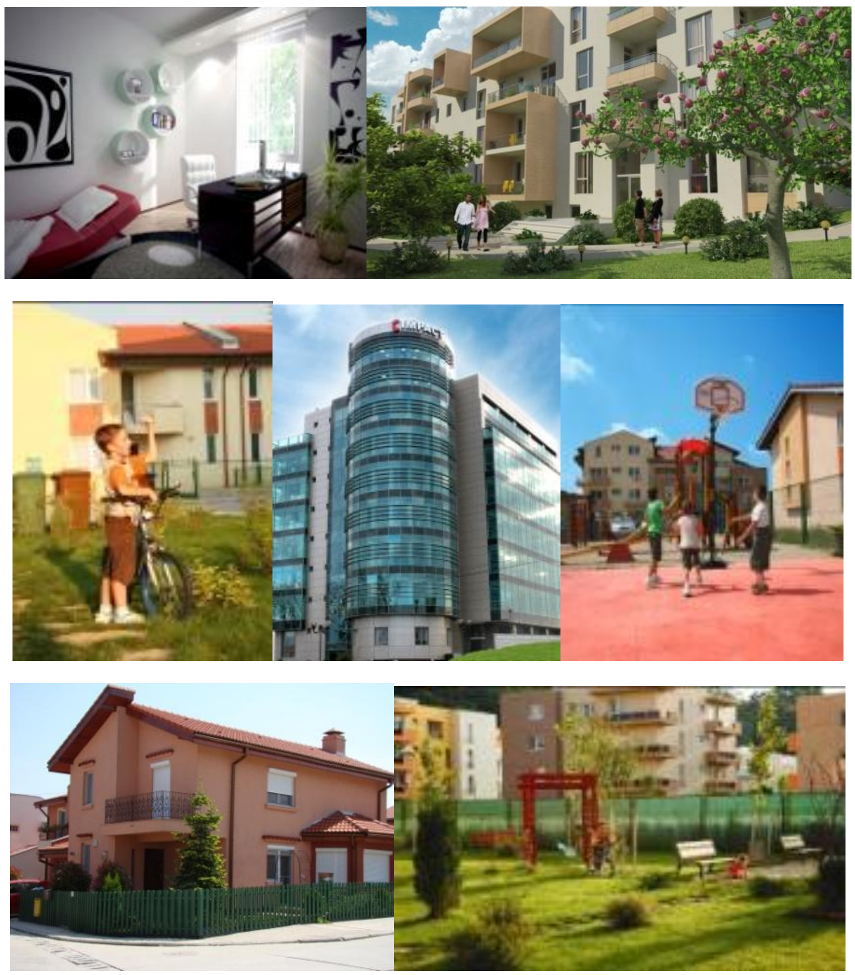
REPORT
of the Board of Directors
for the year 2011



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1. MANAGEMENT STRUCTURE

1.1 Board of Directors

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

The company is administered by the Board of Directors composed of three administrators, natural persons:

- Dan Ioan Popp, Chairman of the BoD
- Valeriu N. Ionescu
- Radu Bugica

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

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

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

The mode in which the General Meeting of Shareholders is performed and also its attributions are provided for in art. 12 in the Articles of Association of the company.

The corporate governance observes the Romanian legislation in force, following to assure both the accuracy and transparency with regard to the results of the company, and the equal access of all the shareholders to the relevant information about the company.

1.2 Auditor

The auditor RSM Scot SRL audits the financial statements drafted under the responsibility of the company management in accordance with the Romanian accounting standards and with IFRS (including consolidated financial statements). The responsibility of the auditor towards the company and GMS is established and limited according to the law.

2. ACTIVITY OF COMPANY IN 2011

Impact Developer & Contractor SA (IMPACT), established in 1991 by public subscription, is quoted to the Bucharest Stock Exchange. The company IMPACT introduced the “residential compound” concept in Romania and has developed until now in 4 cities 16 residential areas over 2,500 dwellings, houses and apartments. The portofolio is completed by 25,000 square meters of offices and commercial spaces, and also by complex administration services.

In 2011, in the fourth year of the global economic crisis, the positive performances of Romania in the industrial production, agriculture and export sectors helped to a revigoration of the GDP. At the same time, the decrease of unemployment had as its effect a slight increase of the consumption demand. Although, at a global level, the significant decreases from the last years underwent stabilization, both the investors and the creditors continue to be cautious, and the financing activity remains very limited.

Under these conditions it is to remark the fact that IMPACT has rapidly adapted to the new market conditions and to the uncertainty induced by the recession duration in Romania by measures to:

(i) reduce fixed costs from the beginning of the economic recession period, by reducing the rent for the office spaces and the company personnel;

(ii) redesign the dwelling units, in order to optimally respond the new makret demands, thus, measures being taken to modify the future projects and also the projects under execution;

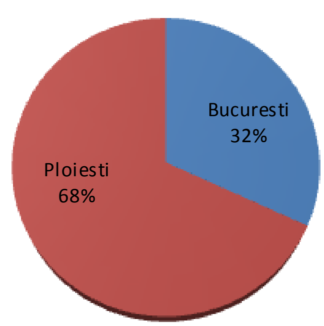
(iii) decrease the indebtedness rate to about 27% of the assets value in 2011, compared to about 32% as it was in 2010;

Thus, Impact signed 150 contracts in 2011, out of which 69 sale contracts and 81 dwelling lease contracts, by 27% more contracts than in 2009.

With regard to the company strategy, in 2011 IMPACT had as its targets:

- focus on the finishing of the units under execution and redesign of the buildings that were under different execution stages and that allowed modifications so as to optimally respond the market requirements;
- offering for sale land plots to individuals and legal entities, for the development of houses or of small commercial spaces. Following this activity, in 2011 there were sold land plots with a total surface of over 6000 sqm in Bucharest and Ploiesti;

Sales of land plots by location (sqm)



- launch on the market two innovative products: KALEIDOSCOPE – the "3 in 1" multifunctional dwelling that offers three dwelling functions in a single space, and ACTIVE HOME – the house with independence solutions for utilities, that is based on an integrated system of water, sewage and electricity;
- market prospecting for attracting partners in order to diminish the risk of new projects;
- other activities under study.

2.1 Focus on the finishing of the units under execution and redesign of the buildings that were under different execution stages and allowed modifications

Beginning from the year 2007, IMPACT drew its attention more and more to the projects with mixed destination (ample residential areas, office spaces, commercial places, hotel units and learning systems - schools, kindergartens – and health units – medical offices, polyclinics).

Because of the changes that were produced on the real estate market during the last three years, in 2011 IMPACT continued with modifications in the operational activity and its adaption to the current market conditions. During the last two years, there was remarked an increase in the preferences of the clients for lease, unfavouring the purchase of dwellings because of the existing financing restrictive conditions. All these led to a decrease of the consumer trust in Romania in comparison to the other countries in Central and Eastern Europe and to an increase of their expectations with regard to the quality of the environment they live in. Besides the fact that under the situation of purchasing an apartment, the potential clients take into consideration including the non-banking purchase solutions, by preferring the support solutions from the part of the developer, Impact found solutions to optimally respond to the new social values and to the more and more habitate sophisticated requirements, such as: school teaching in English, restaurant, sports fields, supermarkets, dental office and diversified playgrounds.

Another important point was the decrease of the surface of certain offered apartments.

By taking into account all of these, IMPACT decided the redesign of the Quartz assembly in the Greenfield quarter, making available for its potential clients apartments with reconfigurable surfaces comprised between 40 and 200 square meters. Thus, the beneficiaries may choose only the size of the surface that corresponds to their financial possibilities, after which, assisted by the architects of IMPACT, configure on some adequate perimeters the placement of walls, so as to obtain the desired number of rooms.

In the summer of 2011, Impact launched a new product in the Boreal quarter in Constanta, the „apartment with a garden". Every villa has two apartments with separate entries, one at the ground floor, and the other at the first floor, each of the apartments taking benefit of a garden of approximately 60 sqm. „The apartment with a garden" addresses to the families that want to enjoy nature, green space, fresh air and who, at the same time, do not need a very large dwelling space, but appreciate a modern apartment in a new residential compound.

2.2. Sale strategy for the existing projects

The financial crisis that started in the second half of the year 2008 determined the National Bank of Romania to increase the restrictions of the currency policy. The new regulations published by the NBR led to the increase of the restrictions for the crediting conditions. Due to the difficult access to the financing sources, beginning from 2008 Impact offered different financing solutions for dwellings, adapted to the needs of clients and flexible to apply. These were also continued in 2011 with new financial solutions, that were specially adapted for the sale strategy to the products developed by IMPACT and in consistence with the market conditions.

Thus at present the offer contains a varied range of purchase solutions for our clients, with the payment of an advance between 10% and 50%, the difference being paid in a period of 2 years, 4 years, 6 years, 8 years and 10 years.

The dwellings offered by IMPACT are in 3 finishing stages: in semi-red, in grey and also finished, the clients having the possibility to choose the most suitable variant for the revenues they have.

At the same time, IMPACT chose to adapt by the varied purchase possibilities to the different typologies of clients: from the buyers with cash that can pay integrally, thus obtaining a discount, to those with less financial resources to which the Max Avantaj product is addressed.

At the end of 2011 IMPACT had for sale 279 dwellings in Bucharest, Constanta, Ploiesti and Oradea.



2.3 Market prospecting to attract partners in order to diminish the risk of new projects

The company has a flexible strategy in attracting partners for the development of its projects, according to the investment volume, to the approached partnership structure and to the object that follows to be developed following the conclusion of the partnership.

In the year 2011 IMPACT continued the strategy to attract financial and strategic partners for the valuation of the stock of lands by discussions with investors interested in the medical center, technological park, car wash, hotel, recreation area, storage space; and the valuation of the stock of dwellings by discussions with investors interested in investing in the creativity center, private school and kindergarten.

IMPACT signed in August 2011 a sale-purchase contract with the value of 1 million Euros plus V.A.T. The transaction had as its object a building of type P+2, with an total building area of 919 sqm placed on the afferent land, plus a land plot with a surface of 693 sqm adjacent to the building. The destination of this building and of the land is of private learning unit.

2.4 Other activities under analysis

Medical Center Project – in Greenfield

In order to optimally valuate the land held by IMPACT and following the identification of the opportunities on the market, IMPACT started from the end of the year 2010 the prefeasibility study for the development of a medical and spa center in the area of the Greenfield project. At present we are in the stage of identifying the potential investitors at the level of the project and assuring the financing necessary to the project.

Ghencea Land

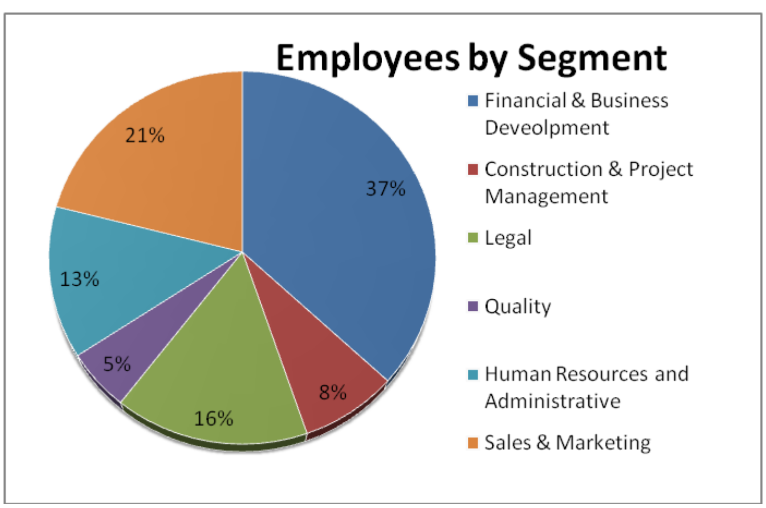
For the land in the Prelungirea Ghencea area that IMPACT holds under property, the conpany envisages two strategies, either the land valuation by its sale, or by the land valuation by the development of a real estate project.

At this moment IMPACT analyzes the opportunity to develop on this land a logistic project by attracting mid-size contractors that want to develop their own business in a space held under property. In this respect, in the year 2011 IMPACT performed the prefeasibility study and initiated discussions with potential financial and strategic partners in order to assure the necessary financing sources for the development of this project.

Other information about the company:

Structure of employees

At the end of the year 2011 the company had 38 employees:



Risk management elements

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

Market risks: the global financial crisis combined with the recession in Western Europe exposed Romania to financial market risks. For the purpose of maintaining and even increasing the sales IMPACT pursued a strategy of financing the potential clients that encounter difficulties in accessing a bank credit. In order to accomplish this objective in 2009 we accessed a loan of 12.8 mil RON (approximately 3 mil. Euros) from the bank, that is used to finance the clients that purchase dwellings with payment in installments. At the end of 2011 the balance of this credit was of 2.6 mil RON (approximately 0.6 mil EUR) following to be reimbursed until July 2013.

The internal control of the company is accomplished:

- By means of the Contracting Department: contracts are signed by the Legal Department, project manager and the economic and/or general director;
- By means of the Sales Department: contracts are analyzed by Prices and Analysis Department and signed by the economic and/or general director;
- By means of the preventive financial control by which it is checked the observance of contract compliance;
- By following-up the payments that are approved by the economic director.

During the last four years the company did not distribute dividends to the shareholders.

3. FUTURE PROJECTS

3.1 Greenfield Residence – Phase II, Stage 1

In the second half of the year 2012, or at latest at the beginning of the year 2013 it is estimated to begin the construction of phase II of the Greenfield project, that follows to be accomplished on a surface of 4 hectares, with a total number of 628 apartments distributed in 16 blocks (5 blocks in Tatoo Residence, 6 residential building in Bloom Residence and 5 blocks in Briza Verde) with reduced height regime.


The project will start with the first stage, by building one block in each of the three compounds, that will comprise in total 127 dwelling units (48 apartments in Tatoo Residence, 44 apartments in Briza Verde Residence and 35 apartments in Bloom Residence), that include apartments with 1, 2, 3 or 4 rooms in each of the three residential compounds.


The placement of building wings forms in each of the assemblies generous interior gardens, used as semiprivate spaces where only the inhabitants have access. Also, Tatoo Residence, Briza Verde Residence and Bloom Residence will take benefit of all the advantages of the place communicated under the Greenfield brand (900 ha of forect, close to the Baneasa Forest, 5 minutes far from the Baneasa commercial area - Metro Cash&Carry, Selgross, IKEA, Mobexpert, Carrefour Feeria, Bricostore, immediate access to DN1 Bucharest – Ploiesti, 5 minutes far from the two airports: Baneasa and Henri Coanda).

These will have as target group the young nonconformist people willing to accomplish professionally (Tatoo Residence), families with children (Bloom Residence) and the persons that have a very busy daily program and want to relax during their free time in an eco-friendly environment (Briza Verde Residence).

3.2 Land plots for houses

The activity on the land market continued its positive trend started on the half of the year 2010 following the increase of appetite for land purchase.

Taking into account the increase of the number of private persons interested in small, individual land plots for private houses, especially in peripheral residential areas (Sisesti, Bucurestii Noi, Banesa), Impact came in front of them with a new product for the Northern area: purchases of lands with *custom made* houses. The lands for these products have surfaces comprised between 300-1000 sqm and an entire team of architects, engineers, project managers are involved in designing and building customized houses according to the client requirements. The clients appreciate indeed the freedom and flexibility of building the wanted and much dreamed house, in the chosen place, with the help of an experienced developer, having over 20 years since it has been in the real estate field.

3.3 „AquaGreen Medical Hub” Medical Center

Placed in the Northern area of Bucharest, near the Henry Coanda International Airport, the “AquaGreen Medical Hub” project takes benefit of the existing in-depth thermal water and of a relaxing environment, being very close to the Baneasa and Pipera Forests, being mainly addressed to foreign patients and medical tourism.

The natural resources represented by the environment and the in-depth thermal water are the strategic assets that lay at the basis of the project.

The main investment consists of a medical center with 250-300 beds, medical clinics and treatment and investigation bases, a medical research center with modern laboratories and a modern conference center.

3.4 Logistic Park

For the land in Prelungirea Ghencea held by Impact, the company envisages two strategies: either the development of a logistic park, or the land valuation by the development of a real estate project.

At present, IMPACT analyzes the opportunity to develop a logistic park. In 2011 IMPACT performed a prefeasibility study and began discussions with potential financial and strategic partners to assure the necessary financing sources for the development of this project.

Stage of Business Support Center Greenfield 2 project

In April 2011 there took place the visit on site following which there was recommended the signing of the financing contract. In the period May – November 2011 the contracting process was suspended, and at the end of November 2011, the contracting process resumed, and in this respet there was repaid the visit on site in December 2011. In the first quarter of 2012 the project was rejected by the Management Authority for the Regional Operational Programme, the decision being reasoned by the existing of an unasphalted portion of a public road, where the access to the project is accomplished. The project company challenged this decison and, to the extent a positive answer is not received to the challenge, it will attack in court the decision of the MANAGEMENT AUTHORITY FOR THE REGIONAL OPERATIONAL PROGRAMME.

4. FINANCING SOURCES FOR THE ACTIVITY OF 2012

In order to continue the development activity of company projects, IMPACT will use mixed financing sources:

- Attraction of bank loans for the development of phase 2 of the Greenfield project. The beginning of this new development will be closely correlated on one side to the evolution of the dwelling units in the first part of the project, and on the other side to the evolution of the real estate market;
- Increase of share capital of the company, or the issue of convertible bonds for a value of maximum 45 million lei. In case of the decided capital increases or of the issue of convertible bonds, there will be granted a preference right to the existing shareholders under the conditions of art. 216 of Law no. 31/1990 and of art. $7^{1.}$ in the Articles of Association of the company.
- Partnerships with finance providers that will be attracted in the projects that follow to be developed in the area of the Greenfield project and in the Ghencea area in Bucharest.

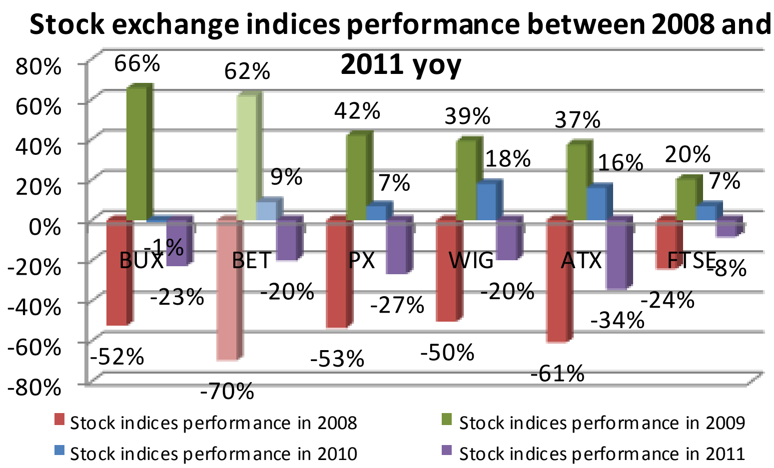
5. STOCK MARKET

The company Impact Developer & Contractor SA is listed to the Bucharest Stock Exchange since 1996, and beginning from 2006 its shares are quoted to the first category of BVB.

Within the Extraordinary General Meeting of Shareholders as of 11.10.2011, by the decision no. 4 there was decided the decrease of the share capital from the amount of 200,000,000 RON to the amount of 197,866,574 RON.

The stock capitalization of the company at the end of the year 2011 was of 8.44 mil EUR.

There are no restrictions for the transfer of securities, there are no restrictions to the vote rights, there are no holders of securities with special control rights.



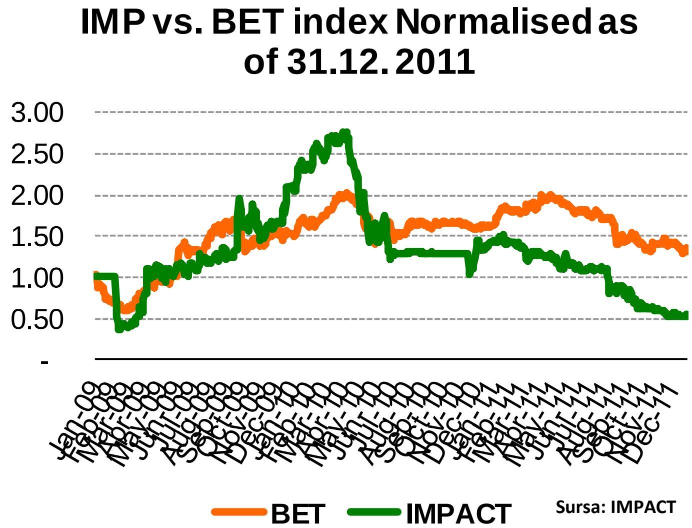
Sursa: IMPACT

25.93% of the company shares are held by the company management. Among the shareholders that hold over 5% of the firm shares are numbered: Dan Ioan Popp cu 16.52%, Carmen Sandulescu cu 9.69%, Salink Limited 10.1%, Artio International Equity cu 8.6% din actiuni, Templeton GIT Emerging Markets Small Cap Fund 6.2%, Fondul de Pensii Administrat Privat ING 5.9%, ING International Romanian EQU 5.0%.

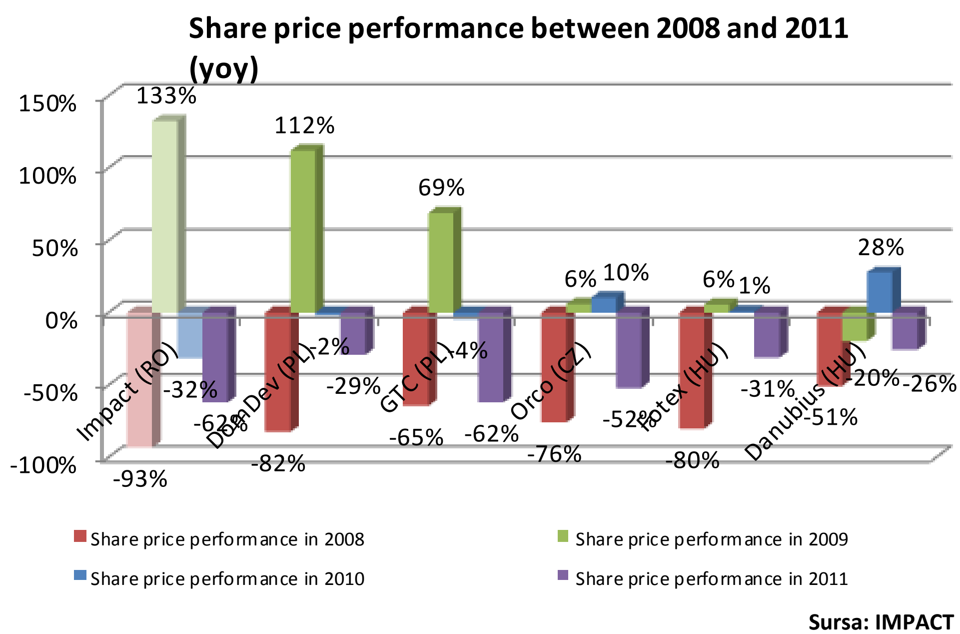
At the end of the year 2011, 54.19% of the shares were held by legal entities and 45.81% by natural persons.

After a significant decrease of stock indexes in the year 2008 following the expansion of the financial crisis at global level, and their revigoration in the years 2009 and 2010, in the year 2011 we assisted to the positive evolution of the stock indexes in the first part of the year, followed by a decrease in the second part of the year. After a decrease of the BET stock index in 2008 by 70%, an increase of it by 62% in 2009 and an increase by 9% in 2010, in 2011 a decrease of the BET index took place by 20%, following the descending trend of stock indexes from the European stock exchanges.

In 2011 the shares of IMP had a decrease of 62% compared to 2010. If at the beginning of the year IMP had a certain stability with a maximum rate of 0.5095 ron/share had in 25.01.2011, beginning with February a gradual decrease of the share rating took place, by the end of the year being registered a decrease of shares by 32% compared to the beginning of the year. The lowest rate of the IMP shares of 0.1800 ron/share was registered as at 23 December 2011.



A decrease trend was also registered by the shares of the similar companies from other countries such as Hungary, Poland and the Czech Republic during 2011.



6. ECONOMIC FINANCIAL INDICATORS

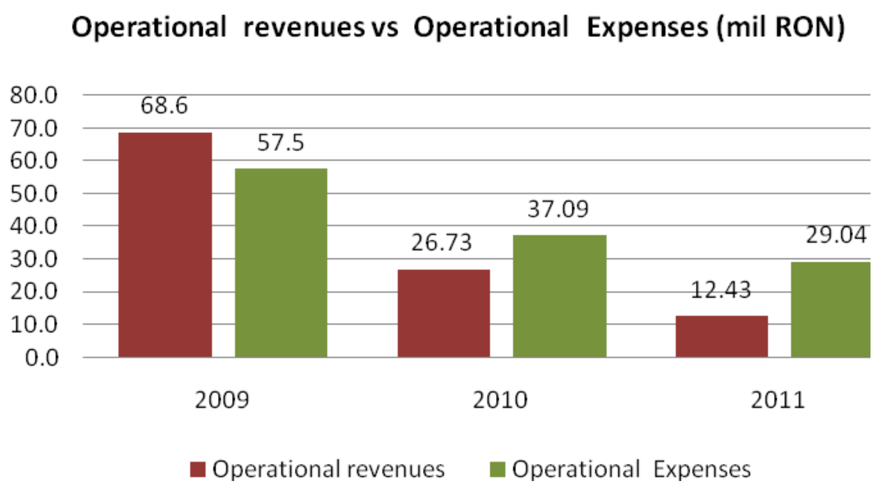
	Indicator (RON)	2009	2010	2011
Result Indicators	Turnover	54,233,682	34,288,805	13,540,400
	Operational revenues	68,557,322	26,730,406	12,433,515
	Operational expenses	57,526,000	37,096,903	29,041,616
	Operational result	11,031,322	(10,366,497)	(16,608,101)
	Financial revenues	10,090,020	13,053,009	15,106,896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

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

Company Revenues

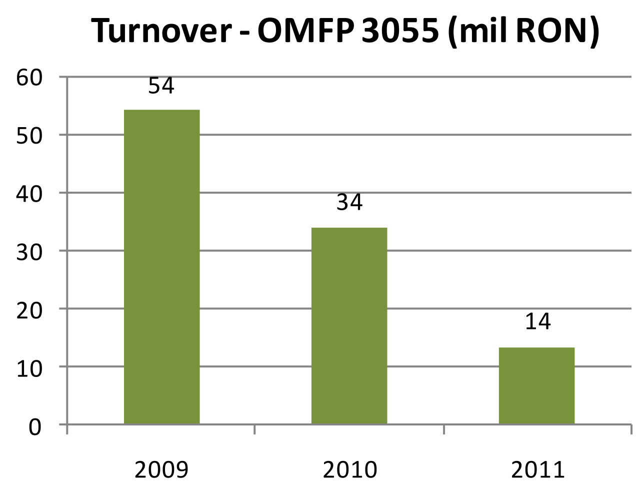
In the year 2011 the company revenues were subject to a decrease by 31% compared to 2010, because of the decrease of operational revenues.

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

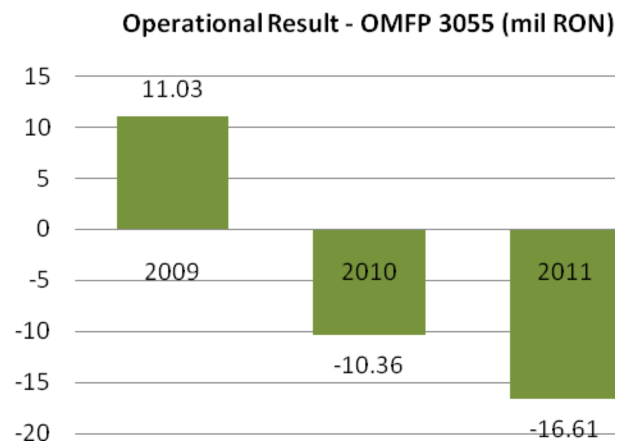


Turnover

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

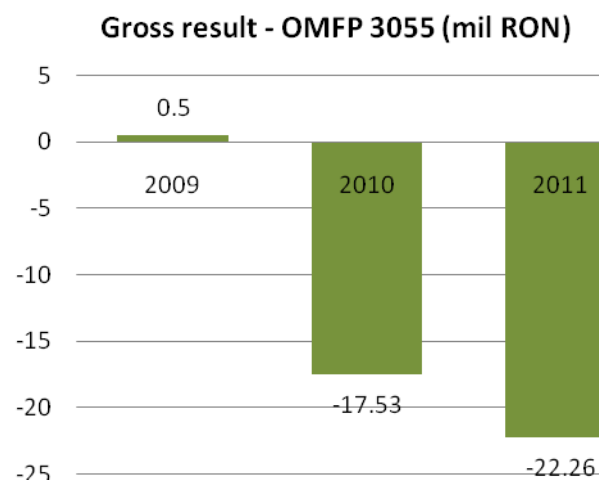


In the year 2011 there were terminated 39 sale-purchase contracts with a total amount of 15.6 mil RON, that had a negative impact upon the turnover.



Operational result

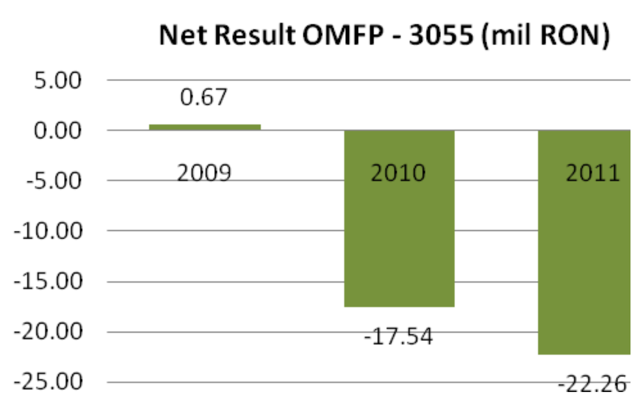
Even if the monthly average of the company sales was over the market average, the sale revenues did not cover the operational expenses, and the result was an operational loss of about 16.61 mil lei according to OMFP 3055.



Gross result

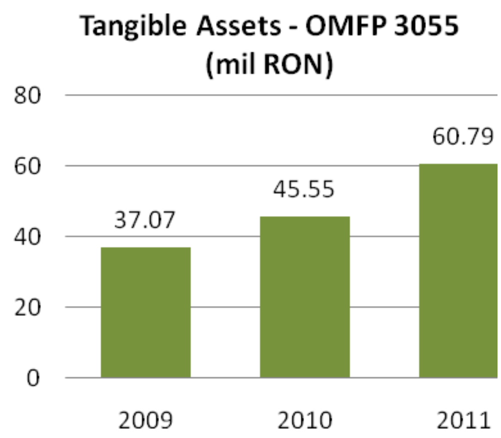
According to OMFP 3055 the gross loss registered in 2011 was of 22.26 mil RON following the record of the operational loss and of the financial loss. From the financial activity there resulted revenues of 15 mil lei (16% smaller than in 2010), but due to the financial expenses (interests and expenses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

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



Net result

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

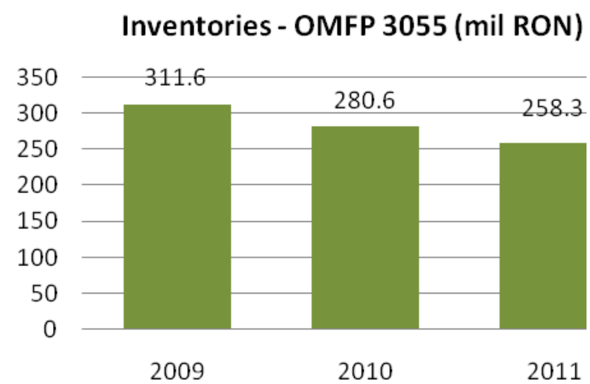


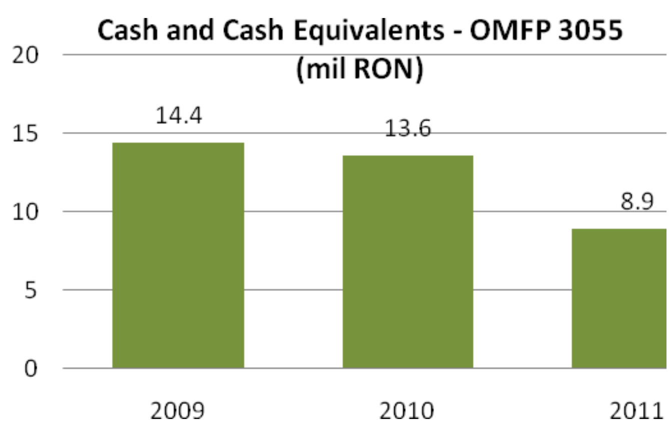
Tangible assets

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

Inventories

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





Cash and Cash Equivalents

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

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

Market value of assets – lands and finished buildings – in the property of Impact at the end of the year 2011 was of approximately 110 mil. EUR, 78% of these assets being situated in Bucharest.

Place of lands	sqm	Market value (mil. EUR)
Bucharest	741,666	75.66
Constanta	117,762	3.77
Ploiesti	20,432	0.13
Oradea	24,460	1.05
TOTAL	**904,320**	**80.62**

Place of building	Market value (mil. EURO)
Oradea	16.64
Bucharest	10.73
Constanta	1.67
Ploiesti	0.89
TOTAL	**29.93**

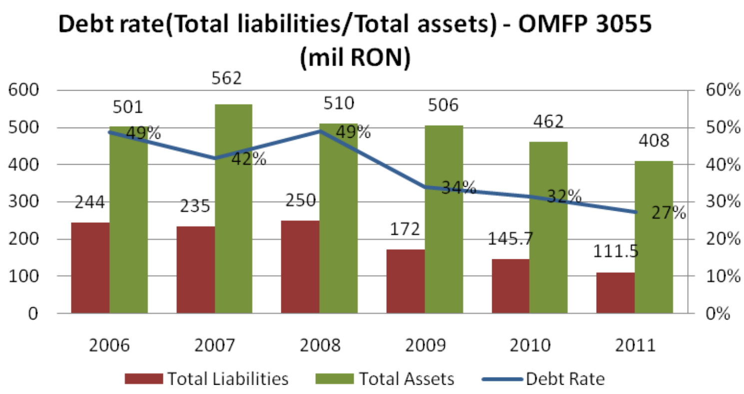
ECONOMIC FINANCIAL INDICATORS according to OMF 3055

PROFITABILITY AND RENTABILITY	**31.12.2010**	**31.12.2011**
Efficiency of capital employed		
Profit before interests and tax (A)	-11,035,847	-16,456,944
Capital employed (B)	414,451,192	361,524,158
A/B	**-2.66%**	**-4.55%**
Efficiency of equity		
Net profit (A)	-17,546,665	-22,261,046
Equity (B)	315,930,582	296,828,111
A/B	**-5.55%**	**-7.50%**
Total assets rate		
Profit before interests and tax (A)	-11,035,847	-16,456,944
Total assets (B)	461,659,952	408,352,467
A/B	**-2.39%**	**-4.03%**
Indebtedness degree		
Bank Loans (A)	95,210,170	62,155,173
Equity (B)	315,930,582	296,828,111
A/B	**0.30**	**0.21**

SOLVABILITY		
Debt rate		
Total liabilities (A)	145,729,370	111,524,356

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

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



Total debts

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

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

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

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

Share capital

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

Financial Statements Consolidated and Non-audited

	Note	31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,161	4,970
Investment property	3	60,997	70,086
Investments	4	552	1,236
Intangible assets		27	50
		66,737	**76,342**
Current assets			
Inventories	5	42,994	47,670
Trade receivables	6	11,341	13,939
Prepayments and other receivables	7	51	44
Cash and cash equivalents	8	2,121	7,742
		56,507	**69,394**
Total Assets		**123,244**	**145,736**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	9	56,846	57,340
Capital paid in excess of par value		19,455	19,683
Revaluation surplus		2,038	2,072
Accumulated result – profit		14,224	26,007
		92,564	**105,101**
Minority interest		**-7**	**21**
Non-current liabilities			
Borrowings	10	14,992	22,990
Deferred incomes	11	4,815	6,540
		19,807	**29,529**
Current liabilities			
Trade and other payables	12	4,072	4,626
Short term borrowings		0	0
Current portion of interest-bearing borrowings	10	6,248	5,956
Provisions		559	502
		10,879	**11,084**
Total Equity and Liabilities		**123,244**	**145,736**

	Note	2011	2010
Turnover	13	**2,267**	**6,169**
Effects from IAS 40 – revenue/(cost)	14	-8,207	-23,756
Other operating income	15	3,362	3,068
Change in inventory of finished goods and work in progress		-6,580	-5,293
Work performed by the enterprise and capitalised		5,816	2,454
Raw material and consumables	16	-714	-532
Staff costs	17	-392	-674
Depreciation and amortization expenses	18	-414	-474
Other operating expenses	19	-6,647	-8,334
Net finance cost	20	-1,588	-412
Income from associates		-8	293
Profit before tax		**-13,104**	**-27,492**
Income tax	21	1,673	3,856
Profit after tax		**-11,431**	**-23,636**
Minority interest		23	-3
Net profit for the period		**-11,408**	**-23,639**

Chairman of the BoD,

Dan Ioan Popp

Translation from Romanian language