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Report on review of IMPACT DEVELOPER & CONTRACTOR SA interim financial statements, for the 6 months period ended June 30, 2011

To:

The Shareholders and Administrative Board of IMPACT DEVELOPER & CONTRACTOR SA

1. We have reviewed the attached interim financial statements of **Impact Developer & Contractor SA** ("Company"), which comprise: balance sheet as of June 30, 2011, income statement, statement of cash flows and statement of changes in equity for the period of 6 months ended to this date, as well as a synthetis of significant accounting policies and other explanatory notes drawn up in accordance with OMFP no 3055/2009 ("OMF 3055').

   The above-mentioned interim financial statements refer to:

	- Lei - **30 June 2011**
Total shareholder's equity	307,928,658
Net turnover	8, 170,249
Net result - loss	(8,001,924)

2. The Company's Management is responsible for the preparation and fair presentation of these interim financial statements so that these offer a true and fair view of the position and financial performance of the Company at the closing date of the interim reporting period and for that period, in accordance with OMF 3055. Our responsibility is to express an opinion on these interim financial statements based on our review.

3. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial statements performed by the independent auditor of the entity". A limited review of the interim financial statements consist of making inquiries of company's relevant personnel, primarily of the persons responsible for financial and accounting matters, as well as applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not

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enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not offer a true and fair view of the financial position of IMPACT DEVELOPER & CONTRACTOR SA as of June 30, 2011, and of its financial performance for the 6 months period ended to this date, in accordance with OMF 3055/2009.

Noteworthy matters:

5. Without qualifying our opinion, we draw attention to the following matters:

a) As a result of the financial crisis and of the global economic downturn, the Romanian real-estate market was subject to a significant fall also in 2011, with regard to the individual value of transactions as well as their volume. This trend has also become manifest in the case of Impact Developer & Contractor SA. The information available at the date of the present report does not allow us to estimate the future effects of these changes.
Our audit report on the company's financial statement for the year ended December 31, 2010, has also highlighted this matter.

b) As of january 2010, Romconstruct SA (Impact's subcontractor) has filed to Bucharest Court, district VII, a claim according to which Impact Developer & Contractor SA would have certain overdue debts to Romconstruct, and consequently asked for the opening of the insolvency procedure according to the law. The Bucharest Court decided to open the insolvency procedure as per Decision no 5061/2010. Impact Developer & Contractor has considered the Court Decision as illegitimate and, on the one hand, has appealed to the Bucharest High Court, adn on the other hand has filled a legal request for suspension of the Bucharest Court decision execution. The Bucharest High Court decided to suspend the execution of the Decision no 5061/2010 until the appeal adjudication, appeal which was admitted as irrevocably as of 28.04.2011.
Our audit report on the company's financial statement for the year ended December 31, 2010, has also highlighted this matter.

c) As presented in Note 4 to Company's financial statements for the year ended December 31, 2010, at that date the Company presented in the balance sheet receivables in an amount of 5,228,800 lei paid to Pasteur

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Institute and also paid stamp duty in an amount of 1,685,503 lei. In 2011, Impact Developer & Contractor SA has assigned the above-mentioned receivables to Sortway LTD for the amount of Euro 1,500,000. Our audit report on the company's financial statement for the year ended December 31, 2010, has also highlighted this matter.

d) As presented in Note 4 to the accompanying interim financial statements, the Company presents in the balance sheet receivables in amount of 17,729,957 lei from selling houses located in Europa Oradea residential complex. According to the company's management statements, those houses could not be paid by buyers due to the Oradea Local Council's denial to alienate the land on which the houses were build as per FN/06.07.2004 partnership agreement.
Our audit report on the company's financial statement for the year ended December 31, 2010, has also highlighted this matter.

e) As presented in Note 1 to the accompanying interim financial statements, Impact Developer & Contractor SA owns shares in Clearline Development & Management SRL (former Lomb SA) in an amount of 26,900,000 lei. During the year 2011, Lomb SA diminished its participation from 45,445,028 lei to 26,900,000 lei; the difference of 18,545,028 lei was repaied to Impact Developer & Contractor. Other changes have also taken place in Lomb SA structure, as follows: change of the legal form from SA (stock company) to SRL (limited liability company), change of the headquarters from Cluj District to Ilfov District and change of the name to Clearline Development & Management SRL.

f) As of June 30,2011 (and December 31, 2010), the balance sheet of Impact Developer & Contractor presents in the account „Work in progress" works related to Dealul Lomb Project, in a total amount of 4,008,222 lei. The work in progress is represented mainly by preliminary documentations (PUZ) and construction of roads for the Dealul Lomb Cluj Project and have been contracted through the agreement no 55432/04.07.2007 concluded between Impact SA and the Cluj's City Council as a preliminary condition for the setting-up of the company Lomb SA.
According to the management and lawyers (Vladescu Lucian Dan) estimations, there are significant chances that these costs to be recovered from City Council Cluj.
Our audit report on the company's financial statement for the year ended December 31, 2010, has also highlighted this matter.

g) As presented in Note 6 to the Company's interim financial statements, the Company will establish the net realizable value of finished goods – buildings presented in the financial statements at the year end in accordance with RO GAAP. Due to the fact that the company did not determined the net realizable value for the inventories mentioned above as of December 31, 2010 , our audit opinion on the Company's financial statements for the year ended December 31, 2010 was qualified – limitation of scope.

h) As presented in Note 4 to the Company's interim financial statements, during 2011, inspections of local tax authorities from Bucharest, 1st District and Constanta regarding the calculation and payment of local taxes due for buildings and land owned by the company were completed. Following these inspections, local tax differences to be paid of 400,000 lei were ascertained.

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Report related to other legal and regulation requirements

6. Considering the OMF 3055/2009 stipulations, we have also reviewed the Administrator's report issued at the same date as the accompanying financial statements.Following this review, nothing has come to our attention that causes us to believe that significant inconsistencies appeared between the administrator's report and the Company's financial statements prepared under the company's management responsibility.

7. The present auditor's report was prepared with a view to its use by the company and its shareholders gathered in General Meeting of Shareholders, according to the provisions of Law 31/1990 republished. To the fullest extent permitted by law, SCOT does not accept or assume liability to anyone other than the company or the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Bucharest,

August 10, 2011

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