

## Independent Audit Report

To,

### Shareholders and Board of Administration of the Company **IMPACT DEVELOPER & CONTRACTOR SA**

1. We audited the individual financial statements of the company **IMPACT DEVELOPER & CONTRACTOR SA** ("Company") enclosed which include: the statement of the financial position as of December 31<sup>st</sup>, 2012, the statement of the global result, the statement of changes in equity and the statement of cash-flow for the year ended at this date, and a summary of the significant accounting policies and other explanatory notes. The financial statements mentioned above refers to:

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	<u>December 31st, 2012</u>
Total Shareholders' Equity	326,121,387
Net Turnover	22,003,647
Net Result (loss)	(74,892,467)

### ***The Management's Responsibility for the Financial Statements***

2. The management is responsible for the fair preparation and presentation of these financial statements according to the International Financial Reporting Standards adopted by the European Union. This responsibility includes: conceiving, implement and maintain a relevant internal control for the preparation and fair presentation of the financial statements that are free of material misstatements due to either evasion or mistakes; selection and application of appropriate accounting policies; making reasonable accounting estimates for the giving circumstances.

### ***The Responsibility of the Auditor***

3. Our responsibility is to express an opinion on these financial statements based on our audit. Except for the matters described in paragraphs 5 and 6 we have conducted our audit according to the International Audit Standard as they were adopted by the Chamber of Financial Auditors of Romania. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.
4. An audit involves performing procedures to obtain audit evidence related to amounts and other disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including risks evaluation as the financial statements to present significant misstatements due to either evasion, or mistake. In making those risk assessments, auditor analysis the relevant internal control system in preparation and fair presentation of the financial statements of the company with the purpose of planning the proper audit procedures in the given



circumstances, but not with the purpose of expressing an opinion related to the effectiveness of the internal control of the company. During the audit, there is also evaluated the appropriateness of accounting policies used and the extent to which the accounting estimates made by the management are reasonable and the overall presentation of the financial statements. Except for the matters presented in paragraphs 5 and 6, we believe that the audit evidence we have obtained is sufficient adequate to form a basis for our audit opinion.

### ***The Scope Limitation***

5. For the litigations presented in Note 28 “Contingencies” point B2) to the financial statements, either we didn’t receive the confirmation of the company’s lawyers, or we received the confirmation but without the estimation of the result of these litigations. Without this information, we cannot appreciate that risks that could arise for the company and their possible impact on the financial position and performance of the company.
6. On December 31, 2012 we couldn’t express an opinion regarding the registering value of inventories of dwellings (Finished Products account), regarding to the registering value of its stake in the subsidiary ClearlineDevelopment SRL and therefore neither the profit and loss statement of the financial year ended on December 31<sup>st</sup>, 2013. If the company would have done the above balance sheet valuation, at the end of the year according to the accounting rules in force, there would have been possible the current result of the year 2011 to be different than the one presented in the financial statements as of December 31<sup>st</sup>, 2011.  
Even if in year 2012, the company registered allowance for impairments both for dwellings stock and for investments held in subsidiaries due to the current result of the year ended, since we could not determine the depreciation related to the retained earnings, we were unable to determine to what extent these adjustments affect profit and loss statement and/or retained earnings as of December 31<sup>st</sup>, 2012.

### ***Opinion***

7. In our opinion, except for the effects of the adjustments that might have been necessary if we have ensured on the aspects mentioned in paragraph 5 and except the possible effects of the limitations expressed on initial balances as they were presented at point 6, the financial statements of the company **IMPACT DEVELOPER & CONTRACTOR SA** gives a true picture of the position and financial performance as of December 31<sup>st</sup>, 2012 according to the International Financial Reporting Standards adopted by European Union and with the accounting policies described in the notes to the financial statements.

### ***Noteworthy Issues***

8. Without qualifying our opinion, we draw attention to the following issues:
  - a. As it is presented in Note 13 “Long term loans” at the financial statements as of December 31<sup>st</sup>, 2012, the company’s management started in January 2013 the negotiation/restructuring/rescheduling of debt with the main banks the company has loans with, respectively Piraeus Bank and Banca Romaneasca.
  - b. As it is presented in Note 6 paragraph “Participations held in affiliated entities”, in 2012 the board of director of Impact, respectively at Clearline Development SRL decide to reduce the share capital of



ClearlineDevelopment SRL from 26,900 thousand lei to 22,400 thousand lei, respectively to reduce the share capital of Actual Invest House SRL from 11,005 thousand lei to 8,105 thousand lei, decreased which resulted partially with cash refund to Impact, partially compensated debt previously recorded in other transactions.

- c. As it is presented in Note 6 paragraph "Participations held in affiliated entities" and in Note 8 – Inventories, Impact holds a participations in amount of 2,329,020 lei (45%) in Millenium Consult Invest 2002 SA, the developer of the Business Support Center – Greenfield 2 project, which is co-financed with European Regional development Fund, the Regional Operation Program and it has made investments (services and work in progress) in amount of 3,129,378 lei in the above mentioned project. In March 2013, there is signed the financing contract under the Regional Operational Program 2007-2013 Priority Axis 4
9. Considering the provisions of Ministry of Finance Order 1286/2012, we revised the administrator's report issued at the same date with the attached financial statements. Following this review, we have not identified any aspect indicating significant inconsistencies between the administrators' report and the attached financial statements prepared under the management's responsibility.
10. The current Auditor's report was prepared in order to be used by the Company and its shareholders gathered in GMS according to the provisions of Law 31/90 republished. At the extend of the law, RMS SCOT doesn't accept and it doesn't take any liability to a third parties, other than the company and the GMS, regarding its audit and its opinions.

**Dan Schwartz**

**Managing Partner**

Member of CFAR (no. 404/09.12.2000)

In the name of the company

RMS Scot SRL

Member of CFAR (no. 322/31.05.2001)

April 11, 2013

Bucharest