

## **Change of Appropriation of the Proceeds from the Public Issue of Impel SA Shares**

### **Current Report No. 58/2004 of October 7th 2004**

Referring to the provisions of the Issue Prospectus (Chapter 1, Section 5.5.3) and the Current Report No. 45/2004, the Executive Board of Impel SA hereby reports that by virtue of the Executive Board's Resolution of October 6th 2004, the Executive Board of Impel SA decided to partially change the appropriation of the funds raised by the Company by way of the shares issue in 2003.

To date, the Company has spent, as originally planned, PLN 19.8m of the issue proceeds (on the acquisition of the following undertakings: Serviks Riga SIA – PLN 2.8m, GP Bis Sp. z o.o. – PLN 9.2m and BDH Serwis Sp. z o.o. – PLN 7.8m). The investments strengthened Impel's position on the cleaning services and security services markets. Currently, having analysed the present market situation, the Executive Board of Impel SA decided that it would be more favourable from the point of view of the implementation of the Company's business plans to transfer PLN 30.0m of the issue proceeds originally intended for market consolidation to the strengthening of the Company's current assets position.

These funds will be used to finance the organic growth and the ongoing Company restructuring process.

Financing of the organic growth will comprise investments in tangible and intangible fixed assets and financing of accounts receivable and stocks.

The expected restructuring costs will include severance pays, compensation for unused holiday leaves, and salaries and wages as provided for in the relevant agreements or arrangements, as well as other employee claims or costs of advisory and legal services related to the restructuring process. The basic assumptions of the restructuring process include enhancement of the sales development programme, in particular through conclusion of new contracts or improvement of operational effectiveness under the existing ones, reduction of management and administrative expenses, and creation of conditions for using these forms of public aid which are available under the existing legal framework.

Therefore, the Company plans to improve its margins by achieving higher effectiveness and reducing management and administrative expenses, which is designed to finally make the Company independent of salary and wage subsidies.

#### *Legal basis:*

*Art.81.1.2 of the Polish Securities Act and Chapter 1, Section 5.5.3, of the Impel SA Issue Prospectus.*