



Scot & Company Consulting s.r.l.

Auditors • Accountants • Tax advisors

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Report of the Independent Auditor

To:

The Shareholders and Administrative Board of IMPACT DEVELOPER & CONTRACTOR Group

1. We have audited the attached consolidated financial statements of Impact Developer & Contractor SA and its subsidiaries ("the Group"), which comprise: the consolidated balance sheet as of 31 December 2010, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year closing on that date, as well as a synthesis of significant accounting policies and other explanatory notes. The above-mentioned financial statements refer to:

	- thousands euro - 31 December 2010
Total shareholders' equity	105,101
Net turnover	6,169
Net result-loss	(23,639)

Management responsibility for financial statements

- 2 The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the 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 issues presented in paragraph 5, 6 and 7, we conducted our audit in accordance with the International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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. 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

5. During 2010, Impact Developer & Contractor SA was subject of several tax inspections regarding the way of constitution and payment of local taxes due for buildings and land held by the company, without any finalization of these tax inspections. By the date of our report, the tax and accounting records of the company as far as these local taxes are concerned have not been confirmed by all tax authorities (in this respect, please see the document issued by DGITL District 1, no.1328482/23.03.2011). Because the local taxes represent significant amounts in the consolidated financial statements drawn up by the group an, taking into account that, local taxes are calculated differently from one tax authority to another in the Fiscal Code limits, we consider that, in the lack of some final tax authorities reports, we have not been able to satisfy ourselves that the debts to the local budgets have been correctly



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determined with regard to building and land tax, and consequently we cannot express any opinion on the costs and related liabilities as of the end of 2010.

6. As the company didn't establish the net realizable value through valuation reports issued by independent evaluators for all inventories presented in financial statements as of December 31, 2010, we have not been able to satisfy ourselves that inventories (finished goods – buildings) are presented at minimum between cost and net realisable value. Consequently we cannot express any opinion on the valuation of those inventories and nor on the possible effect on company's performance of the results of such valuations.

7. The Group shows in the consolidated financial statements as of December 31, 2010, investments in SCS Fotbal Club Universitatea Cluj of 692 keuro. Due to the fact that the Financial Statements as of December 31, 2010 issued by SCS Fotbal Club Universitatea Cluj were not available to us, and we have not been able to satisfy ourselves that the investment in SCS Fotbal Club "Universitatea Cluj" is fully recoverable, we cannot estimate the future benefits obtained upon this participation, consequently we cannot express any opinion on the fair value of the above-mentioned investment and on the possible impact on the company's financial result.

Opinion

8. In our opinion, with the exception of the effects of adjustments that might have been ascertained as being necessary if we had been able to ensure ourselves as to the issues mentioned in paragraphs 5, 6 and 7, the consolidated financial statements give a true and fair view of the consolidated financial position of **IMPACT DEVELOPER&CONTRACTOR SA** and its subsidiaries as of December 31, 2010 and of the results of the group's operations and its cash flow for the year then ended in accordance with International the Financial Reporting Standards and the accounting policies described in the notes to the consolidated financial statements.

Noteworthy issues

9. Without qualifying our opinion, we draw attention to the following issues:

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 in 2010 compared to the previous years 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 and its subsidiaries. The information available at the date of the present report does not allow us to estimate the future effects of these changes.

b. As of 31 December 2010, the group presents in the balance sheet receivables in an amount of Euro 1,220 keuro paid to Pasteur Institute and paid stamp duty to the sum of 440 keuro. Although these sums originate from the year 2007 and have been the object of two court cases in varying stages of resolution, the estimates of the G. Florea independent firm of lawyers are optimistic with regard to recouping the advance and the stamp duty paid, as well as to receipt of the damages plus interest stipulated in the sales-purchase ante-contract. In this respect, on March 24, 2011 Bucharest Court admitted the company's action (with the right of appeal) and ordered the termination of the pre-sale contract concluded between Impact and Pasteur Institute and repositioning of the parties in the previous situation. The court obliged Pasteur Institute to reimbursement of both the down payment in amount of 1,220 keuro and the duty stamp in value of 440 keuro.

c) As of December 31, 2010 The Group presents in the consolidated financial statements work and services in progress in total amount of 4,562 keuro representing investments in Dealul Lomb project (PUZ, roads, water and electricity networks etc). A part of these investments was established through the framework agreement concluded



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between Impact SA and City Council Cluj and was realized by Impact Developer & Contractor as a previous condition of setting-up of Lomb SA and the other part of investments was realized directly by Lomb SA. According to the management and lawyers estimations there are significant chances that these costs to be recovered from City Council Cluj.

d) For several litigations as presented in Note 24 to the financial statements, we have received no confirmation from the company's lawyers, Traian Briciu, Silvan Gavenea, Domocos Golea, Diana Moldovan, Iuliana Dobre and Dan Vladescu.

10. 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, we do 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.

Scot & Company Consulting SRL
CAFR member (no. 322/31.05.2001)

16 May 2011
Bucharest

