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Independent auditors' report

(free translation[1])

To the shareholders of
Impact Developer & Contractor S.A.

Report on the Individual Financial Statements

1 We have audited the accompanying individual financial statements of Impact Developer & Contractor S.A. ("the Company"), which comprise the individual statement of financial position as at 31 December 2013, the individual statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the individual financial statements, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Individual Financial Statements

2 Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments, and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3 Our responsibility is to express an opinion on these individual financial statements based on our audit. We conducted our audit in accordance with the standards on auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the individual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

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Fiscal registration code
RO12997279
Trade Registry
no.J40/4439/2000
Share Capital 2,000 RON

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the individual financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6 As at 31 December 2012, the Company was involved in litigations for which the Company's management did not perform an assessment as to whether any provisions would be required in the individual financial statements for the year ended 31 December 2012. Two of the litigations were settled in 2013 and the Company recorded a net loss of 8,400,719 lei which is included in *Other operating expenses* in the individual statement of profit or loss and other comprehensive income. We were unable to determine whether any adjustments might be necessary to the amounts shown in the individual financial statements for *Provisions for risks and charges*, *Trade and other receivables*, *Trade and other payables* and *Retained earnings* as at 31 December 2012 and *Other operating expenses* and *Net loss* for the years ended 31 December 2012 and 31 December 2013.

7 As at 31 December 2011, the Company's management did not perform an assessment to determine whether any adjustments might be necessary to the carrying value of inventories (completed residential properties) to their net realizable value although there were indications that the carrying value of these inventories of 43,906,653 lei was higher than their net realizable value. The effects of this departure from the Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments, on *Impairment of assets, other than investment property* for the year ended 31 December 2012 have not been determined. As at 31 December 2012, the Company's management performed an assessment of the net realizable value of these inventories (completed residential properties) and recorded an expense of 14,673,701 lei as *Impairment of assets, other than investment property* in the individual statement of profit or loss and other comprehensive income to decrease the carrying value of these inventories to their net realizable value. Our opinion on the current period's individual financial statements is modified because of the effect of this matter on the comparability of the current period's figures and the corresponding figures.

8 As at 31 December 2011, the Company's management did not perform an impairment test in respect of an investment in a subsidiary, in amount of 26,900,000 lei, although there were impairment indicators. The effect of this departure from the Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments, on *Impairment of assets, other than investment property* for the year ended 31 December 2012 have not been determined. As at 31 December 2012, the Company's management assessed and recorded an impairment loss of 6,599,369 lei (*Impairment of assets, other than investment property*) related to the investment in the subsidiary. Our opinion on the current period's individual financial statements is modified because of the effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified Opinion

9 In our opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* paragraph 6 and except for the effects on the corresponding figures for 31 December 2012 of the matters described in the *Basis for Qualified Opinion* paragraphs 7 and 8, the individual financial statements give a true and fair view of the individual financial position of the Company as at 31 December 2013, and of its individual financial performance and its individual cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments.

Other Matters

10 This independent auditors' report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for the report on the individual financial statements and the report on conformity or for the opinion we have formed.

11 The individual financial statements of the Company as at and for the year ended 31 December 2012 were audited by another auditor, who expressed a qualified opinion on those statements on 11 April 2013 due to:

a) The risks and possible impact on the individual financial statements as at 31 December 2012 of not receiving confirmations from the Company's lawyers or for not receiving an estimation of the results of litigations; and

b) The possible effects on the individual financial statements of not performing an evaluation of inventories consisting of residential properties and investment in a subsidiary as at 31 December 2011;

and drew attention to the following matters disclosed in the notes to the individual financial statements of the Company as at and for the year ended 31 December 2012:

a) Note 13 – the Company's management initiated in January 2013 renegotiations/ restructuring/ rescheduling of the loan facilities concluded by the Company with Piraeus Bank S.A. and Banca Romaneasca S.A.;

b) Note 6 – during 2012 the Board of Directors of the Company and the Board of Directors of one subsidiary decided to decrease the share capital of two subsidiaries;

c) Note 6 and Note 8 – as at 31 December 2012 the Company held shares in amount of 2,329,020 lei (45%) in Millenium Consult Invest 2002 S.A., which had recorded construction in progress of 3,129,378 lei in relation to a project co-financed by the European Fund for Regional Development through the Regional Operational Program, "Centre for Business Support – Greenfield 2". In March 2013, the financing agreement between the Ministry of Regional Development and Public Administration through Ilfov Regional Development Agency and Millenium Consult Invest 2002 S.A. was concluded;

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d) Note 5 – as at 31 December 2012, the Company had recorded an advance payment in amount of EUR 195,000 to an individual for the acquisition of a plot of land. In October 2012, the Company negotiated a settlement with the individual to receive, in exchange of the advance payment, shares held by the individual in a real estate business;

e) Starting 2012, the Company prepares individual financial statements in accordance with the Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments. In this context, the Company has prepared, for presentation purposes, financial statements in accordance with International Financial Reporting Standards for the years 2011 and 2010.

Report on conformity of the Report of the Board of Directors with the Individual Financial Statements

In accordance with the Order of the Minister of Public Finance no 1286/2012 and related amendments, article 16, point 1 of the accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market, we have read the Report of the Board of Directors accompanying the consolidated financial statements and presented from page 1 to 22. The Report of the Board of Directors is not a part of the individual financial statements. In the Report of the Board of Directors we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying individual financial statements.

Refer to the original signed Romanian version

For and on behalf of KPMG Audit SRL:

Mikael Olsson

registered with the Chamber of Financial Auditors of Romania under no 662/2001

KPMG Audit SRL

registered with the Chamber of Financial Auditors of Romania under no 9/2001

Bucharest, 2 April 2014