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Independent auditors' report

(free translation[1])

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

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

2 Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 these consolidated financial statements as at and for the year ended 31 December 2012. Two of the litigations were settled in 2013 and the Company recorded an expense of 8,400,719 lei which is included in *Other operating expenses* in the consolidated 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 consolidated 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 (the completed residential properties, utilities networks and residential properties under development) to their net realizable value although there were indications that the carrying value of these inventories of 60,944,254 lei was higher than their net realizable value. The effects of this departure from the requirements of IAS 2 *Inventories* 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, utilities networks and residential properties under development) and recorded an expense of 18,814,378 lei as *Impairment of assets, other than investment property* in the consolidated 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 consolidated 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

8 In our opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* paragraph 6 and except for the effect on the corresponding figures for 31 December 2012 of the matter described in the *Basis for Qualified Opinion* paragraph 7, the consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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Other Matters

9 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 consolidated financial statements and the report on conformity or for the opinion we have formed.

10 The consolidated 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 26 August 2013 due to:

a) The risks and possible impact on the consolidated 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 consolidated financial statements of not performing an evaluation of inventories consisting of residential properties and construction in progress related to Dealul Lomb as at 31 December 2011;

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

a) Note 23 – during 2013 there have been significant changes both in the shareholding structure of and in the management of the Company;

b) Note 9 – 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.;

c) Note 24 – 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". Although the financing agreement was signed in March 2013, in June 2013 the shareholders of Millenium Consult Invest 2002 S.A. decided to discontinue the project;

d) Note 25 – one litigation with a supplier was settled in June 2013;

e) Note 23 – the Company has settled litigations with two individuals;

f) Note 22 – the Company had recorded an advance payment of EUR 195,000 to an individual for 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. This transaction was finalized in July 2013;

g) Starting 2012, the Company prepares individual financial statements in accordance with the Order of the Minister of Public Finance no. 1286/2012 and, accordingly, the consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards for 2012 and also, for comparability purposes, for 2011.

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Report on conformity of the Consolidated Report of the Board of Directors with the consolidated financial statements

In accordance with the Order of the Minister of Public Finance no 1286/2012 and related amendments, article 30, point c of the accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are traded on regulated markets, we have read the Consolidated Report of the Board of Directors accompanying the consolidated financial statements and presented from page 1 to 22. The Consolidated Report of the Board of Directors is not a part of the consolidated financial statements. In the Consolidated 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 consolidated financial statements.

Refer to the original signed Romanian version

For and on behalf of KPMG Audit S.R.L.:

Mikael Olsson	**KPMG Audit SRL**
registered with the Chamber of Financial Auditors of Romania under no 662/2001	registered with the Chamber of Financial Auditors of Romania under no 9/2001

Bucharest, 2 April 2014