. The accrued interest as between the date of the said deposits being established and the end of the year has been of 996,628 RON.

The down payments as granted to the services providers have dropped with around 63%. This fact is due to the works having been carried out and defrayed by the subcontracted at the assemblies from the Greenfield area, out of which works there has been deducted the amount of the down payments as granted.

The amounts to be recovered from the state budget represent:

- The VAT to be recovered from the 4th trimester of 2008 in the amount of 2,106,648 RON. This amount has been recovered from the value added tax from January to March 2009;
- Application for the reimbursement of the VAT in the amount of 2,226,924 RON from September 2008 which has not been settled by the National Agency of Fiscal Administration until the date of the balance sheet. The aforementioned application has been settled in 2009, the amount of 714,761 RON entering the company accounts during the same month, the rest being compensated with the tax on profit to be paid for September 2008;
- The tax on profit to be recovered in the amount of approximately 1 million RON. As compared to September 2008 when there has been registered a due tax on profit of 3,736,677 RON, in December 2008 there has been registered a decrease of the cumulative tax on profit for 2008, there resulting the tax on profit to be recovered.

Debts

According to the Order of the Minister of Finance no. 1752, the total debts have increased with 7.5%, from 225.23 million RON in 2007 to 244.35 million RON, the amounts as granted by the credit institutions having a weight of 68%. At the same time the Company total assets have increased with 4%, from 586.8 million RON in 2007 to 583.95

million RON in 2008. Under these conditions, although the total debts have comparatively increased as compared to 2007 the interest rate has relatively maintained its position as constant in 2008 as compared to 2007.

Debt name	Balance on 31.12.2007	Balance on 31.12.2008, out of which	Liquidity term	
			Below 1 year	Over 1 year
Loans from the issuance of bonds	32,552,581	36,073,824	36,073,824	0
Bank credits	145,512,509	164,506,798	78,487,444	86,019,354
Interests to be paid	189,022	55,835	55,835	
Financial leasing**	627,572	964,406	646,886	317,520
Cashed down payments	26,002,521	12,024,410	12,024,410	0
Commercial debts*	10,480,307	21,825,675	21,825,675	0
*Other debts****	9,864,506	8,903,228	7,533,837	1,369,391
TOTAL	**225,229,018**	**244,354,176**	**156,647,911**	**87,706,265**

Commercial debts*	Value
Providers	18,721,992
Providers – not received invoices	3,103,683
TOTAL	**21,825,675**

Loans from the issuance of bonds

Through the public offer of sale by means of a private investment, as approved through the decision of the National Commission of Transferable Securities no. 181/18.01.05 there has been issued a number of 312,000 bonds with a nominal value of 100,000 RON. The interest rate is Euribor at 6 months + 6.5%, payable semi – annually, indexed as per the EUR/ROL rate, not secured, without an option for redemption and without the possibility of being convertible. The maturity is 4 years. The payment of the interest shall be semi – annual.

In 2008 two interest payments have taken place:

- The first one has occurred on 06.02.2008, in the amount of 471,057.60 Euros, at the RON/EURO currency exchange rate from 05.02.2008 and it represents the value of the coupon as related to semester VI, according to the calendar of the issuance of bonds (1 coupon = 1.5098 Euros*312.000 = 471,057.6 Euros, namely 1,700,400 RON)
- The second one has taken place on 04.08.2008, in the amount of 468,686.40 Euros, at the RON/EURO currency exchange rate from 01.08.2008 and it represents the value of the coupon as related to semester VII, according to the calendar of the issuance of bonds (1 coupon = 1.5022 Euros*312.000 = 468,686.40 Euros, namely 1.656,720 RON)

The balance on 31.12.2008 represents the principal (34,411,230 RON) and the accrued interest until the end of the year (1,662,594 RON).

The loan shall be due at the end of January 2009, when both the principal and the related interest have been paid as well.

All bank loans as contracted by the company Impact have EURO as their reference currency. The balance of the credits in Euro has increased on the 31st of December 2008 as compared to the same period of the previous year with 2.5%. But, due to the increase of the RON/EURO currency exchange rate, the balance in lei of the bank credits has increased with 13%.

One shall notice a decrease with approximately 54% of the down payments as cashed from customers, due to the handing over of the contracted constructions. In the balance there rest mainly those down payments as cashed from the foreign citizens having contracted apartments within the Blue and Onix assemblies and which have not been yet completed. The agreements are in term, there existing no exceeding whatsoever of the delivery date.

However the commercial debts have increased with over 100% due to the intensification of the commercial relations within the sub - contractors.

Other debts **	Balance on 31.12.2008	Liquidity term	
		Below 1 year	Over 1 year
Guarantees – providers	4,468,412	3,342,329	1,126,083
Debts in relation to the personnel	1,066,437	1,066,437	0
Non – eligible VAT	883,900	640,592	243,308
Dividends to be paid	46,399	46,399	0
Various creditors	2,438,080	2,438,080	0
Total	**8,903,228**	**7,533,837**	**1,369,391**

The balance of the non – eligible VAT account refers to the value added tax as related to those installments which have not reached the due date for the credit agreements as concluded until the 31st of December 2006. Subsequent to this date, for those sale agreements with the payment in installments the eligibility of the VAT at the time of delivery has occurred, according to the Tax Code art. 134.1 paragraph 3.

The guarantees in case of providers are withheld as per the agreement. The percentages differ from 5% and 10% of the value of the works, and shall be reimbursed after at least one year from the execution of the works, subject to the contractual terms. The balance on the 31st of December 2008 is 4,468,412 RON.

Leasing**		Balance on 31.12.2008
MOTORACTIVE	EURO	109,668
	RON Equivalent	437,047
RCI LEASING	EURO	132,329
	RON Equivalent	527,359
TOTAL	**EUR**	**241,997**
	RON Equivalent	**964,406**

Bank credits	Balance on 31.12.2008	
BANC POST	EUR	2,731,716
	RON equivalent	10,886,433
PIRAEUS	EUR	14,407,271
	RON equivalent	57,415,856
BCR	EUR	492,110
	RON equivalent	1,961,155
BANCA ROMANEASCA	EUR	23,648,337
	RON equivalent	94,243,354
TOTAL	**EUR**	**41,279,433**
	RON equivalent	**164,506,798**

1. Piraeus Bank
Credit agreement for working capital 2219/21.04.2005
Value: 800,000 EUROS
Validity: 12 months, renewable for successive periods of 12 months
Object: providing the working capital for the covering of the financial needs as related to the running of the current activity.
Interest: EURIBOR at a month + 4% per year. The calculation of the interests shall be made at the daily balance of the credit account and shall be reported at a year of 360 days. Penalties: current interest + 6 % p.a.
2. Piraeus Bank
Credit agreement no. 2331/08.07.2005 Value: 1,800,000 EUR Validity: 48 months (until 09.06.09)
Object: refinance the purchase of a land (partial payment – price difference) situated in the residential Park Boreal 2 Constanta
Interest: EURIBOR at a month plus o margin of 4 percentage points per year. The calculation of the interests shall be made at the daily balance of the credit account and shall be reported at a year of 360 days.
Penalties: The annual rate with 6 percentage points higher than the interest rate
Reimbursement: 36 equal monthly installments, in the amount of 50,000 Euros each, the first due date after 12 months from the date of signing the agreement and the last due date after 48 months from the signing of the agreement.

3. Piraeus Bank
Credit agreement no. 301/30.08.2006 Value: 13,000,000 EUR Validity : 36 months
Object : the finance in a proportion of 85% of the price for the procurement of a lot of land located in Prelungirea Ghencea no. 402-412, District 6 Bucharest and for the payment of an amount of up to 50% of the value of the risk commission as related to the Facility.
Interest: EURIBOR at 3 months plus a margin of 3.15 percentage points per year. The calculation of the interests shall be made at the daily balance of the credit account and shall be reported at a year of 360 days.
Penalties: The annual rate with 6 percentage points higher than the interest rate
Reimbursement: the reimbursement of the Facility shall be made in full upon the due date.

4. Piraeus Bank
Credit agreement no. 195/10.07.2006. Value: 2,000,000 EUROS Validity: 36 months
Object: finance and refinance, in a proportion of 85%, of the purchase of lands situated in the Baneasa area and of the purchase of the social parts of the company SC Patagonia Invest SRL.
Interest: EURIBOR at 3 months plus a margin of 3.15 percentage points per year. The calculation of the interests shall be made at the daily balance of the credit account and shall be reported at a year of 360 days.
Penalties: The annual rate with 6 percentage points higher than the interest rate
Reimbursement: 24 equal monthly installments in the amount of 83,333.3 EUROS each, after 12 months of grace from the date of signing the agreement.
5. Bancpost
Term credit facility agreement no. 58/23.09.2005
Value:
„First Sub – Facility" in the amount of up to 4,500,000 EUROS;
„The Second Sub - Facility" in the amount of 4,600,000 EUROS;
„The Third Sub - Facility" in the amount of 2,000,000 EUROS;
„The Third Sub – Facility bis" in the amount of 5,000,000 EUROS;
„The Fourth Sub-Facility" in the amount of 2,900,000 EUROS. The amounts which have not been drawn from the „first sub - facility" shall supplement the " fourth sub – facility"
„The Fifth Sub - Facility" in the amount of 2,000,000 EUROS;
Validity: 7 years from the date of signing the credit agreement

The interest shall be calculated as of the drawing date based upon the number of actual days as reported to a year of 360 days and shall be due and payable on a monthly basis, on the last day of the current month. The interest shall accrue on a daily basis, being calculated based upon the following formula: (the credit balance x the interest rate as stipulated within the previous paragraph) / 360 days
Increased Interest

If the Borrower shall not reimburse upon the due date any part of the credit as drawn from the Facility, the outstanding amount shall lead to the payment of an increased interest at a rate equal to the amount between the interest rate as stipulated and a margin of 3%.
Reimbursement: The date of reimbursement of the last installment from the Facility may not exceed 7 years from the date of signing the Agreement, namely 30.10.2013.

On 31.12.2007 in the balance there has been left the second sub - facility, aimed at financing the residential project called „Europa" in Oradea. The other owed sub – facilities have been fully reimbursed on 25.07.2007, totalizing 12,795,602.33 EUROS, for the latter's payment there being contracted two other credits with the Romanian Bank (Banca Romaneasca).

6. Romanian Commercial Bank
Credit agreement no. 11/9949 from 14.06.2006
Value: 2,400,000 EUR Validity : 36 months
Object: the investment activity, the refinance of the construction works within the Europa Assembly in Oradea
Interest: The annual current interest rate is EURIBOR at 6 months plus a margin of 4.25 percentage points per year. In the event of any outstanding payments between 8 and 30 days at credits and / or interests, the annual current interest shall increase with one percentage point. In the event of any outstanding payment of more than 30 days at credits and / or interests, the annual current interest shall increase with two percentage points. The non – reimbursement on the established terms of the credit installments as owed, shall entitle the bank to increase the annual current interest rate with 3 percentage points.
The interest shall be calculated on a daily basis at the non – reimbursed balance of the credit and shall be reported at a 360 day year.

Reimbursement: 24 equal monthly installments, in the amount of 100,000 EUROS, after the 12 month grace period

7. Banca Romaneasca (The Romanian Bank)
Credit agreement for investment purposes no. 50070065/25.07.2007
Value: 7,993,203.91 EUROS
Validity: 7 years, 25.07.2007 – 24.07.2014
Object:
a) Refinance of several credit facilities existing in the balance within SC BANCPOST SA, which credit facilities were aimed at financing various real estate projects / purchases of immovable or the procurement of shares / social parts in companies that had such immovable.
b) Financing the commission for advance reimbursement, as charged by Bancpost in the case of those credits which are to be taken over from Bancpost under the present Facility.
Interests:
a) Current Interest Rate: EURIBOR (1M) + 2.5% p.a.
b) Penalty Interest Rate: 2% + Current Interest Rate
Reimbursement: the credit facility shall be reimbursed on a quarterly basis, in equal installments

8. Banca Romaneasca
Credit agreements for investment purposes no. 50070066/25.07.2007
Value: 18,306,796.09 EUR
Validity: 7 years, 25.07.2007 – 24.07.2014
Object:
a) Refinance of several credit facilities existing in the balance within SC BANCPOST SA, which credits had as their object the finance of the works for the construction of the Project;
b) Financing the commission for advance reimbursement, as charged by Bancpost in the case of those credits which are to be taken over from Bancpost under the present Facility;
c) Finance / refinance the construction costs as related to the ongoing Project;
d) The amount of 3,000,000 EUROS out of the total of the present credit facility may be used also for the finance in a proportion of up to 100 % of the purchase cost as related to certain lands over which the Project shall be developed, including for the acquisition by the Borrower of shares / social parts as issued by companies holding such lands, but only with the prior agreement on the part of the Bank.
Period of grace: 18 months from the date of the first use
Interests:
a) The current interest rate: EURIBOR (1M) + 2.5% p.a. The current interest shall be calculated subject to the balance as used of the credit facility, as of the date of the first use and shall be paid until the full reimbursement of the Credit Facility.
b) Penalty interest rate: 2% + Current Interest Rate
Reimbursement: the credit facility shall be reimbursed on a quarterly basis, in equal installments after the end of the period of grace. At the same time, the credit facility shall be reimbursed on a pro-rata basis out of the cashing as related to the sale of each and every apartment / villa as a part of the project. The report defining the pro-rata is the following:
The amount to be reimbursed = The value of the credit facility * the area of the apartment/villa as sold according to the sale – purchase agreement signed by the Borrower with the end customer / the total area of the Project.
In June 2007 there has been a full reimbursement of the credit from Alpha Bank, according to the additional act no. 006/4/5/2005 to the term credit agreement no. 006/4/2005.
In 2007 there has been fully reimbursed the credit agreement no. 1928 from 15.10.2004 from Piraeus Bank, designed for the purchase of land and for the construction of Azur Complex of dwellings situated in Pipera area. Voluntari.

Status of mortgages
The total accounting value of the mortgaged assets is 152.4 million RON and consists of lands and houses in various stages of execution, as follows:

FIXED ASSETS , out of which:	**5.094.866**
Lands	1,621,125
Constructions	3,473,741
STOCKS, out of which:	197,262,016
Lands held for construction purposes	97,024,049
Constructions for sale	100,237,967
Total mortgaged assets	202,356,882

In addition to the aforementioned assets, the company has also guaranteed the contracted credits with assets – lands and constructions with the payment in installments, as handed over to the customers, but for which the transfer of property has not yet been carried out. The centralized status of the mortgaged assets is presented below:

Receivable type	**Mortgaged area**	**Mortgage agreement no.**	**Immovable**	**Address / assembly**
1st rank mortgage	258,925	2781/31.08.2006;	land	Bucharest, Prel Ghencea no. 402-412, District 6
1st rank mortgage; 2nd rank mortgage	63,832	2484/11.07.2006; 165/19.01.2007	land	Bucharest, District 1, Baneasa (Greenfield)
1st rank mortgage	31,400	2044/08.07.2005	land	Constanta, Constanta County, (Boreal)
1st rank mortgage	22,700	3384/18.09.2006	land	Constanta, Constanta County,(Zenit)
1st rank mortgage	29,599	747/16.03.2007; 2864/21.10.2005; 2283/04.10.2005	Land and constructions	Voluntari, No. 50 Bisericii Road (Depact)
1st rank mortgage	37,562	2229/22.06.2006	land	Constanta, Neptun Resort, Popasul Caprioarei Area
1st rank mortgage	39,382	2117/14.06.2006	land	Blejoi Commune, Ploiestiori Village, Prahova County (Roua)
1st rank mortgage	13,202	2117/14.06.2006	land	Oradea, Facliei Street, Bihor County / Lotus
1st rank mortgage	4,834	74/15.01.2007	land	Voluntari, No. 50 Bisericii Road (Junior extension)
1st rank mortgage; 2nd rank mortgage	187,710	2648/25.07.2007; 2049/09.07.2008	T Land and constructions	Bucharest, District 1, Baneasa (Greenfield)

Note 6 – Accounting principles, policies and methods

The bases of drawing up the financial standings

The financial standings have been drawn up by the Company, in accordance with the Order of the Minister of Finance number: 1752/2005 regarding the approval of the accounting regulations complying with the European directives, by complying with the Accounting Law number: 82/1991 with the latter's subsequent amendments and the requirements as related to the presentation of the annual financial standings.

Accounting principles

The financial standings for the year as concluded on the 31st December 2007 have been drawn up in accordance with the following accounting principles:

The going concern principle. One shall presume that the company conducts the latter's activity based upon the going concern principle. This principles means that the company shall normally keep on operating in a predictable future, without entering the stage of impossibility of continuing running the latter's activity, or without the significant reduction of the latter. If the administrators of any such company shall become aware of any elements of unsafe in connection with certain events which may lead to the latter's incapacity to continue its business, the said elements shall be presented within the explanatory notes. In the event the annual financial standings are not drawn up based upon the going concern principle, this information shall be presented, along with the explanations on the way of drawing up the said financial standings and the reasons for such a decision according to which the company may not longer continue its activity.

Consistency Principle. The assessment methods shall be applied consequently from one financial year to the other.

The prudence principle. The assessment shall be made on a prudent basis, and especially:
a) there may be included only the profit as achieved upon the date of the balance sheet;
b) one shall bear in mind and pay attention to all debts, as occurred during the current financial year or during any other such previous financial year, even if the latter shall become obvious only between the date of the balance sheet and the date of the latter's being drawn up;
c) one shall also take into consideration all the predictable debts and potential losses as occurred during the current financial year or any other such previous financial year, even if the latter shall become certainties only between the date of the balance sheet and the date of the latter's being drawn up;
d) one shall also take into consideration all depreciations, irrespective of whether the outcome of the financial year is either loss or profit.

The matching principle. there have been taken into consideration all the incomes and the expenses of the financial year, irrespective of the date of cashing or of the making of the payment.

The Principle of separate valuation of the components of assets and liabilities items. According to the aforementioned principle, the components of all assets and liabilities elements shall be assessed separately.

The principle of the intangibility. The balance sheet upon the opening of the financial year shall correspond to the balance sheet upon the ending of the previous financial year.

The principle of non – compensation. Any compensation between the assets and liabilities elements or between the incomes and expenses elements shall be forbidden.
The eventual compensations between a company receivables and debts with respect to the same economic agent may be carried out, by complying with the legal provisions, only after the registration in accounting of the incomes and expenses at the latter's full value.

The principle relating to the prevalence of the economic over the legal. The presentation of the values within the elements of the balance sheet and the profit and loss account is carried out by taking into consideration the economic background of the transaction or of the operation as reported, and not only the legal form of the latter.

Significant accounting policies
Accounting Basics
The financial standings as drawn up by the company on 31.12.2008, consisting of :
- The balance sheet
- The profit and losses account
- The amendments of own equities
- The Treasury Flow
- Accounting Policies and Explanatory Notes

Are consistent with the provisions of the Accounting Law no. 82/1991, of the Order of the Minister of Public Finance no. 1752/2005 for the approval of the accounting regulations in harmony with the European directives. By applying the principles and requirements of the normative acts as presented, there have been carried out good quality accounting information and financial standings.

Reporting currency
In the financial standings the information is presented in Romanian lei. Whereas the average rate of the inflation in 2008, namely of 7,85%, as communicated by the National Institute of Statistics, we hereby mention that not all data are presented in the real terms of the power of purchase of the Romanian leu on the 31st December 2008.

Using the estimates

As a result of the inherent uncertainties in carrying out the activities, many elements of the financial standings may not be accurately and precisely assets, but only estimated. The estimation process involves reasoning based upon the most recent credible information, as available.

For instance, one may make estimates for:

- Uncertain customers
- Moral use and tear of stocks
- Fair value of financial assets and liabilities, etc

The use of reasonable estimates represents an essential part of drawing up the financial standings and does not undermine the latter's credibility.

One such estimate may require a review, if any changes whatsoever occur with respect to the circumstances based upon which any such estimate has been made or following new information or subsequent experiences occurring. By its nature, the estimate review shall have no connection whatsoever with the previous period and shall not represent the correction of an error. Thus, the company management has proceeded to the review of the values of the said elements and the latter's influence with the effects of certain possible circumstance amendments, of any events subsequent to the closing of the financial year, or of any other such information, if considered significant.

The use of the estimates has led, in the case of the present company, to the establishment and registration of provisions for the depreciation of assets and for risks and expenses. The effect of any such operations has been included within the positions from the balance sheet as related to the said elements and has affected the profit and losses account.

Converting transactions in the foreign currency

The transactions of the private company, which are in foreign currency, have been registered at the foreign currency exchange rate, as communicated for the date of any such transaction. The debts in foreign currency have been converted in lei, based upon the foreign currency exchange rates, as communicated by the National Bank of Romania, for the date of 31st of December 2008, which also stands for the time of concluding the financial year. The incomes and losses, as resulted following any such operations, have been acknowledged in the profit and loss account.

Incomes

The main operational incomes are those from the sale of houses / apartments, as built. Thus, the incomes as related to the sold houses / apartment are acknowledged at the time of the handing over of the constructions to the beneficiary. A part of the agreements as concluded with the beneficiary stipulates the execution of the construction with the payment as per execution stages. As of 2007, the Company has chosen the method relating to the acknowledgment of those incomes as generated from such agreements at the time of handing over, based upon a protocol for the delivery of the stage of the work. Thus the Company also acknowledges incomes while handing over the stages of the works for constructions. However in 2008 due to the fact that there is always a stock of apartments and finished houses, such agreements have not been concluded any longer, the sales taking place directly from the stock.

With respect to the ongoing production, the incomes are registered at the level of the costs allotted for each house in the process of being constructed and are reported as incomes from the stored production.

Pensions and other benefits subsequent to retirement

The company does not finance any private pensions and has no benefits plan in the event of retirement, for the company employees.

All the company employees are part of a pensions plan as financed by the Romanian Government from funds established out of the company contributions and the contribution of all the company employees, therefore the company has no obligation whatsoever with respect to the private pensions fund.

Intangible assets

The intangible assets as purchased by Impact are presented at the cost less the cumulative amortization. Intangible assets as registered by Impact represent IT programs. The latter shall be linearly depreciated during a period of 3 years.

Tangible assets

Own assets

The lands and buildings are presented in the balance sheet at the reassessed value, less the cumulative amortization and the eventual value losses. The cost of the assets as built by Impact contains the cost of materials, the direct man power and a percentage from the indirect expenses, as reasonably allotted to the construction of tangible assets. The historical cost has been reassessed in accordance with the Government Decisions: 983/1998 and 403/2000 and 1553/2003; the retreatment of the net accounting value of the assets has been made for the latter to present a better reflection of the latter's value on the market. The last reassessment has occurred on 31.12.2006 for certain groups of fixed assets as existing in the patrimony.

The leasing agreements where the company fully undertakes all risks and benefits as related to the property are classified as financial leasing. The fixed assets as purchased by means of a financial leasing are presented at the minimum between the market value and the updated value of the future payments, less the cumulative depreciation and the depreciation of values.

Subsequent expenses for maintenance and repairing

The expenses for the maintenance and repairing of fixed assets as made in order to reestablish or maintain the value of the said assets are acknowledged in the profit and losses account upon the date of the latter's being made, whereas those expenses as made for the purpose of improving the technical performances are capitalized and depreciated during the remaining period of amortization of the said fixed asset.

Amortization

The amortization is calculated in view of diminishing the cost by using the linear method of amortization during the period of running and operation of the fixed assets and of the latter's components, which are separately registered in accounting.

The ongoing lands and fixed assets shall not be depreciated.

Stocks

The stocks of raw materials and materials are displayed at the value of purchase. The cost of the stocks is based upon the First In – First Out Principle (FIFO) and includes those expenses as occasioned by the latter's purchase and bringing into the current location.

In accordance with the economical and political reality of Impact, most lands being designed for sale, the latter are considered raw materials. Due to the latter's special character, the computation method for the cost shall be: the Weighted Average Cost (WAC) and includes in addition to the own acquisition cost a number of other expenses as occasioned by the latter's bringing to the form designed for sale.

The stock of finished products is registered at the production cost.

The value of purchase / the production related cost does not exceed the net achievable value of the stocks.

The production stocks which are in the process of execution are displayed at the production cost.

Provisions

The provisions are acknowledged in the balance sheet when for Impact there appears a debt with an uncertain value or eligibility and which may be acknowledged only when:

- there is a current obligation generated by a previous event;
- it is likely that an exit of resources may be necessary in order to accomplish the said obligation; and
- a credible estimate as related to the value of the said obligation may be made

The value of the provisions has been established differently, subject to the probability of the non – cashing of the receivables, as follows:

- Down payments as granted to suppliers, not close for more than one year - 100%;
- Provisions for guarantees – 0,5% of the value of the construction;
- Provisions for materials depreciation – 50% of the entry value of the stocks without a bigger than 3 months flow.

Taxes

The tax on current profit has been calculated by using the legal rate of 16%, as valid for 2008. According to the Order of the Minister of Finance no. 1752, no tax on postponed profit shall any longer be registered and calculated. While the taxable temporary interdictions disappear, the provision for postponed taxes shall diminish.

Reserves from the reassessment of fixed assets

The decrease of the reserves from reassessment and the taking over of the latter into the account called „Reserves representing the surplus achieved out of the reserves from reassessment" is made upon cashing or selling of the reassessed fixed assets. In 2008 the amount of 953,863 RON has been transferred to reserves.

Affiliated companies

The company shall be deemed as affiliated in the event one of the parties, either by property or by any contractual rights, family relations or any other kind of relations, has the possibility of directly controlling or significantly influencing the other party.

Note 7 – The share capital

SC Impact SA has been incorporated in 1991, by virtue of Law no. 31/1990. On 04.10.2006 the company moved its registered office from Bucharest District 1 in Ilfov, Voluntari City, in the office building called Construdava. At the same time the company also changes its name. The new identification data of the company are :

Name: IMPACT DEVELOPER & CONTRACTOR SA
Address: Voluntari, no. 4C Pipera-Tunari High Way, Construdava Business Center, 6th and 7th floor, Ilfov County
Telephone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83
Matriculated at the Office of Trade Register as attached to Bucharest Municipality Tribunal under the no:
J 23/1927/2006
Tax Identification Code: RO1553483

The subscribed and paid up share capital of the company on December the 31st 2008 is 200,000,000 RON. The nominal value of a share is 0.1 RON.

The shareholding structure upon the 31st of December 2008, according to the status from the General Registry has been the following:

Shareholder	%
Popp Ioan Dan	28.06
Sandulescu Carmen Daniela	11.55
Artio International Equity Fund	8.45
East Capital Balkan Fund	5.02
Other artificial persons	23.89
Other natural persons	23.03
Total	**100.00**

The company Impact Developer & Contractor SA has been quoted at the Bucharest Stock Exchange since 1996, and as of 2006 its shares in a number of 2 billions, are quoted within the fist category. With a stock exchange capitalization of 15.76 million EUROS and a weight of 2.43% in the BET index at the end of 2008, IMPACT is the only real estate developer which is quoted within the 1st category of the Bucharest Stock Exchange.

By the Decision of the National Commission for Transferable Securities no. 22 from January the 20th 2009 there has been approved the consolidation of the company shares, the number of shares being reduced from 2 billion to 200 millions, and the nominal value of the shares has increased from 0.1 RON/share to 1 RON/share. The said decision has been taken in November 2008 by the General Extraordinary Meeting of the Shareholders of Impact.

39.662% of the company shares are held by the Company Management. Among the shareholders holding over 5% of the company shares one may mention the following: Dan Ioan Popp with 28.06%, Carmen Sandulescu with 11.55% shares, Atrio International Equity (also known as Julius Baer Fund) with 8.45% of the shares, East Capital Balkan Fund with 5.02% shares.

At the end of the year 2008, 64% of the shareholders were Romanian investors, 10% were investors from Great Britain, 7% from Switzerland, 5% from Luxemburg, and the remaining 14% standing for investors from other countries. A number of 60% of the shareholders are natural persons and 40% are artificial persons.

The Evolution of the Share Capital

Date	Explanation	Issued Shares	Total number of shares
December the 31st 07	Initial Balance	2,000,000,000	2,000,000,000
December the 31st 08	Final Balance	2,000,000,000	2,000,000,000

As compared to the previous years where there was one if not even several increases of the share capital, in 2008 due to the existing economic context, the company has decided upon not issuing new shares, so that at the end of the year the share capital kept on being 200,000,000 RON.

The average number of shares in circulation on 31.12.2008: 2,000,000,000 shares

Note 8 – Information on employees, administrators and managers

Structure of personnel – related expenses

The number of staff has varied between 173 in January to 184 in September and 126 at the end of the year. This variation has occurred due to the difficult economic context from the current period. Approximately 15% of the staff is productive, the rest being represented by the technical, economical and administrative personnel.

Description	31.12.2008
Allowances – Board of Directors	158,604
Wages for directly productive employees	452,931
TESA wages	4,321,890
Expenses as related to insurances and social protection	1,322,584
TOTAL	6,256,009

Company Management

The remuneration of the members of the Board of Directors is divided into allowances which are cashed by the members who are natural persons based upon an administration agreement and contractual incomes, as cashed by the artificial persons. According to the Articles of Incorporation, the members of the Board of Directors, who are natural persons, are entitled to an allowance in the amount of 2,700 net on a monthly basis and the president of the Board of Directors, as an artificial person, shall be entitled to 5.28% of the company net profit. In addition to these allowances, the members of the Board of Directors shall each be entitled to 0.44% of the net profit, as allotted in accordance with the Decision of the General Meeting of the Shareholders.

Administrators

	Name	Position	Identification Data
1.	S.C. Havila Trading International S.R.L. Duly represented by Mr. Popp Ioan Dan	President of the Board of Directors	J40/26453/94 CUI RO 6712040
2.	Ionescu Valeriu Nicolae	Administrator	1520411400095
3.	Rosca Ioana-Andreea	Administrator	2710501411515

Executive Management

Family Name	First Name	Position	Citizenship
Sandulescu	Carmen Daniela	Chief Executive Officer (Economic - Development)	Romanian
Nita	Liviu Marius	Chief Executive Officer (Legal – Organization)	Romanian

There are no litigations whatsoever where the company may be involved.

Note 9 – Economical – financial indicators

PROFITABILITY	**31.12.2007**	**31.12.2008**
Available capital efficiency		
Profit prior to taxes and interest (A)	22,730,583	25,616,418
Available capital (B)	439,655,899	421,424,451
A/B	**5.17%**	**6.08%**
Own Equity Efficiency		
Net Profit (A)	7,401,076	8,258,687
Own Equity (B)	326,702,495	333,718,186
A/B	**2.27%**	**2.47%**
Operational Profit rate		
Profit prior to interests and tax (A)	22,730,583	25,616,418
Operational incomes (B)	158,641,682	233,600,410
A/B	**14.33%**	**10.97%**
Net profit rate		
Net Profit (A)	7,401,076	8,258,687
Total incomes (B)	182,079,265	254,418,276
A/B	**4.06%**	**3.25%**
Total assets rate		
Profit prior to interests and tax (A)	22,730,583	25,616,418
Total assets (B)	561,589,014	583,951,979
A/B	**4.05%**	**4.39%**
Indebtedness degree		
Borrowed capital (A)	110,854,196	86,336,874
Own Equity (B)	326,702,495	333,718,186
A/B	**0.34**	**0.26**

SOLVENCY		
Debt rate Obligations total (A) Assets total (B)	 234,886,519 561,589,014	 250,233,793 583,951,979
A/B	**41.83%**	**42.85%**
Financial leverage Own equity (A) Total assets less net current debts (B)	 326,702,495 439,655,899	 333,718,186 421,424,451
A/B	**74.31%**	**79.19%**
Rate of covering the interest Profit prior to interests and tax (A) Interest (B)	 22,730,583 12,510,887	 25,616,418 15,326,608
A/B	**1.82**	**1.67**

LIQUIDITY AND WORKING CAPITAL		
Current Liquidity Indicator		
Current Assets (A)	499,568,834	455,856,563
Current Obligations (B)	112,275,614	156,647,911
A/B	**4.45**	**2.91**
Immediate liquidity indicator		
Current assets (A)	499,568,834	455,856,563
Stocks – including lands (B)	235,097,417	277,886,645
Current obligations (C)	112,275,614	156,647,911
(A - B)/ C	**2.36**	**1.14**
Rotation speed for customers' debts		
Commercial receivables (A)	91,527,905	100,231,532
Net turnover (B)	108,645,733	151,688,180
(A /B)* no of days in the period	**227.46**	**237.88**
Rotation speed for fixed assets		
Net turnover (A)	108,645,733	151,688,180
Fixed Assets (B)	59,413,125	125,657,275
A/ B	**1.83**	**1.21**

Note 10 – Other information

Stocks

The Structure of the Company Stocks is presented in the table below:

Description	**31.12.2007**	**31.12.2008**
Lands	143,517,188	146,078,608
Down payments for lands	4,541,201	5,037,017
Construction materials	4,872,110	2,577,451
Provisions for materials depreciation	1,370,998	995,184
Finished products – houses	18,953,527	7,834,370
Finished products, merchandise, wrappings and inventory objects	909,532	562,187
Production in process of being carried out	62,295,597	116,476,158
Down payments for the purchase of construction materials	1,379,261	316,038
TOTAL	235,097,418	277,886,645

In accordance with the Order of the Minister of Public Finance no. 1752, the stock have recorded an increase of 18%, from 235 million RON in 2007 to 277.89 million RON in 2008. A percentage of 53% of the stocks is represented by lands and 41% is represented by the ongoing production.

At the end of 2008, a number of 25 houses are finished. A number of 585 houses and apartments are in various stages of execution: 195 in Blue Lake, 17 Rubin, 16 Topaz, 80 Onix, 101 in Quartz, 108 Europa, 19 Lotus, 21 Roua, 28 Boreal.

Cash register and bank accounts

The pecuniary availabilities have dropped around 60%, from 165.7 million RON in 2007 to 67.44 million RON due to the investment s in those assemblies which are in process of being carried out in 2008, and the most significant cash exist has occurred in July, at the time of the subscription of the amount of 45,445,028 RON standing for the contribution of Impact to the incorporation of the company Lomb SA.

Advance expenses

The structure of advance expenses is as follows:

Description	31.12.2007	31.12.2008
Other advance expenses	89,890	38,196
Insurances (constructions and car)	202,424	287,064
Rents	35,313	0
Commissions paid in advance	2,263,008	2,104,264
Rovignette fees	16,420	8,617
TOTAL	**2,607,055**	**2,438,141**

Out of the amount of 2,104,264 RON representing the balance on the 31st of December 2008 of the commissions as paid in advance, the amount of 1,486,456 RON stands for the commission as paid to the company MacAnthony Realty International Ireland Ltd for facilitating the sale of a number of 27 apartments to the British citizens. The latter have not been handed over by the end of the year but it has been cashed with the title of a down payment the percentage of 30% of the value of the agreement, out of which the aforementioned intermediary has also been paid. According to the agreement, in the event of termination, the customer shall lose all amounts as paid to Impact.

According to the Order of the Minister of Public Finance no. 1752, the stocks related incomes shall be acknowledged at the level of the cost and due to this reason the company has taken the decision of registering this commission as an advance expense until the time the apartments shall have been sold and the related income shall have been registered within the company accounts. Otherwise a misbalance would have occurred and the company should have registered in 2008 a loss of 1.5 million RON although the company has concluded a number of 27 agreements under pretty profitable terms.

Advance incomes

The advance incomes are established exclusively from the interests as related to those agreements with the payment in installments. The latter's being registered as incomes is done gradually, in time once with the payment of the installments or the latter's due date, subject to which is the first. The balance on 31.12.2008 is 4,636,852 RON, a decrease as compared to the previous year. This decrease is only natural since Impact has no longer concluded any new agreements based upon installments as of the first half of the year 2005, but occasionally. During 2008 many customers have paid in advance or have reached the final due date, so that at the end of the year there were 90 agreements with the payment in installments.

Direct expenses - raw materials

In accordance with the economical and political reality of Impact, most lands being designed for sale, the latter are considered raw materials. Due to the latter's special character, the computation method for the cost shall be: the Weighted Average Cost (WAC) and includes in addition to the own acquisition cost a number of other expenses as occasioned by the latter's bringing to the form designed for sale.

From the accounting point of view, the cost with the land on which the construction shall be lifted is acknowledged at the time of invoicing the land.

Description	31.12.2007	31.12.2008
Lands related expenses	3,245,282	2,999,164
Raw materials and materials expenses	10,692,261	8,683,585
Fuel related expenses	689,000	760,993
Spare parts related expenses	202,925	155,499
Expenses with other construction materials	128,351	190,749
Expenses with inventory objects	382,109	419,255
Expenses with other not – stored materials	161,231	185,415
Wrappings – related expenses	122,143	57,848
Expenses with water and energy	4,308,815	4,022,087
Expenses regarding the merchandise	6,313,067	6,313,067
TOTAL	26,245,184	23,787,663

It is hereby continued the decrease trend of the costs with construction materials, due the fact that one works more and more with subcontractors and externalized services in the process of running the projects instead of workers or own administrative personnel. This fact has a major influence over raising expenses with third parties.

Other operational expenses

Description	31.12.2007	31.12.2008
Expenses with maintenance and repairing	455,034	1,219,221
Expenses with royalties and rents	4,484,572	4,899,777
Expenses with insurance premiums	675,857	991,859
Expenses with commissions and honoraria	9,157,257	1,325,403
Protocol, advertising and commercial related expenses	2,384,825	3,434,938
Expenses with the transportation of goods and people	874,773	836,391
Expenses relating to transfers, detachment and transfers	83,080	136,293
Post office expenses and telecommunication fees	534,660	540,882
Expenses with bank and assimilated services	1,665,589	650,359
Expenses with those services as performed by third parties *)	71,340,344	149,528,117
Expenses with other fees and assimilated taxes	2,765,001	4,578,083
Expenses with damages, fines and penalties	103,147	144,517
Expenses as related to assigned assets	2,761,877	1,878,630
Other operational expenses	2,459,376	1,463,606
TOTAL	**99,745,392**	**171,628,076**

In 2007 the expenses with the commission and the honoraria have been very big due to the brokerage agreement as concluded with MacAnthony Realty International Ireland Ltd for representation purposed on the Great Britain territory. One shall mention the fact that all commissions have been fully recovered through the sale price. As compared to the previous year, in 2008 the commissions as paid have greatly diminished.

The drawings from credits have been significantly less in 2008 than in 2007, which fact has also reflected in the expenses with the bank and assimilated services.

Due to the fact that several assemblies in Bucharest have been completed or are in the process of being almost completed there was necessary to pay more fees and assimilated taxes than in the previous year.

Expenses with the services carried out by third parties*

Description	31.12.2007	31.02.2008
Expenses with subcontractors	53,968,364	125,548,665
Expenses relating to Havila consulting	377,340	838,059
Consulting expenses	3,675,980	4,079,745
Expenses with security and protection	1,567,902	1,293,029
Expenses as related to meal tickets	61,062	33,227
HR related expenses	415,729	385,146
IT services related expenses	358,482	410,416
Honoraria related expenses (notary's office, cadastre)	1,063,162	1,467,435
Designing services related expenses	3,776,874	5,378,711
Other services related expenses	6,075,449	10,093,684
TOTAL	**71,340,344**	**149,528,117**

As compared to the previous year, in 2008 work has been carried out in a sustained pace, especially in the case of the Bucharest assemblies. The table below clearly shows this fact: four of these projects (Onix, Boreal, Roua 1, and Lotus 1) are completed in a proportion of over 90% , three of them - Rubin, Topaz and Europa – have been fully completed. At the end of 2008 the Blue assembly has a completion percentage of almost 90%, being initiated during the same year, and the Quatz assembly is accomplished in a proportion of 66%.

Project	Rubin	Topaz	Onix	Blue	Quartz	Roua	Europa	Lotus	Boreal
Project progress in 2008	35%	35%	82%	88%	66%	38%	12%	5%	21%
Accomplishment degree on 31.12.08	100%	100%	93%	88%	66%	99%	100%	98%	97%

Financial outcome

Description	31.12.2007	31.12.2008
Interest related expenses	12,510,887	15,326,608
Expenses as related to the foreign currency exchange differences	24,832,645	21,316,691
Interest related incomes	8,492,978	16,850,203
Foreign Currency Exchange Incomes	14,679,923	3,822,761
Other financial incomes	264,682	144,902
Profit / (loss)	**(13,905,949_**	**(15,825,433)**

The RON devaluation as compared to EURO, by using the currency exchange rate from the end of the year, was 54% higher in 2008 as compared to 2007. This is also the reason why the financial loss from the currency exchange rate differences i 17.5 million RON in 2008 as compared to 10.1 million in 2007. However, the interest incomes have increased with almost 100% as compared to the previous year which fact has led to the financial loss for the year 2008 to be only 13.5 % higher than the one in 2007. The spectacular increase of the interest incomes is determined by the fact that the company had significant amounts of money available, which money got invested in the short run in bank deposits. Thus the average balance of the treasury accounts was 86.7 million RON in 2007 as compared to 118.4 in 2008.

Tax on profit

In 2008, IMPACT has registered a gross accounting profit of 10,289,810 RON and a net profit of 8,258,687 RON. The reconciliation between the tax outcome and the accounting one is presented below:

Tax on current profit

Explanation	Value
Gross accounting profit	10,289,810
Taxable incomes	263,022,756
Expenses as related to taxable incomes	249,224,918
Taxable profit	13,797,838
Tax on profit – prior to the deduction of sponsorship related expenses	2,207,654
Owed tax on profit	2,031,123
Net profit	8,258,687

Tax on postponed profit

The postponed tax is generated by the temporary differences between the accounting basis and the fiscal one of those houses with the payment in installment, which have been sold until 2005 and of the accelerated amortization which has been applied in the case of certain fixed assets, according to the tax regulations in force until 2005. Thus, in time with the customers paying their installments or with the occurrence of the agreement due date, the postponed tax shall become current. In the same way, while it is registered the amortization of the fixed assets which benefited from 20 % accelerated amortization, the postponed tax shall become current.

Explanation	Value
Tax on postponed profit in the balance on 31.12.2007	438,714
Temporary differences as related to those houses With the payment in installments	112,254
Temporary differences as related to tangible assets	49,569
Tax on postponed profit in the balance on 31.12.2008	276,891
Expenses with the tax on postponed profit	0
Incomes from the tax on postponed profit	161,822

Auditors

The company audit is provided by the company BDO Conti Audit S.R.L. The auditor's honorarium is established as per the agreement between the two parties involved and it is stipulated within the services agreement as concluded between IMPACT DEVELOPER & CONTRACTOR SA and BDO Conti Audit S.R.L. BDO Global is an international network of public accounting companies, called BDO Member Companies, providing services to its international clients. Each such BDO Member Company is a legally independent entity in its country. BDO International is represented in Romania by BDO Conti Audit, a company having its headquarters in Bucharest.

The latter's main fields of expertise are:

- Financial audit
- Corporate finance
- Privatization
- Implementing international projects
- Legal reorganization and liquidation
- Accounting services
- Tax consult

Note 11 – Contingent debts

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

COURT	FILE NO.	OBJECT	IMPACT POSITION	ADVERSARY	PROCEEDING STAGE	NEXT TERM
High Court of Cassation and Justice	24403/3/2007	Action for the issuance of a sentence which shall stand for an authentic act for the land with the area 383.263 sq. m., district 6, Bucharest	intimate plaintiff	SN Institutul Pasteur SA	Appeal	08.05.2009
District 1 Court	9122/299/2007	Action in court for the finding of the public road character of the Street: Vadul Moldovei	Plaintiff	RomsilvaSA- Forestry Department in Bucharest	Substance	27.04.2009
District 1 Court	2409/299/2009	Presidential Ordinance	Respondent	Romsilva SA- Forestry Department in Bucharest	Substance	14.04.2009
Bucharest Tribunal	6136/3/2009	Payment summons	Debtor	SC Summa Romania SA	Substance	27.04.2009
Bucharest Tribunal	6137/3/2009	Payment summons	Debtor	SC Summa Romania SA	Substance	27.04.2009
Bucharest Tribunal	5696/3/2008	Action in court for the finding of the fact that the sale – purchase pre – agreement bears no effect whatsoever	Respondent	Pasteur Institute	Substance	01.04.2009
Bucharest Court of Appeal	3247/2/2008	Reimbursement of the stamp duty as paid in the file no. 24403/3/2007 at the Bucharest Municipality Tribunal	Recurrent Plaintiff	Pasteur Institute	Appeal	29.01.2009

Note 12 Affiliated parties
Nature of the relations

In 2008, the company IMPACT SA has conducted commercial relations with a number of companies as affiliated parties. The list of the affiliated parties with which the company Impact has conducted commercial relations is the following:

Name of the company – affiliated party:	Number and contact data	Type of services / products as purchased
Bipact 1995 SRL	48/28.12.04	Customer (materials)
	CC/04.08.05	Provider (construction services)
Imobilia Credit SA	J1111/15.04.05 J150/03.01.06 J1068/10.05.07	Customer, debtor
Hobbit Intermediere Asigurari SRL	6/05.01.05	Customer (materials)
Finance Consulting 2001 SRL	258//01.12.04	Provider (management services)
Actual Invest House	158/20.04.07, 296/03.09.07	Customer (construction
	J190/01.02.07	Provider
	J883/10.05.07 J2971/26.06.07 J2865/27.11.07	Debtor
Havila Trading SRL	FN/22.05.03	Provider (management services)
Intop Construction	1/12.09.05	Customer
	1681/20.10.05; 153/01.07.07	Provider

The prices of the agreements as concluded with the companies – affiliated parties are established under the market conditions. In 2008, the company has performed transactions with affiliated parties, as follows:

Sales to:	31.12.2007	31.12.2008
ACTUAL INVEST HOUSE	12,687,961	7,393,742
FINANCE CONSULTING 2001	4,861	25,698
HAVILA TRADING	2,252	2,653
BIPACT 1995 SRL	1,904	8,353
HOBBIT INTERMEDIERE ASIGURARI SRL.	30,501	46,999
IMOBILIA CREDIT	11,562	9,051
INTOP CONSTRUCTION	68,330	0
LOMB	0	14,232,621
TOTAL	12,807,371	21,719,116

Purchases from affiliated parties:

Purchases from:	31.12.2007	31.12.2008
ACTUAL INVEST HOUSE	153,081	3,826,088
FINANCE CONSULTING 2001	336,617	191,352
HAVILA TRADING	784,566	1,463,165
BIPACT 1995 SRL	3,064,359	3,652,460
IMOBILIA CREDIT	66,000	55,000
INTOP CONSTRUCTION	38,675	0
TOTAL	4,443,298	9,188,065

Following the transactions with the companies – affiliated parties, the following balances have resulted as on the 31st of December 2008:

Receivables from / Down payments as granted to:	**31.12.2007**	**31.12.2008**
ACTUAL INVEST HOUSE	12,687,961	18,772,650
HOBBIT INTERMEDIERE ASIGURARI SRL.	9,822	39,928
IMOBILIA CREDIT	299,094	302,623
LOMB	0	975,070
TOTAL	**12,996,877**	**20,090,271**

Debts to / Down payments as received from:	**31.12.2007**	**31.12.2008**
ACTUAL INVEST HOUSE	528	611,616
FINANCE CONSULTING 2001	134,946	31,892
HAVILA TRADING	375,397	558,775
BIPACT 1995 SRL	1,289,725	1,023,586
TOTAL	**1,800,596**	**2,225,869**

In 2008 Impact has granted several loans to the controlled companies in view of supporting the working capital. The total value of the loans as granted in 2008 is presented below. The balance of the loans is presented in Note 1, Financial Assets.

Short term credits as received / granted	**31.12.2007**	**31.12.2008**
ACTUAL INVEST HOUSE	2,417,500	2,875,000
BIPACT SRL	0	2,264,000
IMOBILIA CREDIT	575,549	190,500
INTOP CONSTRUCTION	0	1,153,935
TOTAL	**2,993,049**	**6,483,435**

Note 13 – Subsequent events

Advance expenses

In the first trimester of the year 2009 there have been handed over all the apartments as contracted by the 27 British citizens, the company acknowledging in this quarter the entire income as related to the agreement as well as the cost of the apartment and the brokerage commission as paid to the company MacAnthony Realty International Ireland Ltd and registered in 2008 in the advance expenses account.

Bonds

On 02.02.2008, the bond loan has been fully reimbursed:

- There has been paid the amount of 503,412 EUROS, at the RON/EURO currency exchange rate from 28.01.2009 which represents the value of the coupon as related to the 8th quarter, according to the calendar for the issuance of bonds (1 coupon = 1.6135 Euros*currency exchange rate 4.2390 RON/EURO * 312.000 = 2,134,080 lei).
- There has been paid the amount of 8,634,756 EUR, at the RON/EURO currency exchange rate from 28.01.2009 which represents the payment of the principal (312,000*27.6755*4.2390 RON/EURO=36,603,840 RON)

Bank Credits

During the first quarter of the year 2009 there has been paid around 5.5% of the balance of the credits in Euro. Below there is the list of the credits as contracted by the company on March the 31st 2009.

Agreement no.	Bank	Foreign Currency	Agreement Value	Balance on 31.12.2008	Balance on 31.03.2009
2219/21.04.2005	Piraeus Bank	EURO	800,000 €	800,000 €	800,000 €
2331/08.07.2005	Piraeus Bank	EURO	1,800,000 €	300,000 €	150,000 €
301/30.08.2006	Piraeus Bank	EURO	13,000,000 €	12,807,271 €	12,807,271 €
195/10.07.2006	Piraeus Bank	EURO	2,000,000 €	500,000 €	250,000 €
58/23.09.2005	Bancpost	EURO	21,000,000 €	2,731,716 €	2,561,709 €
11/9949/14.06.2006	BCR	EURO	2,400,000 €	492,110 €	196,844 €
50070065/25,07,2007	Banca Romaneasca	EURO	7,993,204 €	6,565,846 €	6,280,375 €
50070066/25,07,2007	Banca Romaneasca	EURO	22,306,796 €	17,082,491 €	15,930,710 €
TOTAL			**64,300,000 €**	**41,279,433 €**	**38,976,908 €**

VAT Reimbursement

The application for the VAT reimbursement in the amount of 2,226,924 RON from the defray of expenses as per September 2008 has been settled by the National Agency of Fiscal Administration in March 2009, the amount of 714,761 RON entering the company accounts during the same month, the rest being compensated with the tax on profit to be paid for September 2008.

Share capital - shares

On January the 20th 2009 through the Decision no. 22, The National Commission for Transferable Securities has approved the simplified prospect as related to the amendment of the nominal value of the shares.

14.2 International Financial Reporting Standards (IFRS)

14.2.1 IFRS Audited, Non – Consolidated

	December 31 2008	December 31 2007
ASSETS		
Fixed assets		
Intangible fixed assets	104	25
Tangible fixed assets	157,530	160,818
Financial Assets	11,948	619
	169,582	**161,462**
Current assets		
Inventory	40,983	41,078
Accounts Receivables	20,176	27,140
Other Receivables	11,409	8,550
Cash and Cash Equivalents	16,924	45,913
	89,493	**122,681**
Total Assets	**259,075**	**284,143**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	57,340	57,340
Premiums related to the capital	21,269	23,480
Reserves from Revaluation	2,368	2,615
Retained earnings	97,393	113,423
	178,370	**196,858**
Long-term Liabilities		
Long term Loans	21,947	30,800
Accruale Incomes	17,927	20,273
	39,874	**51,073**
Current Liabilities		
Accounts Payables and Other Debts	12,067	17,478
Short term liabilities	28,492	18,467
Provisions for risks and expenses	272	267
	40,831	**36,212**
Total Equity and Liabilities	**259,075**	**284,143**

(all amounts are expressed in thousands EUR, unless stated otherwise)

14.2.2 IFRS Consolidate financial Statement

	Note	2008	2007 (*)
Turnover	12	**32,625**	**31,115**
Effects from IAS 40 – revenue/(cost)	13	(2,483)	102,411
Other operating income	14	6,874	4,225
Change in inventory of finished goods and work in progress		19,785	6,874
Work performed by the enterprise and capitalised		5,673	5,761
Raw material and consumables	15	(7,454)	(6,444)
Staff costs	16	(2,709)	(3,094)
Depreciation and amortization expenses	17	(683)	(780)
Other operating expenses	18	(52,492)	(33,665)
Net finance cost	19	1,208	(1,124)
Profit before tax		**344**	**105,279**
Income tax	20	(147)	(17,109)
Profit after tax		**197**	**88,170**
Minority interest		16	47
Net profit for the period		**213**	**88,217**

(*) Restated, see also Note 25 “Restatement of the opening balances”

CONSOLIDATED CASH FLOW STATEMENT
(all amounts are expressed in thousands EUR, unless stated otherwise)

	2008	2007 (*)
Cash flows from operating activities		
Profit before taxation	**344**	**105,279**
Adjustments for:		
Translation adjustments	(10,023)	(2,815)
Revenues from investment property	2,483	(102,411)
Minority interest	11,859	(6)
Depreciation	683	780
Loss / (profit) on disposals of non-current assets	(796)	(877)
Increase / (Decrease) in provisions for risks and charges	153	139
Increase / (Decrease) in allowances for bad debts	129	500
Increase / (Decrease) in allowances for inventories	(71)	296
Interest income	(5,311)	(2,545)
Interest expenses	4,142	3,749
Other finance (income)/expenses, net	(39)	(79)
Operating profit before working capital changes	**3,553**	**2,010**
Decrease / (Increase) in trade and other receivable	4,729	(6,650)
Decrease / (Increase) in inventories	(3,790)	(7,711)
Increase / (Decrease) in trade and other payable	(5,363)	4,643
Cash generated from operations	**(871)**	**(7,708)**
Income tax paid	(507)	(1,499)
Net cash from operating activities	**(1,378)**	**(9,207)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,578)	(3,798)
Proceeds from sale of non current assets	1,305	1,723
Net cash used in investing activities	**(25,273)**	**(2,075)**
Cash flows from financing activities		
Proceeds from issuance capital	0	45,135
Movements in long term loans	5,609	(2,506)
Movements in leasing contracts	(288)	(58)
Interest (paid)/received, net	1,163	(1,347)
Other finance expenses paid, net	39	79
Dividends paid/profit share to employees	(61)	(127)
Net cash used in financing activities	**6,462**	**41,176**
	(20,189)	**29,895**
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	**45,970**	**16,075**
Cash and cash equivalents at end of period	**25.781**	**45,970**

(*) Restated, see also Note 25 "Restatement of the opening balances"

(all amounts are expressed in thousands EUR, unless stated otherwise)

Description	**Share capital**	**Capital paid in excess of par value**	**Revaluation surplus**	***Retained earnings***	***Translation adjustments***	***T o t a l***
Balance as at Dec. 31, 2006	**29,641**	**3,510**	**2,792**	**35,576**	**4,932**	**76,451**
Exchange diff. (*)	-	(223)	(177)	(2,316)	(8,732)	**(11,448)**
Issues of share	27,699	20,193	-	(4,633)	-	**43,259**
Net result of the period	-	-	-	88,217	-	**88,217**
Dividends distributed to employees	-	-	-	(125)	-	**(125)**
Balance as at Dec. 31, 2007 (**)	**57,340**	**23,480**	**2,615**	**116,719**	**(3,800)**	**196,354**
Exchange diff. (*)	-	(2,211)	(246)	(10,983)	(5,120)	**(18,560)**
Net result of the period	-	-	-	213	-	**213**
Dividends distributed to employees	-	-	-	(56)	-	**(56)**
Balance as at Dec. 31, 2008	**57,340**	**21,269**	**2,369**	**105,893**	**(8,920)**	**177,951**

(*) The exchange differences are the differences between the carrying amounts at the beginning and at the end of the reporting period that result from translation to different exchange rates and movements during the year at the average exchange rate.

(**) Restated, see also Note 25 “Restatement of the opening balances”

Note 1. ACCOUNTING POLICIES

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

1.1 Reporting entity

Impact Developer & Contractor SA (the Company) presents these consolidated financial statements. These consolidated financial statements incorporate the results of the Company and its subsidiaries: Bipact 1995 SRL, Hobbit Broker de Asigurare Reasigurare SRL, Imobilia Credit SA, Actual Invest House SRL, Intop Construction SRL and Lomb SA as detailed in Note 23 "Principal subsidiaries". Other subsidiaries Topo Prest SRL, Prest RV 2003 SRL and Biz-ar SRL (99% acquired by Impact during 2008) are not incorporated into consolidated financial statements for the period ended December 31, 2008 as their insignificant influence over the Group figures.

1.2 Basis of presentation, reporting currency and translation

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

The Group companies maintain and prepare their statutory records ("Statutory Financial Statements") in accordance with Romanian Law and Romanian Accounting Standards ("RAS") and practice, in Romanian historical currency ("RON").

The accompanying financial statements ("IFRS Financial Statements") are based on RAS records, which are maintained under the historical cost convention with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS.

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

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

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

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

- **Assets and liabilities** for all balance sheet presented (including comparatives) are translated at the closing exchange rates existing at the date of each balance sheet presented (3.9852 RON/EUR as at 31 December 2008 and 3.6102 RON/EUR as at 31 December 2007).
  Before translation, non-monetary assets and liabilities (such as property and equipment, inventories) acquired before date of discontinuation (31 December 2003) are restated from their historical cost by applying the general price index from either the date of acquisition or contribution to the date of discontinuation.
- **Consolidated income and expense items** for the current reporting period are translated at the average monthly exchange rates RON/EUR for the reporting period.
  Comparative figures in the income statement have been derived by applying the RON/EUR exchange rate as at 31 December 2007 to the amounts expressed in current monetary units as of that date.
- **Equity items,** other than net profit and loss for the period that is carried forward, which have been contributed or accumulated before date of discontinuation are restated from their historical cost by applying the general price index to 31 December 2003 before being translated at the closing exchange rates existing at the date of each balance sheet presented.

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

Use of estimates

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

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

Summary of significant accounting policies

(a) Property, plant and equipment

Non-current tangible assets are stated in the balance sheet by applying the closing exchange rate RON/EUR rates existing at the date of each balance sheet presented to their either historical costs or revaluated value in RON.

Historical cost for the assets acquired until date of discontinuance is expressed the measuring unit current at the 31 December 2003 before being expressed in EUR.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposals is included in the income statement. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any direct attributable costs of bringing the asset to its working condition and location for its intended use.

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

	Years
Buildings	50
Equipment, furniture and fixtures	1-20
Vehicles	5

(b) Intangible assets

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

(c) Impairment of assets

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

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the conditions leading to the impairment losses recognized for the asset no longer exist or has decreased. The reversal is recorded in income.

(d) Investment properties

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

(e) Group accounting

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

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

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

(f) Inventories

Inventories are valued at the lower of acquisition/production cost and net realizable value, after provision for obsolete items. Cost is calculated on a first-in-first-out (FIFO) basis. Where necessary, an allowance is created for slow moving and obsolete inventories in order to arrive at the net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Obsolete inventories are identified individually and provided in full.

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

(g) Receivables

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

(h) Cash

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

(i) Provisions

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

(j) Revenue and expense recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue from sale of goods is recognized when all the following conditions, including the above, have been satisfied:

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

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

(all amounts are expressed in thousands EUR, unless stated otherwise)

Revenues recognised based on IAS 11 "Construction contracts"

Revenues from construction contracts are recorded based on the completion percentage of each construction objective. The completion percentage is determined based on the cost incurred and the estimated cost of completion. If a contract is probably to produce losses, the loss is recognised immediately in the income statement.

(k) Financing Costs

Interest is charged to income statement on accrual basis.

(l) Income taxes

The taxation charge is calculated in accordance with Romanian taxation regulations and is based on the results reported in the income statement of the Company prepared under RAS after adjustments for tax purposes. Current income taxes are provided on statutory income, as adjusted for certain items by tax legislation, at a rate of 16%.

Deferred Taxation

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

(m) Related party

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

(n) Contingencies

Contingent liabilities are not recognised in the accompanying financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote**.** A contingent asset is not recognized in the accompanying financial statements but disclosed when an inflow of economic benefits is probable.

(o) Employee benefits

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

(p) Comparatives

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

Note 3. Property, plant and equipment

Description	**Land& Buildings**	**Plant & equipment, Vehicles**	**Office equipment**	***Fixed assets under construction***	***TOTAL***
Cost					
At 31.12.2007	**152,128**	**2,711**	**251**	**8,588**	**163,678**
Exchange diff	(14,316)	(255)	(23)	(808)	**(15,402)**
Additions (*)	21,557	396	18	5,338	**27,309**
Change in investment property (**)	(2,295)	-	-	-	**(2,295)**
Disposals	(1,045)	(569)	(11)	(3)	**(1,628)**

(all amounts are expressed in thousands EUR, unless stated otherwise)

At 31.12.2008	**156,029**	**2,283**	**235**	**13,115**	**171,662**
Depreciation					
At 31.12.2007	**485**	**1,697**	**79**	**-**	**2,261**
Exchange diff	(46)	(160)	(7)	-	**(213)**
Charge	134	413	38	-	**585**
Disposals	(62)	(477)	(6)	-	**(545)**
At 31.12.2008	**511**	**1,473**	**104**	**-**	**2,088**
Impairment					
At 31.12.2007	-	-	(5)	-	**(5)**
At 31.12.2008	-	-	(4)	-	**(4)**
Net Book Value					
31.12.2008	**155,518**	**810**	**126**	**13,115**	**169,569**
31.12.2007	**151,643**	**1,014**	**167**	**8,588**	**161,412**

The Group's tangible assets have been revaluated in 1994, 1998, 2000, 2003 and 2006. The revaluation in 2006 was applied to certain groups of fixed assets such as residential buildings, plant and pipes.
(*) Additions include the land brought as participation to the share capital of Lomb SA in amount of 11,869 thousand EUR. Also, this position includes the transfer of apartments and houses held for renting from Inventory to fixed assets.
(**) The Group decided to adopt starting with 2006 the alternative treatment recommended by IAS 40 "Investment properties", recording the land owned at their market value. An authorised external evaluator has revaluated these properties. The difference between the historical cost of the land and the revaluated amount has been recognised directly to income statement (see Note 12). The gain resulted was in amount of 111.7 million Euro (out of which 2.3 million is loss of current period).

Note 4. Inventories
The inventories on hand consist of the followings:

Description	**31 December 2008**	**31 December 2007**
Land and advances for land	18,509	21,555
Raw materials and production supplies	1,362	1,504
Allowance for old and slow moving raw materials and production supplies	(278)	(380)
Work in progress	21,888	14,724
Finished goods	6,193	6,120
Merchandise	-	136
Advance payments	229	383
Total	**47,903**	**44,042**

(all amounts are expressed in thousands EUR, unless stated otherwise)

Note 5. Trade and other receivables

The accounts receivable comprise:

Description	31 December 2008	31 December 2007
Trade accounts and notes receivable	20,732	27,633
Allowance for bad and doubtful debts	(525)	(493)
Total	**20,207**	**27,140**

Note 6. Other receivables and prepayments

Description	31 December 2008	31 December 2007
Income tax receivable	422	537
Sundry debtors	1,685	2,138
Allowance for sundry debtors	(226)	(244)
VAT and other state budget receivable	1,752	172
Interest receivable	250	247
Prepayments	613	722
Short term investments (*)	716	-
Advances to suppliers	1,757	1,433
Total	**6,969**	**5,005**

Note 6. Other receivables and prepayments (continued)

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

Note 7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Description	31 December 2008	31 December 2007
Cash in bank	25,647	45,923
Cash and cash equivalents	134	47
Total cash and cash equivalents	**25,781**	**45,970**

Note 8. Share capital

- amounts in this table are in RON -

	31 December 2007	31 December 2006
Nominal share capital	200,000,000	200,000,000
Inflation adjustment to share capital	28,511,217	7,009,000
	228.511.217	**207,009,000**

(all amounts are expressed in thousands EUR, unless stated otherwise)

Closing exchange rate:	3.9852	3.6102
Share capital in EUR:	**57,340,036**	**57,340,036**

Through the Extraordinary General Shareholders' Assembly from 06.07.2007 and the Council of Administration Decision 4051/ 28.09.2007 it was adopted the increasing of share capital by RON 14.857.215 by direct contribution in cash.

Through the Council of Administration Decision 2630/ 03.10.2007 it was adopted the increasing of share capital by RON 85,142,785 by incorporation of: share premium (RON 68,417,261) and other reserves (RON 16,725,524). The increasing was made by giving 0.7412 free shares to each share owned at the registering date – 22.11.2007.

The statutory share capital is made up of 2 billion ordinary shares with a statutory par value of RON 0.1 each. On 30.05.2006, through the Decision of the General Council of Stock Exchange No. 52/30.05.06, IMPACT SA (currently IMPACY DEVELOPER & CONTRACTOR) has been accepted at category I of Stock Exchange Bucharest. As at 31.12.2008, the shareholders' structure is as follow:

Shareholder	%
Popp Ioan Dan	28,06
Sandulescu Carmen Daniela	11,55
Artio International Equity Fund	8,46
Companies	23,89
Individuals	23,03
Total	**100,00**

During 2009, based on the decision adopted by the general shareholders assembly on November 2008 and following the approval from the National Commission of Mobile Values from 2009, the Group has consolidated its shares on the stock market, thus reducing the number of shares to 200 million shares with a nominal value of one RON.

Note 9. Borrowings

Description	**31 December 2008**	**31 December 2007**
Long and medium term bank loans	41,279	40,306
Bonds – long term	8,635	8,635
Financial leases	242	174
Guarantees – long term	317	152
Total borrowings	**50,473**	**49,267**

Loan with BANC POST, No. 58

Purpose	Working capital
Amount	14,000,000 EUR
Interest	EURIBOR 3M
Contract date	November 23rd 2005
Maturity	October 30th 2013
Repayment date	October 30th 2013
Balance as of 31 December 2008	**2,731,716 EUR (out of which 682,597 EUR are due for repayment in 2009)**

(all amounts are expressed in thousands EUR, unless stated otherwise)

Loan with PIRAEUS BANK, No. 2219

Purpose	Working capital
Amount	800,000 EUR
Interest	EURIBOR
Contract date	April 21st 2005
Maturity	April 21st 2008 (renewable)
Repayment date	April 21st 2008 (renewable each year for another 12 months)
Balance as of 31 December 2008	**800,000 EUR**

Loan with PIRAEUS BANK, No. 2331

Purpose	Working capital – refinancing the acquisition of land for Boreal Project
Amount	1,800,000 EUR
Interest	EURIBOR
Contract date	July 08th 2005
Maturity	June 06th 2009
Repayment date	June 06th 2009
Balance as of 31 December 2008	**300,000 EUR**

Loan with PIRAEUS BANK, No. 195

Purpose	Working capital
Amount	2,000,000 EUR
Interest	EURIBOR
Contract date	July 10th 2006
Maturity	June 10th 2009
Repayment date	June 10th 2009
Balance as of 31 December 2008	**500,000 EUR**

Loan with PIRAEUS BANK, No. 301

Purpose	Financing the acquisition of land in Ghencea
Amount	13,000,000 EUR
Interest	EURIBOR
Contract date	August 30th 2006
Maturity	August 08th 2009
Repayment date	August 08th 2009
Balance as of 31 December 2008	**12,807,270 EUR**

Loan with BCR, No. 11 / 9949

Purpose	Working capital
Amount	2,400,000 EUR
Interest	EURIBOR
Contract date	June 14th 2006
Maturity	June 14th 2009
Repayment date	June 14th 2009
Balance as of 31 December 2008	**492,110 EUR**

(all amounts are expressed in thousands EUR, unless stated otherwise)

Loan with BANCA ROMANEASCA, No. 50070066

Purpose	Refinance of BANCPOST loans
Amount	18,306,796 EUR
Interest	EURIBOR + 2.5% p.a.
Contract date	July 25th 2007
Maturity	July 24th 2014
Repayment date	July 24th 2014
Balance as of 31 December 2008	**17,082,491 EUR (out of which 2,970,868 EUR are due within 2009)**

Loan with BANCA ROMANEASCA, No. 50070065

Purpose	Refinance of BANCPOST loans
Amount	7,993,204 EUR
Interest	EURIBOR + 2.5% p.a.
Contract date	July 25th 2007
Maturity	July 25th 2014
Repayment date	July 25th 2014
Balance as of 31 December 2008	**6,565,846 EUR (out of which 1,141,886 are due in 2009)**

Long term bank loans are guaranteed as follows:

Loan with PIRAEUS BANK

Mortgage	Cadastral number	Surface	Description	Localization
Mortgage rank I	3810	20.437,65	land	Voluntari, Str. Emil Racovita nr. 31-33/Azur2
Mortgage rank I	4355/3		land	Voluntari, Str. Emil Racovita nr. 35-37-39 /Azur1
Mortgage rank I	4355/2	31.332,86	land	Voluntari, Str. Emil Racovita nr. 35-37-39 /Azur1
Mortgage rank I	4355/1/4;		land	Voluntari, Str. Emil Racovita nr. 35-37-39 /Azur1
Mortgage rank I	6515/2/6/1	258.925,36	land	Bucuresti, Prelungirea Ghencea nr. 402-412, Sector 6
Mortgage rank I, II	18216/1	25.870,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I, II	18217/1	23.568,00	land	Bucuresti, sector 1, Baneasa/Greenfield
Mortgage rank I, II	18428/2	14.393,57	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	10252	31.400,00	land	Constanta, Jud. Constanta, P VN 269
Mortgage rank I	10250	9.100,00	land	Constanta, Jud. Constanta, P VN 264

(all amounts are expressed in thousands EUR, unless stated otherwise)

Loan with BANC POST, No. 58

Mortgage	Cadastral number	Surface	Description	Localization
Mortgage rank I	18216/2	19.931,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	18217/2	42.911,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15042/2	5.000,35	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15042/1	5.000,35	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15043	7.248,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15035	7.500,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15044	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15036	3.750,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15037	3.750,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15038/2	5.001,45	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15038/1	5.001,45	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15039/2	5.017,93	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15039/1	5.017,93	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15040	9.877,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15041	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15045	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15046	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15047/2	7.506,85	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15047/1	7.506,85	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15048/2	7.525,34	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15048/1	8.525,29	land	Same as above
Mortgage rank I	15050/2	5.016,49	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15050/1	5.016,49	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15365	2.500,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15051	2500.00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15052	2.025,00	land	Bucuresti, sector 1, Baneasa/ Greenfield

(all amounts are expressed in thousands EUR, unless stated otherwise)

Mortgage rank I	15053	2.975,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15054	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15055	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15056	6.500,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15058	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	15057	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	4576	218,88	land and building	Bucuresti, Horatiu nr. 8-10
Mortgage rank I	15059	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	9598/2/2	728,70	land and building	Constanta, Str. Brest nr. 2, Jud. Constanta / Boreal
Mortgage rank I	9598/2/3	708,00	land and building	Constanta, Str. Brest nr. 2, Jud. Constanta / Boreal
Mortgage rank I	16574	4.850,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16297	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16298	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16299	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16242	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16214	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16084	5.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16315/1	6.250,00	land	Bucuresti, sector 1, Baneasa/
Mortgage rank I	16315/2	6.250,00	land	Bucuresti, sector 1, Baneasa/
Mortgage rank I	16087	2.500,00	land	Bucuresti, sector 1, Baneasa/
Mortgage rank I	16086	2.500,00	land	Bucuresti, sector 1, Baneasa/
Mortgage rank I	16085	2.500,00	land	Bucuresti, sector 1, Baneasa/
Mortgage rank I	16791	5.000,00	land	Bucuresti, sector 1, Baneasa/
Mortgage rank I	16291	5.000,00	land	Bucuresti, sector 1,
Mortgage rank I	18083		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 52-54

(all amounts are expressed in thousands EUR, unless stated otherwise)

Mortgage	Cadastral number	Surface	Description	Localization
Mortgage rank I	16245/2	26.787,00	land	Bucuresti, sector 1, Str. Drumul padurea Neagra 52-54
Mortgage rank I	16245/1		land	Bucuresti, sector 1, Str. Drumul padurea Neagra 52-54
Mortgage rank I	16058		land	Bucuresti, sector 1, Str. Drumul padurea Neagra 52-54
Mortgage rank I	16251		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	16060/1		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	16575/1		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	16575/2		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	16900/1	27.024,00	land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	16900/2		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	16061		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	16247		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	15094		land	Bucuresti, sector 1, Str. Drumul Padurea Neagra 56-64
Mortgage rank I	1916/3/70	25.245,90	land	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1026/7/2	350,40	land and building	Voluntari, Str. Pipera Tunari nr. 1H/ Baneasa 8-9
Mortgage rank I	1026/6/2	349,70	land and building	Voluntari, Str. Pipera Tunari nr. 1H/ Baneasa 8-9
Mortgage rank I	1026/7/1si 1026/5/21/1	357,30	land and building	Voluntari, Str. Pipera Tunari nr. 1H/ Baneasa 8-9
Mortgage rank I	1026/5/23/2	258,30	land and building	Voluntari, Str. Pipera Tunari nr. 1H/ Baneasa 8-9
Mortgage rank I	1026/5/22	345,50	land and building	Voluntari, Str. Pipera Tunari nr. 1H/ Baneasa 8-9
Mortgage rank I	1916/3/24	190,55	land and building	Voluntari, str. Drumul Bisericii nr.50/Junior

(all amounts are expressed in thousands EUR, unless stated otherwise)

Mortgage rank I	1026/5/20/5	1.040,30	land and building	Voluntari, Str. Pipera Tunari nr. 1H/ Baneasa 8-9
Mortgage rank I	4351	786,60	land and building	Voluntari, Sos. Pipera Tunari nr. 1H, Baneasa 8/9
Mortgage rank I	10457	244,00	land and building	Bucuresti, sector 1, Str. Intrarea Poiana nr. 8
Mortgage rank I	1916/3/6	498,45	land	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1916/3/5	1.376,76	land	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1916/3/7	235,52	land	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1916/3/1	1.376,78	building	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1916/3/2	498,45	building	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1916/3/4	223,42	building	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1916/3/9	200,30	land and building	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	1916/3/10	200,30	land and building	Voluntari, str. Drumul Bisericii nr.50/Junior
Mortgage rank I	18657	3.750,00	land	Bucuresti, str. Drumul Padurea Pusnicu nr. 135
Mortgage rank I	16062	5.000,00	land	Bucuresti, sector 1, Topaz, parcela 97
Mortgage rank I	16059/2	2.781,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16059/1	2.514,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	16246	10.000,00	land	Bucuresti, sector 1, Baneasa/ Greenfield
Mortgage rank I	18428/1	61302,3	land	Bucuresti, sector 1
Mortgage rank I	1916/3/11	143,5	land and building	Voluntari, str. Drumul Bisericii nr.50/Junior

Loan with BCR, No. 11 / 9949

Mortgage	Cadastral number	Surface	Description	Localization
Mortgage rank I	2423	37.561,96	land	Mangalia, Statiunea Neptun, Zona Popasul Caprioarei
Mortgage rank I	2035	4.503,70	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	1585	1.000,00	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	2084	1.204,00	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	2108	4.413,40	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	1587	5.038,00	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	2031	870,00	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua

(all amounts are expressed in thousands EUR, unless stated otherwise)

Mortgage rank I	520	800,00	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	529	2.500,00	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	2033	8.697,50	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	2088	260,80	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	1586	2.500,00	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	2093	3.493,60	land	Com. Blejoi, sat Ploiestiori, Jud. Prahova/Roua
Mortgage rank I	6168	3.170,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6169	182,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6185	273,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6187	233,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6188	295,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6189	158,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6190	74,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6191	152,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6193	243,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6195	147,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6196	147,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6202	149,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6205	184,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6206	213,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6207	174,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6161	230,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6164	237,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6165	225,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6166	235,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6167	486,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6170	204,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6171	192,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus

(all amounts are expressed in thousands EUR, unless stated otherwise)

Mortgage rank I	6172	149,00	land	Oradea, Str. Facliei, JBihor / Lotus
Mortgage rank I	6173	129,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6174	223,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6175	264,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6178	231,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6179	116,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6180	101,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6181	125,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6182	211,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6183	207,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6184	195,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6186	169,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6194	267,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6128	201,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6129	203,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6130	179,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6131	221,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6132	276,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6133	187,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6134	186,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6135	287,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6136	224,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6137	195,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6138	90,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6139	384,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6140	247,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6141	238,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus

(all amounts are expressed in thousands EUR, unless stated otherwise)

Mortgage rank I	6142	214,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6143	224,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6144	218,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6145	213,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6146	201,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6148	246,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6149	226,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6150	248,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6152	238,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6153	355,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6154	252,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	6155	232,00	land	Oradea, Str. Facliei, Jud. Bihor / Lotus
Mortgage rank I	5330/3	4.833,90	land	Voluntari
Mortgage rank I	1916/3/48	194,00	land	Voluntari, Drumul Bisericii nr.50

Loan with BANCA ROMANEASCA

Mortgage	Cadastral number	Surface	Description	Localization
Mortgage rank I	20254/1	227.3	land	Bucuresti, Drumul Padurea Pustnicu nr. 143
Mortgage rank I	20254/2	153.5	land	Bucuresti, Drumul Padurea Pustnicu nr. 143A
Mortgage rank I	20254/3	153.5	land	Bucuresti, Drumul Padurea Pustnicu nr. 143B
Mortgage rank I	20254/4	153.5	land	Bucuresti, Drumul Padurea Pustnicu nr. 143C
Mortgage rank I	20254/5	153.5	land	Bucuresti, Drumul Padurea Pustnicu nr. 143D
Mortgage rank I	20254/6	228.2	land	Bucuresti, Drumul Padurea Pustnicu nr. 143E
Mortgage rank I	20254/35	1,253.7	land	Bucuresti, Drumul Padurea Pustnicu nr. 141
Mortgage rank I	20254/36	1,521.3	land	Bucuresti, Drumul Padurea Pustnicu nr. 141A
Mortgage rank I	20254/37	1,357.1	land	Bucuresti, Drumul Padurea Pustnicu nr. 141B
Mortgage rank I	20254/38	1,357.8	land	Bucuresti, Drumul Padurea Pustnicu nr. 141C

(all amounts are expressed in thousands EUR, unless stated otherwise)

Mortgage rank I	20254/39	1,379.9	land	Bucuresti, Drumul Padurea Neagra nr. 52D
Mortgage rank I	20254/40	1,389.6	land	Bucuresti, Drumul Padurea Neagra nr. 52C
Mortgage rank I	20254/43	2,854.5	land	Bucuresti, sector 1
Mortgage rank I	20254/44	7,655.3	land	Bucuresti, sector 1
Mortgage rank I	20254/45	5,893.3	land	Bucuresti, sector 1
Mortgage rank I	20254/46	143.8	land	Bucuresti, sector 1
Mortgage rank I	20254/47	254	land	Bucuresti, sector 1
Mortgage rank I	23574	10,005	land	Bucuresti, Drumul Padurea Neagra nr. 22-28
Mortgage rank I	22705	23,750	land	Bucuresti, Drumul Padurea Pustnicu nr.125-135
Mortgage rank I	21763	27,024	land	Bucuresti, Drumul Padurea Pustnicu nr. 56-64
Mortgage rank I	15042/1	5,000.35	land	Bucuresti, Drumul Padurea Pustnicu nr. 79A
Mortgage rank I	15042/2	5,000.35	land	Bucuresti, Drumul Padurea Pustnicu nr. 79
Mortgage rank I	15043	7,248	land	Bucuresti, Drumul Padurea Pustnicu nr. 79B
Mortgage rank I	18217/2	43,911	land	Bucuresti, sector 1
Mortgage rank I	18216/2	19,931	land	Bucuresti, sector 1
Mortgage rank I	15044	5,000	land	Bucuresti, Drumul Padurea Neagra nr.1
Mortgage rank I	15036	3,750	Land	Bucuresti, Drumul Padurea Neagra nr. 3
Mortgage rank I	15037	3,750	land	Bucuresti, Drumul Padurea Neagra nr.
Mortgage rank I	15038/1	5,000	land	Bucuresti, Drumul Padurea Neagra nr. 7A
Mortgage rank I	15038/2	5,000	land	Bucuresti, Drumul Padurea Neagra nr. 7
Mortgage rank I	15039/1	5,000	land	Bucuresti, Drumul Padurea Neagra nr. 9A
Mortgage rank I	15039/2	5,000	land	Bucuresti, Drumul Padurea Neagra nr. 9
Mortgage rank I	15040	9,877	land	Bucuresti, Drumul Padurea Neagra nr. 11
Mortgage rank I	15041	5,000	land	Bucuresti, Drumul Padurea Neagra nr. 13
Mortgage rank I	15045	5,000	land	Bucuresti, Drumul Padurea Neagra nr. 15
Mortgage rank I	15046	5,000	land	Bucuresti, Drumul Padurea Neagra nr. 17
Mortgage rank I	15047/1	7,500	land	Bucuresti, Drumul Padurea Neagra nr. 21A
Mortgage rank I	15047/2	7,500	land	Bucuresti, Drumul Padurea Neagra nr. 21-23
Mortgage rank I	15048/1	7,500	land	Bucuresti, Drumul Padurea Neagra nr. 25A
Mortgage rank I	15048/2	7,500	land	Bucuresti, Drumul Padurea Neagra nr. 25-27

(all amounts are expressed in thousands EUR, unless stated otherwise)

Bonds

Through the public sale offer by private placing, approved by the CNVM decision no.181/18.01.05 312.000 bonds were issued at the nominal value of 1.000.000 ROL. The interest rate is Euribor 6 months + 6.5%, payable semi-annual, indexed to the EUR/ROL exchange rate, non-guaranteed, without option to redeem, non-convertible. Maturity is set at 4 years. Interest rate payment is semi-annual.

The **first payment** from 22.08.2005 is in amount of **374,400 Euro**, payable at the Romanian National Bank EUR/RON exchange rate of 17.08.2005 and represents (the interest) the coupon value for semester I, in accordance with the bond issues calendar (1 coupon = 1.2 Euro * 312.000 = 374.400 Euro)

The **second payment** from 16.02.2006, is in amount of **373,963 Euro,** payable at the Romanian National Bank EUR/RON exchange rate of 13.02.2006 and represents (the interest) the coupon value for semester II, in accordance with the bond issues calendar (1 coupon = 1.1986 Euro * 312.000 = 373.963,2 Euro)

The **third payment** from 15.08.2006, is in amount of **397,800 Euro,** payable at the Romanian National Bank EUR/RON exchange rate of 12.08.2006 and represents (the interest) the coupon value for semester III, in accordance with the bond issues calendar (1 coupon =1,275 Euro * 312,000 = 397,800 Euro)

The **fourth payment** from 12.02.2007, is in amount of **427,159 Euro,** payable at the Romanian National Bank EUR/RON exchange rate of the payment date and represents (the interest) the coupon value for semester IV, in accordance with the bond issues calendar (1 coupon = 1.3691 Euro * 312.000 = 427,159 Euro)

The **fifth payment** from 10.08.2007, is in amount of **449,873 Euro,** payable at the Romanian National Bank EUR/RON exchange rate of the payment date and represents (the interest) the coupon value for semester V, in accordance with the bond issues calendar (1 coupon = 1.4419 Euro * 312.000 = 449,873 Euro)

The **sixth payment** from 06.02.2008 is in amount of 471,058 EUR, payable at the Romanian National Bank EUR/RON exchange rate of the payment date and represents (the interest) the coupon value for semester VI, in accordance with the bond issues calendar (1 coupon = 1.5098 Euro * 312.000 = 471,058 Euro)

The **seventh payment** from 04.08.2008 is in amount of 468,686 EUR, payable at the Romanian National Bank EUR/RON exchange rate of the payment date and represents (the interest) the coupon value for semester VII, in accordance with the bond issues calendar (1 coupon = 1.5022 Euro * 312.000 = 468,686 Euro)

The balance as at 31.12.2008 represents the principal (8,635 thousand EUR) The interest cumulated till the end of the year (417 thousand EUR) is reported under current payables.

Reconciliation of minimum lease payments:

	31 December 2008	**31 December 2007**
Short term financial leases	171	97
Long term financial leases	83	84
Interest	(12)	(7)
Current portion of financial lease	**242**	**174**

	31 December 2008	**31 December 2007**
Short term financial leases	162	94
Long term financial leases	80	80
Current portion of financial lease	**242**	**174**

Note 10. Deferred income

Deferred income consists in:

Description	**31 December 2008**	**31 December 2007**
Deferred tax	17,927	20,274
Total	**17,927**	**20,274**

(all amounts are expressed in thousands EUR, unless stated otherwise)

The movement on the deferred tax liabilities is as follows:

Description	**2008**	**2007**
As at 1st of January	**20,274**	**5,609**
Foreign exchange difference	(1,872)	(1,596)
Charge / (Release)	(475)	16,261
As at 31st of December	**17,927**	**20,274**

The temporary differences arise from: the re-measurement of land treated according IAS 40 (see Note 3), effects of IAS 11 – "Construction contracts", instalments selling contracts concluded until 30.04.2005 and from the different depreciation rule applied in accounting comparing to fiscal purposes.

Cumulative effect of temporary differences is:

a) IAS 40	17,873
b) Instalments contracts and depreciation	41
c) IAS 11	13
Total	**17,927**

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

Note 11. Trade and other payables

Trade and other payables consist in:

Description	**31 December 2008**	**31 December 2007**
Trade accounts and notes payable	5,162	2,699
Suppliers of non current assets	4	2
Advances from customers	3,225	9,314
Dividends payable	12	16
Accrued interest	431	434
Accruals related to employees	261	236
Income tax payable	1	1
Liabilities to State Budget	285	1,444
Deferred income	1,164	2,286
Other creditors	619	585
Guarantees	839	354
Total	**12,003**	**17,371**

(all amounts are expressed in thousands EUR, unless stated otherwise)

Note 12. Turnover

The Group has recorded its net turnover as follow:

Description	2008	2007
Sales of finished goods	26,983	27,965
Sales of merchandise	5,154	2,573
Sales of services	489	577
Total	**32,625**	**31,115**

The finished goods sold represent houses and apartments sold during the year.

Note 13. Revenue from IAS 40

The Group decided to adopt starting with the current year the alternative treatment recommended by IAS 40 "Investment properties", recording a part of the land owned at their market value. An authorised external evaluator has revaluated these properties. The difference between the historical cost of the land and the revaluated amount has been fully recognised directly to income statement.The same treatment was applied related to the apartments held for renting. The effect of changing the treatment to fair value model is presented below:

Description	Area (sqm)	Cost of acquisition (RON)	Revalued amount 31.12.2008 (RON)	Difference (RON)	Difference (EUR)
Teisani (Buc, sect 1)	205,495	24,208,209	278,446,762	254,238,553	69,035,443
Zenit (Constanta)	38,000	6,877,775	27,405,619	20,527,844	5,574,091
Prelungirea Ghencea (Buc, sect 6)	180,000	37,628,843	179,330,288	141,701,445	38,477,335
Faget (Oradea)	24,460	1,446,638	6,683,180	5,236,543	1,421,921
Neptun (Constanta)	37,562	1,896,879	8,528,328	6,631,449	1,800,691
TOTAL LAND	485,517	72,058,344	500,394,177	428,335,833	**116,309,481**
Apartments held for renting	-	41,973,850	58,818,132	16,844,282	**4,573,895**
Net effect of IAS 40		114,032,194	559,212,309	445,180,115	**120,883,376**

The amount of 116,309 thousand EUR is divided as follows:

Description	Amount (k EUR)
Revenue recognized until 31 December 2007	136,135

(all amounts are expressed in thousands EUR, unless stated otherwise)

Exchange differences (*)	(12,769)
Revenues recognized in 2007	(2,483)
TOTAL	**120,883**

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

Note 14. Other operating income
Other operating incomes includes as follows:

Description	2008	2007
Revenue from sundry services	1,665	1,506
Sales of residual goods	6	14
Rent	208	174
Proceeds from sales of fixed assets	1,305	1,721
Penalties from customers	3,429	548
Miscellaneous	261	262
Total	**6,874**	**4,225**

The penalties have increased significantly due to the fact that during 2008 the group has worked only with sub-contractors. Due to late delivery of the works, the Group has charged its suppliers with penalties.

Note 15. Raw material and consumables
Raw material and consumables costs includes as follows:

Description	2008	2007
Raw material	1,678	970
Auxiliary materials	2,371	3,236
Merchandise	3,079	1,892
Packing materials	16	37
Other consumables	310	309
Total	**7,454**	**6,444**

Note 16. Staff costs
The structure of staff costs is presented in the table bellow:

Description	2008	2007
Wages and salaries	2,139	2,647
Civil contract staff	24	24
Social security expenses	547	423
Total	**2,709**	**3,094**

(all amounts are expressed in thousands EUR, unless stated otherwise)

Note 17. Depreciation and amortization

This position in the income statement includes as follow:

Description	2008	2007
Depreciation	682	799
Amortization – impairment	1	(19)
Total	**683**	**780**

Note 18. Other operating expenses
Other operating expenses includes as follows:

Description	2008	2007
Third parties services	40,300	19,522
Heat, light and power	1,093	1,293
Rent	1,380	1,377
Commissions and fees	391	2,779
Promotion and advertising	890	715
Taxes to State Budget	1,248	845
Bad and doubtful debts	129	795
Protocol	97	
Disposals at net book value	508	845
Foreign exchange differences (gain) / loss	4,510	3,047
Bank commissions	182	503
Working inventories	120	116
Maintenance and repairs	334	144
Provision for risks and charges	153	145
Insurance	271	204
Postage and telecommunication	152	167
Transport of goods and personnel	231	263
Travel	38	25
Penalties and fines	41	58
Penalties for commercial contracts	76	427
Old and damages inventories	(71)	-
Losses from IAS 11	3	(1)
Miscellaneous	416	396
Total	**52,492**	**33,665**

(all amounts are expressed in thousands EUR, unless stated otherwise)

Note 19. Finance cost, net
The table below details the finance (income) / costs:

Description	2008	2007
Interest income	(5,311)	(2,545)
Interest expenses	4,142	3,749
Other finance income	(19)	(16)
Discount received	(20)	(62)
Total	**(1,208)**	**1,124**

Note 20. Income tax

Description	2008	2007
Income tax expenses	621	848
Differed tax expense/ (income)	(475)	16,261
Total	**147**	**17,109**

Note 21. Related parties
Details of balances due to or due from related parties as well as the transactions made in the period are as follows:

Description		December 31, 2008	December 31, 2007
Accounts payable			
	Finance Consulting 2001	8	37
	Havila Trading	140	104
		148	**141**
Expenses			
	Finance Consulting 2001	52	101
	Havila Trading	397	235
		449	**336**

Note 22. Commitments
The situation of loans engaged by the company as at December 31st, 2008, is presented below:

- thousand EUR -

AGREEMENT	BANK	Value	December 31, 2008	March 31, 2009
58/23.09.2005	BANC POST	14,000	2,732	2,562
2219/21.04.2005	PIRAEUS	800	800	800
2331/08.07.2005	PIRAEUS	1,800	300	150
195/10.07.2006	PIRAEUS	2,000	500	250
301/30.08.2006	PIRAEUS	13,000	12,807	12,807
11/9949/14.06.2006	BCR	2,400	492	197

(all amounts are expressed in thousands EUR, unless stated otherwise)

50070065/25.07.2007	Banca Romaneasca	7,993	6,566	6,280
50070066/25.07.2007	Banca Romaneasca	22,307	17,082	15,931
TOTAL		**64,300**	**41,279**	**38,977**

On 2 February 2009 the Company has repaid in full the bonds contracted in amount of 8,635 thousand EUR.

Note 23. Principal subsidiaries

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

Entity	**31 Dec. 2008 % share**	**31 Dec. 2007 % share**
BIPACT 1995 SRL	62.91	62.91
Hobbit Broker de Asigurare Reasigurare SRL	95.00	95.00
Imobilia Credit SA	70.00	70.00
Actual Invest House	99.00	99.00
Intop Construction SRL	99.99	99.99
Investimob Development SRL	-	99.00
LOMB SA	49%	-
Topo Prest SRL	95%	-
Prest RV 2003 SRL	95%	-
BIZ-AR SRL	95%	-

Due to their insignificance, the last three companies were not included in the consolidated financial statements. Although Impact Developer&Contractor holds 49% of the share capital of LOMB SA, the company has control over decisions of the later company. Therefore, it is presumed that Lomb SA is a subsidiary.

Note 24. Revenues recognised under IAS 11 "Construction contracts"

Description	**2008 [EUR]**	**2007 [EUR]**
Contract revenue recognized as revenue in the period	295,616	12,401,979
Contract costs incurred and recognized profits (less recognized losses) to date	205,676	12,320,549
Advances received	101,557	9,220,442
Gross amount due from customers presented as an asset	**-**	**-**
Gross amount due to customers presented as a liability	**11,617**	**9,139,012**

At the end of 2008, most of the houses with client were finished and sold to the customers, only 4 houses being still under construction and categorised as construction contracts under IAS 11 "Construction contracts".

Note 25. Restatement of the opening balances

During 2008 the Group has decided to recognise as fixed assets the electrical networks and adaptors previously recognised as costs. Based on this decision, the opening financial statements have been changed. The changes consist in recognition of fixed assets, their depreciation and write-off of costs incurred in the previous periods.

Also, during 2008 the management of the Group has decided to correct a VAT expense considered in previous periods and report it as deductible VAT.

(all amounts are expressed in thousands EUR, unless stated otherwise)

The effects of the changes of the opening balances are:

a) Balance sheet

Description	31 December 2007
1. Increase in fixed assets	469
2. Decrease of VAT payable	28
3. Net effect on the retained earnings	497

b) Income statement

Description	2008	2007
1. (Increase) in depreciation charge	(41)	(33)
2. Increase in revenues from work performed by the company and capitalised	392	206
3. Decrease of other taxes expenses (VAT)	-	33

	2008	2007
Sales Incomes	**31,983**	**34,319**
Revenues from Revaluation	(2,483)	(102,411)
Other Operational Revenues	9,773	106,511
Change in Inventory of Finished Goods and Work in Progress	16,104	4,037
Work Performed by the Enterprise and Capitalized	5,673	5,761
Raw materials and consumables	(6,251)	(6,410)
Staff Costs	(1,896)	(2,317)
Amortization Expenses	(682)	(786)
Other operational expenses	(52,382)	(34,044)
Net Financial Income/Expenses	442	(1,125)
Income before tax	**281**	**105,946**
Profit tax expenses, net	(108)	(17,105)
Net Profit for the Period	**173**	**88,841**

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