



2010

# ROMREAL ANNUAL SHAREHOLDERS REPORT

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## CEO's Statement

*Dear Shareholders,*

RomReal has during 2010 operated in a difficult market environment as the Romanian economy has been highly affected by the aftermath of the worldwide financial crisis. The Romanian real estate market continues to show a low activity volume with no visible improvement and there are still no signs that the market will improve anytime soon. Furthermore, assessing the prospects of the sector continues to be a difficult task as the market has not reached an equilibrium yet.

In this context, RomReal has focused on a threefold strategy that meets the objectives set in the beginning of the year of maintaining and improving the Company's cash position.

### **Releasing some of the value of the investment portfolio**

These efforts have been successful in 2010; the company sold one of its plots, the Bus Station, located in Constanta, with a size of 5,437 sqm. From the total proceeds, an amount of EUR 2.1 million has been used to partially repay the loan to Alpha Bank, as part of the overall loan extension discussions with the bank.

In order to release cash from the value of its land bank, RomReal is actively looking for potential investors to further divest some of its plots. However, this is still a difficult task as investment activity in the local real estate market is low. Following the effects of the VAT rate hike, the construction activity remains slightly below the level of 2007.

### **Restructuring Debt**

The proceeds, of EUR 2.1 million, from the sale of the 'Bus Station' were used to partially repay the loan to Alpha Bank as part of a wider discussion with the lender to extend the maturity of the loan. During Q4 2010, the company has signed an extension to the loan agreement with Alpha Bank to prolong the maturity of the loan for another 2 years until 30 November 2012. The Company has made an advance payment of interest for the remaining loan up to November 2012.

### **Complete cash collection from the completed Corallia project**

At the date of 2010 all 37 apartments of the Corallia development and all of the four commercial areas have been sold and the Company has won arbitration with a client failing to meet his commitments. Therefore, the apartment has been repossessed and is currently being offered for sale. During 2010, receivable collections from sales of apartments amounted to EUR 0.19 million, with the cash collections continuing for the apartments where instalment payment was agreed. At the end of 2010, the estimated receivables outstanding in this respect amounted to EUR 0.45 million.

### **Outlook**

In terms of land transactions, 2010 brought a slight revival and we expect this trend to have a mild continuation in 2011. The transactions are very few and the market is witnessing the retail companies, mainly supermarket chains, to be the ones buying assets and scouting the market. However, 2010 included the first major office investment transaction in the past two years, the acquisition of the Floreasca Business Park. Total investments for 2010 are estimated at just over EUR

300 million and analyst expect that this figure will more or less reflect the investment appetite in 2011.

The Company has worked very hard over the last year to adjust operations to reflect the current market conditions. Strict measures have been implemented in order to preserve the value of the Company's assets and cash position. The Company's strategy remains in line to its commitment to a further consolidation of the cash position through asset divestment.

I would like to thank our team for their dedication and hard work during 2010.



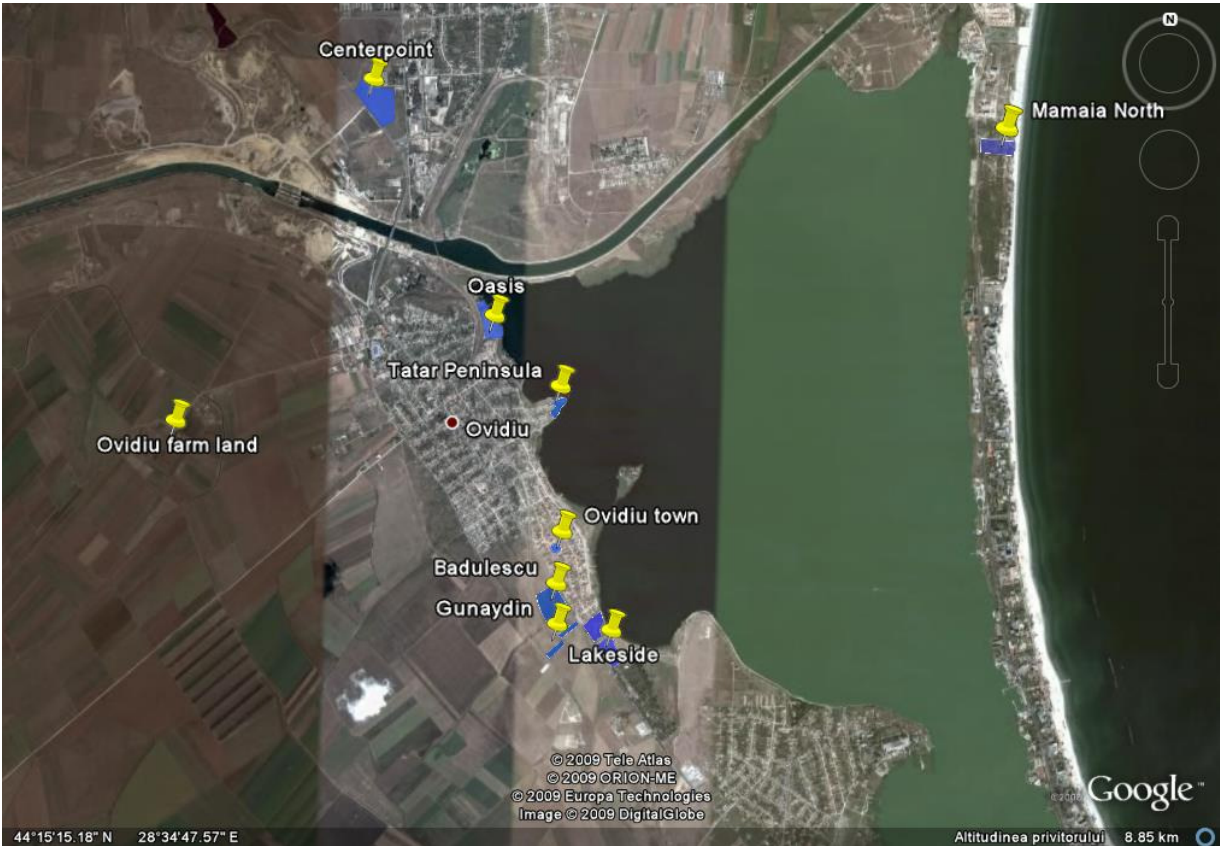
**Kay T. Thorkildsen**  
**Chief Executive Officer**

## Plot Overview

(31.12.2010)

#	PLOT	LOCATION	DESCRIPTION
1.	Ovidiu Lakeside	Constanta North / Ovidiu	<b>Plot size: 61,433 sqm</b> <ul style="list-style-type: none"> <li>• On the shore of Siutghiol Lake</li> <li>• Extraordinary view to Mamaia and the Black Sea</li> <li>• Residential development</li> </ul>
2.	Badulescu	Constanta North / Ovidiu	<b>Plot size: 50,000 sqm</b> <ul style="list-style-type: none"> <li>• On Constanta to Bucharest road</li> <li>• Potential for residential or office development</li> </ul>
3.	Tatar Peninsula	Constanta North / Ovidiu	<b>Plot size: 9,965 sqm</b> <ul style="list-style-type: none"> <li>• View towards Mamaia and Siutghiol Lake</li> <li>• Potential for residential development</li> </ul>
4.	Ovidiu Town	Constanta North / Ovidiu	<b>Plot size: 4,641 sqm</b> <ul style="list-style-type: none"> <li>• Residential area</li> <li>• Potential for residential development</li> </ul>
5.	Oasis	Constanta North / Ovidiu	<b>Plot size: 25,527 sqm</b> <ul style="list-style-type: none"> <li>• Construction Permit and PUD obtained for Oasis Residences</li> <li>• Residential development</li> </ul>
6.	Centerpoint	Constanta North / Ovidiu	<b>Plot size: 122,350 sqm</b> <ul style="list-style-type: none"> <li>• Potential for commercial development</li> <li>• Close to Int. Airport and Bucharest-Constanta highway</li> </ul>
7.	Gunaydin	Constanta North / Ovidiu	<b>Plot size: 15,000 sqm</b> <ul style="list-style-type: none"> <li>• Near to Constanta-Ovidiu ring-road</li> <li>• Potential for commercial development</li> </ul>
8.	Mamaia North	Mamaia Resort	<b>Plot size: 56,167 sqm</b> <ul style="list-style-type: none"> <li>• One of the largest development sites on the Black Sea coast</li> <li>• Potential for mixed use development</li> </ul>
9.	Balada Market	Central Constanta	<b>Plot size: 7,188 sqm</b> <ul style="list-style-type: none"> <li>• The plot area is close to the city centre</li> <li>• Potential for mixed use development</li> </ul>
10.	Carrefour	Constanta	<b>Plot size: 15,000 sqm</b> <ul style="list-style-type: none"> <li>• Industrial and warehouse area</li> <li>• Located near a new retail development</li> </ul>
11.	Morii Lake	Bucharest / District 6	<b>Plot size: 11,716 sqm</b> <ul style="list-style-type: none"> <li>• The plot is open to Morii Lake</li> <li>• Construction Permit and PUD obtained for 50,000 sqm</li> </ul>
12.	Hospital	Bucharest / District 5	<b>Plot size: 13,263 sqm</b> <ul style="list-style-type: none"> <li>• Long-term development site</li> </ul>
13.	Brasov	Central Brasov	<b>Plot size: 4,127 sqm</b> <ul style="list-style-type: none"> <li>• Very close to a forest</li> <li>• Potential for residential development</li> </ul>
14.	Un-zoned Land	Constanta	<b>Plot size: 865,062 sqm</b> <ul style="list-style-type: none"> <li>• Long-term development opportunity</li> </ul>
			<b>Total Plot size: 1,261,439</b>

Location: Highlight of main RomReal plot locations (Constanța, Constanța North, and Ovidiu)



## The Investment Portfolio

Total size of the Company's Investment Portfolio ("Land Bank") was reduced following the sale of one of the company's plots, reaching a total of 1,261,439 sqm at the end of Q4 2010.

During the period, the company has divested one of its plots, the Bus Station plot located in central Constanta, with a size of 5,437 sqm. The proceeds of EUR 2.1 million were used to partially repay the loan to Alpha Bank, as part of the overall restructuring of the loan which also extended the maturity for another 2 years. The Company has made an advance payment of interest for the remaining loan up to November 2012.

With the latest asset write-down at the end of the period, the book value of RomReal's land bank is now roughly 70% lower than it was at the peak of the market in early 2008. On this background it is reasonable to believe that most of the economic downturn now has been factored into the valuation prices.

## Corallia Development Cash Collection

The Corallia apartment building is located in the exclusive area of Mamaia, Constanta, just at the start of Mamaia Boulevard. Corallia is located close to the beach, and the Mamaia area is visited by thousands of tourists during the summer. With 37 high quality apartments and 4 commercial areas, Corallia is an attractive building located in the middle of the pulsating Mamaia atmosphere.

Corallia was completed at the end of the third quarter 2009, somewhat after the initial schedule of June 2009. The delay was mainly due to some disagreements with the construction company which led to a standstill in the construction process for about 3 months.

At the date 2010 all 37 apartments of the Corallia development and all of the four commercial areas have been sold. However, with one client there were arbitration procedures ongoing, this being resolved during the fourth quarter in favour of the Company. Therefore, the apartment has been repossessed and is currently being offered for sale.

The Company continues to focus on the cash collections from the project as during 2010, receivable collections from sales of apartments amounted to EUR 0.19 million, with the cash collections continuing for the apartments where instalment payment was agreed. At the end of 2010, the estimated receivables outstanding in this respect amounted to EUR 0.45 million in cash collections, which so far in 2011 have developed according to schedule.

## Market Overview

Constanta, with a population of over 345,000, is the administrative centre of the county with the same name. It is the third largest city in Romania and the largest city in the South East of the country, an important EU development region. Situated at the crossroads of several commercial routes, Constanta lies on the western coast of the Black Sea, about 300 km from the Bosphorus Strait and 50 km from the Danube River. It also has a multi-functional naval port, which is the largest on the Black Sea coast and fourth largest in Europe. Constanta is now an important cultural and economic centre, with its historical monuments, museums, and beach resorts attracting thousands of Romanian and foreign visitors each year.

## **Infrastructure**

### *Motorway to Bucharest*

The construction of the A2 Bucharest-Constanta motorway forms a key part of the Romanian government's strategy to improve the country's transport infrastructure. It currently extends from Bucharest to Cernavodă, approximately 50 km from Constanta. The final stretch is due to be completed by early 2012 and will reduce the journey time between Bucharest and Constanta to approximately two hours. It will also improve freight transport significantly as the existing road has limited capacity for large vehicles.

### *Constanta ring road*

Work is currently underway on the new Constanta ring road, a 23 km perimeter road connecting Agigea, Bucharest and Ovidiu (north of Constanta) aimed at reducing heavy traffic congestion. The ring road is partly funded by the European Bank for Reconstruction and Development (EBRD) and is expected to open in spring 2012.

### *Port development*

Constanta Port is the main Romanian port and ranks among the top 10 European ports. The EU and other public bodies have invested largely in the modernisation and development of the port. Work is also underway to upgrade links with the Danube River. There is currently a canal link from Constanta to the Danube which creates a feeder traffic transfer point at the port.

### *Railway connections*

There are daily trains to/from Bucharest, Iasi, and Suceava. Trains to/from other major cities in Romania and destinations in Europe connect in Bucharest. Railway connections are currently being upgraded which will significantly reduce the journey time between Constanta and Bucharest to between 1.5 and 2 hours. The rail route will also facilitate container and other bulk traffic. In the summertime, there are several daily trains with services every half-hour between Constanta and Mangalia (further South along the coast), stopping at all the Black Sea resorts along the way.

### *Airport*

The following companies operate services from Constanta International Airport (Mihail Kogalniceanu): Air Berlin, Blue Air, Blue Line, Carpatair, Ryanair, Luxair. While Carpatair and Ryanair offer year-round regular flights, the others mainly cater to summer season charter flights. The airport also serves as an important base for US military forces.

## **Municipal projects**

The local government is continuing to work on municipal development projects in Constanta. These include measures to enhance tourism, attract future investment, consolidate urban infrastructure, ease traffic congestion and overall transform Constanta into a modern European city. In the current market environment this kind of project activity have been somewhat reduced.

### **Sources of Information:**

[www.romaniatourism.com/constanta](http://www.romaniatourism.com/constanta)

<http://wikimapia.org>

[www.portofconstanza.com](http://www.portofconstanza.com)

[www.bser.eu](http://www.bser.eu)

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/evaslrat\\_tran/romania.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/evaslrat_tran/romania.pdf)

<http://www.mk-airport.ro/>

## **RomReal Ethical Policy**

### **Introduction**

RomReal aims to bring Western standards of development to the Romanian real estate market. In doing so, we believe we are improving the quality of life for all residents, and delivering an environment which is both cost and energy efficient to live in.

### **Energy**

From initial site surveys, through to the specification of fixtures and fittings, we aim to identify the most energy-efficient solutions. We are seeking more intelligent and sustainable approaches to building design, construction and materials.

### **Water**

All of our developments consider ways in which water usage can be reduced, both during construction and occupancy. Where possible, we specify ways of increasing the efficiency of water usage within the infrastructure of our developments, delivering responsibility and cost-efficiency.

### **Materials**

We select all of our construction materials carefully. We aim to protect natural resources and reduce carbon emissions, thereby contributing to a healthy environment for the residents in all of our developments.

### **Waste**

RomReal is aware of the need to reduce and manage waste across our operations. We also support and encourage residents in their own recycling efforts.

### **Transport**

In all parts of RomReal's operations we aim to avoid excessive use of high emission transportation. Employees are encouraged to use public transport or even more environmentally friendly alternatives like walking or biking.

### **Landscaping**

From the beginning of every project we look for ways to create a landscape which uses existing resources intelligently and efficiently.

### **Community**

From introducing improvements to the local infrastructure to including spaces for socialising and local amenities, we aim to build sustainable communities for everyone.

### **Healthy Living**

RomReal recognises our responsibility to support healthy lifestyles and meet the needs and aspirations of residents. We seek to maximise the natural benefits of sunlight, daylight and open space within each of our developments.

### **Education**

RomReal seeks to deliver sustainable development through its ethical policy and working practices. Our terms of reference include requirements for economic and social progress at a local level. We are proud to have supported educational initiatives, both those that spread best practice in sustainable development, and those that enhance the local educational infrastructure in general. We see ourselves

as an enduring partner for the region, and want to create lasting improvements that raise standards of living and employment for the next generation.

## Corporate Governance

RomReal Ltd (RomReal) is focused on practising good corporate governance, which will strengthen confidence in the group and thereby contribute to the best possible long-term value creation to the benefit of the shareholders, the employees and other stakeholders. The purpose of its principles for corporate governance is to regulate the division of roles between shareholders, the Board and the executive management more comprehensively than is required by legislation.

The Norwegian code of practice for corporate governance (the code) has been issued by the Norwegian Corporate Governance Board (NCGB). It builds on the principle of “comply or explain”, whereby companies must either comply with the code or explain why they may have chosen an alternative approach. It also requires the Company’s report on its corporate governance to address all 15 sections of the code. The Oslo Stock Exchange stipulates that listed companies must provide an overall presentation of their corporate governance principles in accordance with the applicable code, and that this must be included in their annual report. RomReal’s principles for corporate governance are based on the recommendation of 21 October 2009, which can be found at [www.nues.no](http://www.nues.no).

### 1. Implementation and reporting on corporate governance

Confidence in its management and business are crucial for RomReal’s present and future competitiveness. The group practices open management, and thereby builds trust both in-house and externally.

The Board of RomReal is responsible for implementing sound corporate governance principles in the group. RomReal’s corporate governance does not deviate from the requirements of the code in any significant way which requires more detailed explanation. Relations between owners and the group will be characterised by respect for the owners, good and timely information, and equal treatment of shareholders. The ethical guidelines observed by RomReal reflect its values base; please see separate Ethical Policy Section.

### 2. Business

The primary activity of the Company is to own, manage and develop its land bank assets.

A detailed presentation of RomReal’s business as well as its goals and strategies is included in the annual report and continuously updated on the group’s website.

### 3. Equity and dividends

RomReal aims to maintain a solid equity and good liquidity.

#### Dividend

When considering its proposal for a dividend, the executive management and the Board will take account of the following considerations:

- RomReal should be a solid company with a good equity ratio
- RomReal should have adequate reserve liquidity in the form of bank deposits or credit facilities.

Major investments will normally be funded through new financing in the form of debt, share capital or a combination of these.

#### **4. Mandates for share issues and repurchases**

In the Board's view, mandates from the general meeting to increase the share capital should be limited to defined purposes and remain valid for no longer than a year. The general meeting should therefore consider Board mandates to increase the share capital separately for each purpose, rather than awarding an umbrella mandate. The Board also believes that mandates to purchase the company's own shares must remain valid for a period no longer than until the next annual general meeting.

#### **5. Equal treatment of shareholders and transactions with close associates**

##### *Equal treatment*

RomReal has a single share class, and each share carries one vote. Shareholders will be treated equally unless qualified grounds exist for an alternative approach. Efforts will be made to conduct possible transactions by the Company in its own shares through the stock exchange or in other ways at prevailing stock exchange prices.

##### *Transactions with close associates*

RomReal's routines specify that, in general, no transactions should be conducted between the group and its shareholders, Directors, senior executives or their close associates. Should any of these have an interest in a transaction involving the group, the Board must be informed and take up the matter for consideration if necessary. Unless the transaction is insignificant, the Board will secure third-party assessments of the transaction and otherwise assure itself that no form of unfair treatment of shareholders, elected officers, employees or others is involved.

#### **6. Freely negotiable shares**

RomReal's articles of association place no restrictions on transferability, and its shares are freely negotiable. RomReal received a listing on the Oslo Stock Exchange's Oslo Axess list on 11 June 2007.

#### **7. General meetings**

The general meeting is the Company's highest authority. RomReal will facilitate the participation of as many shareholders as possible at the general meeting, and ensure that it functions as an effective meeting place for the shareholders and the Board so that the owners can exercise their rights.

Notice of the meeting and supporting documents will be prepared in good time before the meeting is to take place, and posted on the company's website. The documents will be sent to all shareholders with a known address in the Norwegian Central Securities Depository (VPS) in good time before the general meeting takes place.

Shareholders unable to attend in person will be given an opportunity to vote by proxy. The company will provide information on the procedure for appointing a proxy or appoint a person who can act as proxy for the shareholder.

Representatives of the Board will attend the annual general meeting, together with representatives of the executive management.

The Board determines the agenda for the general meeting. The main items on the agenda comply with the requirements of the Public Limited Companies Act as well as the parent company's articles of association. As recommended by the code, each general meeting appoints a person to act as its independent chair. Minutes of general meetings are published on [www.romreal.com](http://www.romreal.com) and on the Oslo Stock Exchange website at [www.newsweb.no](http://www.newsweb.no).

## **8. Corporate assembly and board of Directors: composition and independence**

RomReal's Board of Directors consisted at 31 December 2010 of six Directors. The Directors have long and varied experience in real estate, banking and finance. An overview of the Directors can be found on the Company's website, [www.romreal.com](http://www.romreal.com).

The composition of the Board ensures that it can operate independently of special interests. The chief executive is not a director.

## **9. The work of the Board of Directors**

The Board of Directors is the Company's highest body, and answerable only to the general meeting. It has overall responsibility for planning and execution of the group's strategy and activities, including its organisation, remuneration policy and risk management.

The Board also has overall responsibility for control and supervision.

The duties and responsibilities of the Board are dictated by applicable legislation, the parent company's articles of association, and mandates and instructions adopted by the general meeting. The Board is required to discuss all matters relating to the group's activities which are of significant importance or of a special character.

The Board will exercise supervision to ensure that the group meets its business goals and manages risk in a wise and satisfactory manner. The Board is responsible for appointing the chief executive.

The Chairman is responsible for ensuring that the work of the Board is conducted in an efficient and proper manner and in compliance with applicable legislation.

In addition to the Chairman, the Board has an independent chair to lead the discussion on issues where the chair has a conflict of interest or is unable to attend.

The Board carries out an annual assessment of its work. Periodic reports which comment on the group's financial status are received by the Board.

## **10. Risk management and internal control**

The Board and executive management of RomReal place great emphasis on establishing and maintaining routines for risk management and internal control. An annual review of the most important risks affecting the business is conducted by the Board.

### *Financial reporting*

Quarterly operational and accounting reports are prepared for submission to the Board.

### *Client satisfaction*

Regular surveys are conducted to secure information on client satisfaction.

### *Counterparty risk*

RomReal conducts an annual review of both clients and suppliers to identify counterparty risk. New clients are also subject to a thorough assessment to identify any risk they may present. The conclusions of these evaluations are submitted to the Board.

### **11. Remuneration of the Board of Directors**

The general meeting determines Directors' fees. Fees are fixed and independent of the results achieved.

### **12. Remuneration of the executive management**

The Board determines the chief executive's terms of employment. The main principle applied by RomReal for determining the pay and other remuneration of the chief executive and other senior executives is that these persons will be offered competitive terms. In addition, RomReal will offer terms which encourage value creation for the group and its shareholders, and which strengthen the loyalty of senior employees to the business.

### **13. Information and communication**

RomReal takes the view that objective, detailed and frequent information to the market is essential for a correct valuation of its share, and accordingly pursues a continuous dialogue with analysts and investors.

Information about important events in RomReal as well as its periodic reporting of results is published in accordance with the guidelines to which the group became subject through its listing on Oslo Axess. RomReal seeks continuously to publish all relevant information to the market in a timely, efficient and non-discriminatory manner.

All stock exchange announcements are made available on [www.romreal.com](http://www.romreal.com) and the Oslo Stock Exchange website, [www.newsweb.no](http://www.newsweb.no). The group will provide the same information to all shareholders at the same time. To the extent that analysts or shareholders ask for further details, RomReal and the Board will ensure that only information which has already been made public is provided.

The group holds quarterly presentations. These provide an overview of operational and financial developments in the previous quarter as well as an overview of market prospects and the outlook for the business. Interim reports and presentation materials are made available on the group's website.

The Board determines the group's financial calendar, which specifies the dates for publication of interim reports, the annual general meeting and the payment of dividends. This calendar is published by the end of December via the Oslo Stock Exchange's information system and on the RomReal website.

### **14. Takeovers**

In the event of a bid for the parent company's shares, the Board and the executive management will ensure that everyone gets access to sufficient information to be able to reach a decision on the offer. Unless otherwise instructed by the general meeting, the Board will not deploy defensive mechanisms to prevent the implementation of the bid.

The Board will provide shareholders with its view of the offer and, providing they have reached a decision on this, Directors are duty-bound to inform shareholders whether they personally intend to accept the bid. Should the Board find that it is unable to recommend whether the shareholders should accept the bid, it will explain the reasons why such a recommendation cannot be given. An explanation must be provided if the Board's decision is not unanimous. The Board will consider whether an assessment should be obtained from an independent expert.

## **15. Auditor**

RomReal is audited by Ernst & Young AS. The group will not use the auditor as a consultant unless this has been approved in advance by the Board or its chair. A plan for their work is submitted annually by the external auditor to the Board, and this plan will specify planned services other than auditing.

The auditor will attend Board meetings which deal with the annual accounts. During these meetings, the auditor will review possible changes to the Company's auditing principles, assessments of significant accounting estimates and all cases where disagreement has arisen between the auditor and the executive management.

At least once a year, the auditor will conduct a review with the audit committee of the Company's internal control system and possible weaknesses. The auditor will also propose improvements. In addition, the Board and the auditor will hold at least one meeting a year without the chief executive or other executive personnel being present.

A briefing on the audit work and an assessment of the group's internal control will be provided by the auditor to the general meeting.

## Shareholder Overview

(as per 31.12.2010)

SHAREHOLDER	HOLDING OF SHARES	%
MGL INVESTMENTS LTD	8,866,666	18.00%
CARNEGIE BANK A/S	3,030,500	6.15%
SHB STOCKHOLM CLIENTS ACCOUNT	2,459,564	4.99%
GRØNSKAG KJETIL	2,163,464	4.39%
ASEO AS	1,976,666	4.01%
PERESTROIKA AS	1,958,800	3.98%
TONSENHAGEN FORRETNINGSSENTRUM AS	1,737,000	3.53%
CITCO GLOBAL CUSTODY NV REF UBS AG	1,640,000	3.33%
THORKILDSEN KAY TØNNES	1,020,265	2.07%
SAGA EIENDOM AS	900,000	1.83%
CLEARSTREAM BANKING S.A.	799,686	1.62%
SPAR INVESTOR NORGE	735,400	1.49%
STATE STREET BANK & TRUST CO.	705,500	1.43%
HOEN ANDERS MYSSEN	702,900	1.43%
POLESWORTH INVESTMENTS LIMITED	700,000	1.42%
SKANDINAVISKA ENSKILDA BANKEN	559,300	1.14%
SEB PRIVATE BANK S.A. LUXEMBOURG	551,800	1.12%
JPMORGAN CHASE BANK	528,000	1.07%
SIX SIS AG	511,332	1.04%
UBS AG, LONDON BRANCH	477,500	0.97%
<b>TOTAL SHARES</b>	<b>49,247,366</b>	<b>100.00%</b>
<b>SUM 20 LARGEST SHAREHOLDERS</b>	<b>32,024,343</b>	<b>65.03%</b>
<b>OTHERS</b>	<b>17,223,023</b>	<b>34.97%</b>

1) The above list is the 20 largest shareholders according to the VPS print out; please note that shareholders might use different accounts and account names, adding to their total holding. 2) There are 465 shareholders per 31.12.2010. 3) Tonsenhagen Forretningssentrum AS is controlled by Mr Erik Sture Larre, Director of RomReal. 4) Through individual accounts and controlling companies CEO, Mr Kay Thorkildsen, has in total 1,405,265 shares in the Company amounting to 2.85% of the Company's shares.

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors Report and the RomReal Ltd consolidated and annual financial statements as of 31 December 2010. To the best of our knowledge, we confirm that RomReal Ltd and RomReal Group's consolidated annual financial statements for 2010 have been prepared in accordance with IFRSs and IFRICs as adopted by the European Union (EU), IFRSs as issued by the International Accounting Standards Board (IASB).

The information presented in the financial statements gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and results for the period viewed in their entirety.

## DIRECTORS REPORT

### RomReal Directors

The directors are shown below together with their interest in the shares of the Company per 31 December 2010 and per 31 December 2009:

		31 December 2010	31 December 2009
Kjetil Grønskag	Appointed November 2006	2,163,464	1,996,964
Thor Bjørdal	Appointed November 2006	45,450	45,450
Erik Sture Larre	Appointed November 2009	1,849,000	1,482,000
Jonas Bjerg	Appointed September 2008	574,264	574,264
Arve Nilsson	Appointed September 2008	1,216,500	850,000
Mihai Buia	Appointed November 2006	0	0
<b>TOTAL</b>		<b>5,848,678</b>	<b>4,948,678</b>

### Operations

The primary activity of the Company is to own, manage and develop its land bank assets.

No new development projects were initiated during 2010.

In 2010 the Company continued its firm cost reduction programme whereby various measures have been implemented to reduce operational and administrative costs:

- RomReal pays an annual fee to the Bermuda Government based on the assessable capital of the company each year, which is the total of share capital plus the share premium. In order to reduce the annual fee, the Company has decided to transfer part of the authorised share capital and the share premium to contributed surplus. This represented purely a legal reclassification, which reduced by almost 90% the level of fees payable per annum.
- The payroll expenses were around 11% less compared to the same period of 2009. The administrative costs of the Company were 42% more as compared to the similar period of 2009.

### Key features of the market

RomReal has during 2010 operated in a difficult market environment as the Romanian economy has not yet shown any signs of recovery from the worldwide financial crisis. Consumers, businesses and

investors are experiencing reduced availability of funds, tighter lending conditions and a general uncertainty in the economy hence leading to significantly lower transaction levels and downward price pressure in the real estate market.

The Company has maintained its focus over the last year in adjusting operations to reflect the difficult current market conditions. Strict measures have been implemented in order to preserve the value of the Company's assets and the Company's cash position as mentioned under "Operations" above.

### **Accounts and financial position**

RomReal has prepared the financial statements as of 31 December 2010 on the basis of going concern. While the industry has faced significant challenges in Romania, RomReal is in a good position to capitalise on its strong assets base and take advantage of the future developments of the country's economy.

#### *Operating revenues*

RomReal had consolidated operating revenues of EUR 6.60 million in 2010 compared to EUR 1.45 million in 2009. The main revenue streams were the sale of apartments in the Corallia project and the divesting of the Bus Station plot.

#### *Operating expenses*

Total consolidated operating expenses were EUR 8.23 million in 2010 compared to EUR 4.10 million in 2009. RomReal (parent company) operating expenses were EUR 15.16 million in 2010 compared to EUR 22.25 million in 2009. While general and administrative expenses were further reduced, the increase in the total operating expenses relates mainly to the cost of apartments and plot disposed.

#### *Profit/Loss*

Consolidated loss after tax in 2010 was EUR 11.69 million compared to a loss after tax of EUR 19.04 million in 2009. RomReal (parent company) loss after tax was EUR 10.87 million in 2010 compared to EUR 18.01 million in 2009.

An independent valuation report was produced at the year-end 2010 for IFRS account purposes. Mainly due to the lack of liquidity and comparable transactions in the Romanian real estate market, a total write-down of RomReal's land bank of 18.5% was conducted in 2010. In 2009, the total write-down was 23%. 2010 has brought very few changes to the Romanian real estate market, which continues at a slow pace. Due to the lack of activity in the market, it is extremely difficult for the valuers to find meaningful transactions that can serve as benchmarks for valuations. With the latest assets write-down, the book value of RomReal's land bank is now roughly 70% lower than it was at the peak of the market in early 2008. On this background it is reasonable to believe that most of the economic downturn now has been factored into the valuation prices.

#### *Dividends*

The Directors are not proposing any dividends for the period. All of the Group's equity is free of any liens and is distributable to shareholders.

#### *Balance sheet*

RomReal had on a consolidated basis a total balance of EUR 44.49 million at 31 December 2010. RomReal (parent company) had a total balance of EUR 31.49 million. Total consolidated equity at 31 December 2010 amounted to EUR 31.29 million (parent company EUR 31.42 million) compared with EUR 42.16 million in 2009 (parent company EUR 42.29 million). The Company has total current liabilities of EUR 1.16 million at 31 December 2010 (parent company EUR 70,000). During Q4 2010, the company

has signed an extension to the loan agreement with Alpha Bank to prolong the maturity of the loan for another 2 years until 30 November 2012; as a consequence the loan was presented at 31 December 2010 as a non-current liability.

Net cash flow from consolidated operations was EUR 1.73 million at December 31 2010 compared to EUR -3.4 million in 2009 (parent company EUR -0.46 compared to EUR -0.49 million in 2009). Consolidated liquid assets (cash) were EUR 1.94 million at 31 December 2010 compared to EUR 1.86 million at 31 December 2009 (parent company EUR 0.80 million in 2010 compared to EUR 1.23 million in 2009).

#### *Financial risk*

At 31 December 2010 the Group's consolidated net interest-bearing debt amounts to EUR 11.6 million. This represents the asset finance facility that was provided by Alpha Bank in Romania. The EUR 13.7 million loan had an initial term of 3 years but was prolonged for another 2 years during Q4 2010 and bears interest at a rate of 5% flat. As part of the process the company made a partial repayment of the loan principal amounting to EUR 2.1 million. The interest on the loan for 2 years, an amount of EUR 1,160,000, was fully paid in advance and this has been accounted as a pre-payment. The loan has security in the Mamaia North plot in addition to a corporate guarantee from RomReal Ltd and its subsidiary Westhouse Group SRL. The value of the security, according to the independent valuation, is slightly higher than the outstanding loan amount.

Plot divestment is one of RomReal's focus areas and the Company is continuously working to divest some of its land bank assets. Despite the difficult market conditions, the Company has successfully managed to divest one of its plots (the Bus Station).

A provision of EUR 375,269 (2009: EUR 537,484) was made, which relates to a dispute with the Romanian VAT authorities in respect of the sale to third parties of the Central Apartments development project. The authorities claim that the Group should have collected (and paid) VAT at a value higher than the selling price of the development, despite being settled in an arm's length transaction with an independent party. The Company strongly disputes this and has opened a court case against the VAT authorities to reject their claim. During 2010, a second VAT control has reduced the amount payable by the Company to EUR 375,269 from the EUR 537,484 the initial claim. The Company further disputes this in court. No cash transfer has been made in this respect.

All apartments of the Corallia development and all of the four commercial areas have been sold. However, with one client there were arbitration procedures ongoing, this being resolved during the fourth quarter in favour of the Company. Therefore, the apartment has been repossessed and is currently being offered for sale. During 2010, receivable collections from sales of apartments amounted to Eur0.19m, with cash collection continuing for the apartments where instalment payment was agreed. At the end of 2010, the receivables outstanding in this respect amounted to EUR 0.45 million.

#### **Organisation**

RomReal currently maintains one office in Constanta. During 2010 the number of employees on the ground was reduced from 7 to 5. The remaining employees are very important for the Company's ongoing operations and are highly trusted and valued employees. There are no further plans for staff cuts.

#### **Working Conditions, Equal Opportunities, Health and Environmental issues**

RomReal works continuously on facilitating employee development, good health, enthusiasm and commitment among its employees. The Company also encourages employees to use public transport on travelling to reduce pollution. RomReal has a majority of women in the Company and women and men in comparable jobs receive the same pay.

From initial site surveys through to the specification of fixtures and fittings, we aim to identify the most energy-efficient solutions. We are seeking more intelligent and sustainable approaches to building design, construction and materials. All of our developments consider ways in which water usage can be reduced, both during construction and occupancy. Where possible, we specify ways of increasing the efficiency of water usage within the infrastructure of our developments, delivering responsibility and cost-efficiency.

In our developments we select all of our construction materials carefully. We aim to protect natural resources and reduce carbon emissions, thereby contributing to a healthy environment for the residents in all of our developments.

RomReal is aware of the need to reduce and manage waste across our operations. We also support and encourage residents in their own recycling efforts. From the beginning of every project we look for ways to create a landscape which uses existing resources intelligently and efficiently.

### **Corporate Governance**

The Norwegian code of practice for corporate governance (the code) has been issued by the Norwegian Corporate Governance Board (NCGB). It builds on the principle of “comply or explain”, whereby companies must either comply with the code or explain why they may have chosen an alternative approach. It also requires the Company’s report on its corporate governance to address all 15 sections of the code. The Oslo Stock Exchange stipulates that listed companies must provide an overall presentation of their corporate governance principles in accordance with the applicable code, and that this must be included in their annual report. RomReal’s principles for corporate governance are based on the recommendation of 21 October 2010, which can be found at [www.nues.no](http://www.nues.no) and RomReal pursues to act in compliance with this.

More details are found under the section “Corporate Governance” section in this Annual Report.

### **Prospects**

Despite experiencing a difficult operating environment at the moment RomReal has confidence that it still has a high quality land bank in central city locations. Many of the plots in the land bank have the necessary building permissions which are ready to be utilised when the overall market improves. Romania is an emerging EU economy of around 22 million people, with a huge deficit of quality housing, so the market is expected to increase when the economy improves and the consumer confidence increases. Therefore the Company regards itself as positioned for future growth and that it can maintain its operations in the future.

Bermuda, 13.04.2011

The Board of Directors of RomReal Ltd



.....  
Kjetil Grønskag (Chairman)



.....  
Jonas Bjerg (Director)




.....  
Thor Bjørdal (Director)



.....  
Mihai Buia (Director)



.....  
Arve Nilsson (Director)



.....  
Kay Thorkildsen (CEO)



.....  
Erik Sture Larre (Director)

# RomReal Ltd

FINANCIAL STATEMENTS AS OF 31<sup>st</sup> DECEMBER 2010

## Income Statement

Figures in EUR	Notes	Consolidated		Parent company	
		2010	2009	2010	2009
Rent revenue	15	398,398	538,857	-	-
Sales of inventory	6, 15	3,857,371	-	-	-
Sales of investment property	3,4,6	2,345,963	907,536	-	-
<b>Operating revenues</b>		<b>6,601,733</b>	<b>1,446,393</b>	<b>-</b>	<b>-</b>
Payroll and related expenses	16	(237,080)	(342,978)	(64,416)	(64,000)
Depreciation and amortisation expense	3, 5	(99,650)	(110,121)	-	-
Other operating expenses	18	(6,254,754)	(1,048,069)	(14,760,325)	(21,859,382)
Inventory write off	6	(342,217)	(531,360)	-	-
General and administrative expense:	17	(1,294, 221)	(2,069,519)	(341,070)	(331,154)
<b>Operating expenses</b>		<b>(8,227,921)</b>	<b>(4,102,047)</b>	<b>(15,165,811)</b>	<b>(22,254,536)</b>
Profit/(loss) before other operating items		(1,626,187)	(2,655,653)	(15,165,811)	(22,254,536)
Net gain/(loss) from revaluation of investment properties	4	(8,471,357)	(11,088,529)	-	-
<b>Profit/(loss) from operations</b>		<b>(10,097,545)</b>	<b>(13,744,182)</b>	<b>(15,165,811)</b>	<b>(22,254,536)</b>
Financial income	19	30,841	61,310	4,299,552	4,242,605
Financial costs	19	(2,062,763)	(5,680,409)	(310)	(1,643)
<b>Profit/(loss) before taxes</b>		<b>(12,129,468)</b>	<b>(19,363,281)</b>	<b>(10,866,569)</b>	<b>(18,013,574)</b>
Tax expense	20	443,277	322,885	-	-
<b>Result of the period</b>		<b>(11,686,191)</b>	<b>(19,040,396)</b>	<b>(10,866,569)</b>	<b>(18,013,574)</b>
<b>Basic earnings/(losses) per share from continuing operations</b>	<b>26</b>	<b>(0.24)</b>	<b>(0.39)</b>	<b>(0.22)</b>	<b>(0.37)</b>
<b>Basic earnings/(losses) per share from continuing - diluted</b>	<b>26</b>	<b>(0.24)</b>	<b>(0.39)</b>	<b>(0.22)</b>	<b>(0.37)</b>

## Statement Of Comprehensive Income

Figures in EUR	Consolidated		Parent company	
	2010	2009	2010	2009
<b>Profit for the year</b>	<b>(11,686,191)</b>	<b>(19,040,396)</b>	<b>(10,866,569)</b>	<b>(18,013,574)</b>
<b>Other comprehensive income</b>				
Exchange differences on translation of foreign operations	817,071	1,039,272	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>817,071</b>	<b>1,039,272</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>(10,869,120)</b>	<b>(18,001,124)</b>	<b>(10,866,569)</b>	<b>(18,013,574)</b>

## Statement of Financial Position

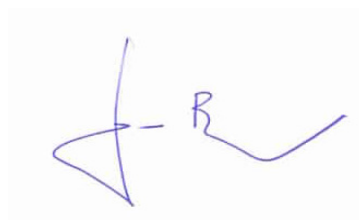
Figures in EUR ASSETS	Notes	Consolidated		Parent company	
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<b>Noncurrent assets</b>					
Property, plant & equipment	3	101,212	197,160	-	-
Investment properties	4	36,809,443	48,058,069	-	-
Software	5	572	5,217	-	-
Investments in subsidiaries		-	-	128,806	129,365
<b>Total non current assets</b>		<b>36,911,226</b>	<b>48,260,445</b>	<b>128,806</b>	<b>129,365</b>
<b>Current assets</b>					
Inventories	6	3,765,286	8,323,472	-	-
Trade receivables and other receivables	7	1,834,562	405,553	30,568,392	41,393,509
Cash and cash equivalents	11	1,937,501	1,861,531	795,012	1,227,955
<b>Total current assets</b>		<b>7,537,350</b>	<b>10,590,556</b>	<b>31,363,404</b>	<b>42,621,464</b>
<b>Total assets</b>		<b>44,448,576</b>	<b>58,851,001</b>	<b>31,492,211</b>	<b>42,750,830</b>
<b>Figures in EUR</b>					
LIABILITIES AND EQUITY	Notes				
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<b>Equity</b>					
Issued share capital	8	4,925	49,247,366	4,925	49,247,366
Share premium		-	36,499,127	-	36,499,127
Contributed surplus	8	85,741,568	-	85,741,568	-
Retained earnings	9	(54,031,585)	(42,345,394)	(54,324,282)	(43,457,713)
Other Reserves	10	424,808	424,808	-	-
Translation reserve		(846,312)	(1,663,383)	-	-
<b>Total equity</b>		<b>31,293,404</b>	<b>42,162,524</b>	<b>31,422,211</b>	<b>42,288,780</b>
<b>Non current liabilities</b>					
Non current debt liabilities	14	11,600,00		-	-
Long term portion of leasing liability				19	-
Deferred tax liability	20	397,17	877,77	-	-
<b>Total non current liabilities</b>		<b>11,997,368</b>	<b>877,970</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	12	709,260	410,605	70,000	342,685
Provisions	13	375,269	537,484	-	-
Current debt liabilities	14	-	13,700,000	-	119,365
Short term portion of leasing liability		-	2,725	-	-
Income tax payable	20	15,075	24,703	-	-
Deferred income	21	58,395	1,134,990	-	-
<b>Total current liabilities</b>		<b>1,157,999</b>	<b>15,810,507</b>	<b>70,000</b>	<b>462,050</b>
<b>Total liabilities and equity</b>		<b>44,448,576</b>	<b>58,851,001</b>	<b>31,492,211</b>	<b>42,750,830</b>

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*Signed on behalf of the Board of Directors*



.....  
Kjetil Grønskag (Director)



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Jonas Bjerg (Director)



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Thor Bjørdal (Director)



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Mihai Buia (Director)



.....  
Arve Nilsson (Director)



.....  
Kay Thorkildsen (CEO)



.....  
Erik Sture Larre (Director)

## Consolidated Statement of Changes in Equity

Figures in EUR

	Share Capital (Note 8)	Contributed Surplus (Note 8)	Share Premium (Note 8)	Retained Earnings (Note 9)	Translation Reserve	Other Reserves (Note 10)	Total
<b>Balance as of 31 December 2008</b>	<b>49,247,366</b>	-	<b>36,499,127</b>	<b>(23,304,998)</b>	<b>(2,702,655)</b>	<b>424,808</b>	<b>60,163,648</b>
Profit for the period	-	-	-	(19,040,396)	-	-	(19,040,396)
Other comprehensive income	-	-	-	-	1,039,272	-	1,039,272
<b>Total comprehensive income ; expense for the year</b>	-	-	-	<b>(19,040,396)</b>	<b>1,039,272</b>	-	<b>(18,001,124)</b>
<b>Balance as of 31 December 2009</b>	<b>49,247,366</b>	-	<b>36,499,127</b>	<b>(42,345,394)</b>	<b>(1,663,383)</b>	<b>424,808</b>	<b>42,162,524</b>
Profit for the period	-	-	-	(11,686,191)	-	-	(11,686,191)
Other comprehensive income	-	-	-	-	817,071	-	817,071
<b>Total comprehensive income ; expense for the year</b>	-	-	-	<b>(11,686,191)</b>	<b>817,071</b>	-	<b>(10,869,120)</b>
Reduction in par value of shares	(49,242,411)	85,741,568	(36,499,127)	-	-	-	-
<b>Balance as of 31 December 2010</b>	<b>4,925</b>	<b>85,741,568</b>	-	<b>(54,031,585)</b>	<b>(846,312)</b>	<b>424,808</b>	<b>31,293,404</b>

## Parent Company's Statement Of Changes in Equity

Figures in EUR

	Share Capital (Note 8)	Contributed Surplus (Note 8)	Share Premium (Note 8)	Retained Earnings (Note 9)	Translation Reserve	Other Reserves (Note 10)	Total
<b>Balance as of 31 December 2008</b>	<b>49,247,366</b>	-	<b>36,499,127</b>	<b>(25,444,139)</b>	-	-	<b>60,302,354</b>
Profit for the period	-	-	-	(18,013,574)	-	-	(18,013,574)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income &amp; expense for the year</b>	-	-	-	<b>(18,013,574)</b>	-	-	<b>(18,013,574)</b>
<b>Balance as of 31 December 2009</b>	<b>49,247,366</b>	-	<b>36,499,127</b>	<b>(43,457,713)</b>	-	-	<b>42,288,780</b>
Profit for the period	-	-	-	(10,866,569)	-	-	(10,866,569)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income &amp; expense for the year</b>	-	-	-	<b>(10,866,569)</b>	-	-	<b>(10,866,569)</b>
Reduction in par value of shares	(49,242,411)	85,741,568	(36,499,127)	-	-	-	-
<b>Balance as of 31 December 2010</b>	<b>4,925</b>	<b>85,741,568</b>	-	<b>(54,324,282)</b>	-	-	<b>31,422,211</b>

## Statement Of Cash Flows

### Figures in EUR

	Notes	2010	2009	2010	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>					
<b>Net profit/(loss)</b>		<b>(11,686,191)</b>	<b>(19,040,396)</b>	<b>(10,867,188)</b>	<b>(18,013,574)</b>
Adjustments for:					
- Income tax expense/(profit)	20	(443,277)	(322,885)	-	-
-Net (gain)/loss from revaluation of investment properties	4	8,471,357	11,088,529	-	-
-Loss/(gain) on disposal of investment property		(16,120)	12,503	-	-
- Depreciation and amortization	3,5	99,650	110,121	-	-
- Interest Income	19	(30,841)	(61,310)	(4,299,552)	(4,242,605)
- Interest expense	19	714,701	704,751	310	1,643
-Unrealised foreign exchange (gain) / loss	19	1,348,062	4,975,658	-	-
-Other operating expenses	18	-	-	14,760,324	21,859,382
Decrease/(increase) in trade and other receivables		(299,257)	840,100	(36,004)	11,163
(Decrease)/increase in current payables		(940,353)	(1,027,890)	(13,934)	(102,105)
Decrease/(increase) in inventories		4,558,186	(644,553)	-	-
Cash generated from operations		1,776,111	(3,365,372)	(455,425)	(486,097)
Income tax paid		(43,575)	(9,090)	-	-
<b>Net cash flow from operating activities</b>		<b>1,732,536</b>	<b>(3,374,463)</b>	<b>(455,425)</b>	<b>(486,097)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Sales of investment property, net		2,345,963	185,421	-	-
Sale of property, plant and equipment		-	76,490	-	-
Capital expenditure on investment property		(1,470)	-	-	-
Purchases of property, plant and equipment	3	-	(61,840)	-	-
Loans granted		-	-	-	(2,521,268)
<b>Net cash flow used in investing activities</b>		<b>2,344,493</b>	<b>199,898</b>	<b>-</b>	<b>(2,521,268)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Repayment of borrowings		(2,102,923)	(26,360)	-	-
Interest paid	19	(1,844,453)	(704,751)	(310)	(1,643)
Interest received		30,841	61,310	22,793	20,377
Exchange losses on cash and cash equivalents		(84,525)	(816,829)	-	-
<b>Net cash from financing activities</b>		<b>(4,000,061)</b>	<b>(1,486,630)</b>	<b>22,483</b>	<b>(18,734)</b>
<b>Net increase in cash and cash equivalents</b>		<b>75,970</b>	<b>(4,661,194)</b>	<b>(432,942)</b>	<b>(2,988,631)</b>
Cash and cash equivalents, beginning of period		1,861,531	6,522,725	1,227,955	4,216,586
<b>Cash and cash equivalents, end of period</b>		<b>1,937,501</b>	<b>1,861,531</b>	<b>795,012</b>	<b>1,227,955</b>

## Notes to the Financial Statements

### Note 1 ORGANIZATION AND OPERATIONS

The consolidated financial statements of RomReal Limited (the “Group” or the “Company”) for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on the 11th April 2011.

These financial statements cover RomReal Ltd. and its subsidiaries. RomReal Ltd. is incorporated in Bermuda whereas the subsidiaries Westhouse Group SRL, Concorde Group SRL, Investate SRL, Rofrench Connection SRL, Magic Sail SRL, Westhouse Invest SRL, Westhouse One SRL, West Feriae SRL, West Limen SRL, Terra del Sol SRL, Hars SRL are incorporated in Romania. RomReal Ltd and its subsidiaries (the Group) are principally engaged in property investments and development in Romania. The table below lists all subsidiaries.

Also, for reference, single financial statements of the parent company, Romreal Ltd. have been prepared. As a general rule, all comments refer to the consolidated financial statements of the Group, unless specifically mentioned otherwise.

The registered office address of RomReal Ltd is located at 12 Par La Ville Road Richmond House, 5th Floor , Hamilton, Bermuda.

#### Figures in EUR

Entity	Country of business	Owner’s share	Number of shares
Westhouse Group SRL	Romania	100%	3,587
Concorde Group SRL	Romania	100%	20
Rofrench Connection SRL	Romania	100%	100
Investate SRL	Romania	100%	20
Magic Sail SRL	Romania	100%	20
Westhouse Invest SRL	Romania	100%	68,000
Westhouse One SRL	Romania	100%	3,200
West Feriae SRL	Romania	100%	100
West Limen SRL	Romania	100%	100
Terra del Sol SRL	Romania	100%	15,020
Hars SRL	Romania	100%	20

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis for preparation

The consolidated financial statements of the RomReal Group together with the financial statements of the parent company (RomReal Ltd) have been prepared in accordance with the international accounting standards and the interpretations adopted and published by the International Accounting Standards Board adopted by the EU. All IFRS standards adopted have effective date 1 January 2010 or earlier. The consolidated financial statements are presented in euro.

The financial statements have been prepared on the basis of historical cost except for Investment Properties which is presented at fair value.

### 2.2 Consolidation

The consolidated financial statements comprise the financial statements of RomReal Ltd. and its subsidiaries as at 31 December 2010 and 31 December 2009; the Group was established in the autumn 2005. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A subsidiary is a company which the Company controls. This control is normally evidenced when the Company owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

### 2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### *Classification of property*

The Group determines whether a property is classified as investment property or inventory:

-Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

-Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

#### *Estimate of fair value of investment properties*

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at reporting date.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2009 and 2010. Therefore, in arriving at their estimates of market values as at 31 December 2009 and 31 December 2010, the valuers used their market knowledge and professional judgement and did not rely solely on historical transactional comparables. In these circumstances, there was a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property. See note 4.

#### *Estimation of net realisable value for inventory*

Inventory is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to complete construction and less an estimate of the time value of money to the date of completion. See note 6.

#### *Recognition of the deferred tax asset*

When determining the deferred tax liabilities and deferred tax assets, the Group considers, at the balance sheet date, the manner in which it expects to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Where the group considered that it is not probable enough future taxable profits will be available within the legal time framework of five years to utilise the tax losses against, the group has not recognised such deferred tax assets.

#### *Capitalised costs*

Costs are capitalised in when future cash generation is expected. Such costs include the construction costs of the inventories and subsequent expenditure on investment properties. See notes 2.5 and 2.8.

### **2.4 Property, plant and equipment**

Plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful life of the assets. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

### **2.5 Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property comprises freehold land and freehold buildings.

Investment properties are measured initially at cost, including transaction costs.

After initial recognition, investment property is carried at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise. Investment property is

derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

When the group decides on future use of land, other than long-term capital appreciation, the land is reclassified and accounted accordingly with Inventory or Property plant and equipment.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying value and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

The fair value is based on the annual report prepared by a certified Romanian Institute of Valuers valuation expert.

### **2.6 Intangible assets**

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the income statement. Depreciation is calculated on a straight-line basis over the useful life of the assets.

### **2.7 Cash and cash equivalents**

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a

known amount, and which contain insignificant risk elements.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

## 2.8 Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete development and selling expenses. The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

## 2.9 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Allowance is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

## 2.10 Provisions

Provisions are recognised when, and only when, the company has a valid liability (legal or constructive) as a result of past events and it can be proven probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability.

## 2.11 Equity

Transaction costs relating to equity transactions are recognised directly in equity.

## 2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is

measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements

Revenue includes rental income, service charges and management charges from properties, and income from property trading.

### *Rental income*

Rental income is recognised over the life of the rental period. Rental income related to rent yielding assets of the Group in respect of properties let to third parties.

### *Other income*

Other income is recognised as it is earned.

### *Income from sales of apartments*

Deposits cashed by the Group for the sale of apartments are not recognised as revenue until the Group has transferred to the buyer the significant risks and rewards of ownership of the apartments.

## 2.13 Foreign currency translation

The consolidated financial statements are presented in euro, which is the parent company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

### i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### ii) Group companies

The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are

translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The functional currency of the Romanian operations is the Romanian New Leu. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of RomReal Ltd. Group (the euro) at the rate of exchange ruling at the balance sheet date and, their income statements are translated at the average exchange rates for each month unless there have been significant fluctuations in the exchange rate over the applicable period, in which case the exchange rate at each transaction date is applied.

The exchange differences arising on the translation are recognised in other comprehensive income/

	December 2010	3 December 2009
Closing	4.2848	4.2282

## 2.14 Taxes

RomReal Ltd. is incorporated in the Islands of Bermuda so is not subject to any income, withholding or capital gains taxes under current Bermuda law. In the event that there is a change such that these taxes are imposed, the Company would be exempted from any such tax until March 2016 pursuant to the Bermuda Exempted Undertakings Tax Protection Act of 1966, and amended Act of 1987. The subsidiaries are registered in Romania and are subject to Romanian taxation rules.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences,

and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.15 Borrowing costs/Loan

Borrowing costs generally are expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Loan is accounted for at fair value, at the time of disbursement, reduced for any transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the income statement.

## 2.16 Employee benefits

Share options

The employees and management of the Group have been given options to buy shares in the parent company. The fair value of the options is estimated at the grant date by using an appropriate pricing model, further details of which are given in Note 16. The cost is recognised, together with a corresponding increase in equity, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where an award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. A disclosure of the share options is shown in note 16 to the accounts.

## 2.17 Operating segments

For management purposes, the group is organised into a single business unit and consequently has only one operating segment.

Management monitors the operating results of its business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

## 2.18 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2010:

### *IFRS 3 (Revised) Business Combinations and IAS 27 (Amended) Consolidated and Separate Financial Statements*

The revised standards are effective prospectively for business combinations affected in financial periods beginning on or after 1 July 2009. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. It did not have an impact on the financial position or performance of the Group.

IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such a transaction would no longer give rise to goodwill, nor give rise to a gain or loss. The adoption of this amendment did not have any impact on the financial position or the performance of the Group.

### *IAS 17 Leases – amendment*

This amendment is effective for financial periods beginning on or after 1 January 2010. This amendment deletes much of the existing wording in the standard to the effect all leases of land (where title does not pass) were operating leases. The amendment requires that in determining whether the lease of land (either separately or in combination with other property) is an operating or a finance lease, the same criteria are applied as for any other asset. This change has no impact on the Group. However, this may have the impact in the future that disposals of land via a long lease will be treated as disposals under finance leases rather than the issue of operating leases.

### *IFRS 2 Share-based Payment (Revised)*

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group

## **2.19 IFRS and IFRIC interpretations not come into force**

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements.

### *IAS 24 Related Party Disclosures (Amendment)*

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

### *IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)*

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

### *IFRS 3 (Revised) Business Combinations and IAS 27 (Amended) Consolidated and Separate Financial Statements*

The revised standards are effective prospectively for business combinations affected in financial periods beginning on or after 1 July 2009. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. It did not have an impact on the financial position or performance of the Group.

IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such a transaction would no longer give rise to goodwill, nor give rise to a gain or loss. The adoption of this amendment did not have any impact on the financial position or the performance of the Group.

#### *IAS 17 Leases – amendment*

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#### *IFRS 2 Share-based Payment (Revised)*

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position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

#### *IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

#### *IFRIC 14 Prepayments of a minimum funding requirement (Amendment)*

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

#### *IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)*

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

#### *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised

immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

<b>Note 3 PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Figures in EUR</b>				
	<b>IT equipment</b>	<b>Motor vehicles</b>	<b>Other fixtures and fittings</b>	<b>Total</b>
<b>Gross book value as at December 31, 2009</b>	<b>44,287</b>	<b>81,129</b>	<b>247,521</b>	<b>372,937</b>
Additions in period	-	-	-	-
Disposals in period	-	-	(619)	(619)
Translation difference	(585)	(1,072)	(3,220)	(4,877)
<b>Gross book value as at December 31, 2010</b>	<b>43,703</b>	<b>80,057</b>	<b>243,682</b>	<b>367,442</b>
<b>Accumulated Depreciation as at December 31, 2009</b>	<b>(33,912)</b>	<b>(33,345)</b>	<b>(108,520)</b>	<b>(175,777)</b>
Charge for the period	(5,721)	(20,367)	(68,906)	(94,994)
Disposals in the period	-	-	227	227
Translation difference	1,404	791	2,119	4,314
<b>Accumulated Depreciation as at December 31, 2010</b>	<b>(38,229)</b>	<b>(52,921)</b>	<b>(174,756)</b>	<b>(266,230)</b>
<b>Net book Value as at December 31, 2009</b>	<b>10,375</b>	<b>47,784</b>	<b>139,001</b>	<b>197,160</b>
<b>Net book Value as at December 31, 2010</b>	<b>5,474</b>	<b>27,136</b>	<b>68,602</b>	<b>101,212</b>
<b>Depreciation method</b>	Linear	Linear	Linear	
<b>Depreciation period (Years)</b>	2-4	4	3-9	

There were no impairment charges in 2010 and 2009.

## Note 4 INVESTMENTS PROPERTIES

Figures in EUR		
	2010	2009
Opening balance as at January 1	48,058,069	62,798,123
Additions in period	1,470	-
Disposals	(2,329,843)	(12,503)
Fair value adjustment during the period	(8,471,356)	(11,088,529)
Translation differences	(448,897)	(3,639,022)
<b>Carrying amount as at December 31</b>	<b>36,809,443</b>	<b>48,058,069</b>

Investment properties consist of land and buildings at various locations in Romania. The fair value of investment property as at 31 December 2010 is based on a valuation by an independent valuator who holds a recognised and relevant professional qualification in Romania and who has recent experience in the location and categories of the investment property being valued. Valuations were based on a market approach which provides for the best estimation of the open market value. Valuation has been made such to reflect market value of the properties, namely “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s – length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”. No account has been taken of any additional prospective purchaser with a special interest. No allowance has been made with regard to any expenses of realization, or for any taxation arising in case of disposal.

The properties have been inspected along with the surrounding neighbourhood and location from which comparable data was drawn where possible. Due to the general lack of public information, valuers have used, where appropriate, data sources such as existing file data, local real estate agents, vendors and purchasers active on the market and in some cases newspaper classified advertising sections. Given the rapid change on the real estate market, we must stress that significant alterations of value can be encountered within short periods of time. Unforeseen macroeconomic or political crises can have a sudden and dramatic effect on markets. This could manifest itself by either panic buying or selling, or simply disinclination to trade until it is clear how prices in the market will be affected in the longer term.

The majority of the analyzed properties are lands for development. Westhouse Group intends to carry out development activities on them and to enhance their market value. Consequently, the Group has made many steps in order to obtain the necessary approvals. In accordance with the expenses and duration required for the building permits to be approved, adjustments have been made when calculating the market value through the market approach. The market approach (or sale comparison approach) is based upon direct comparison of the subject properties with other comparable properties, which have been recently sold or are currently offered for sale. This method is the most recommended and reliable one in determining the market value of a property.

There were no significant additions to investment properties during 2010. During the period, the company has disposed of one of its plot, the Bus Station, a plot located in Constanta, with a size of 5,437 sqm (see note 15). The revenue in respect of the sale was EUR 2.30 million, while the related operating expenses were EUR 2.33 million. The proceeds were used to partially pay the loan to Alpha Bank, in amount of EUR 2.1 million, as part of the overall restructuring which also extends the maturity of the remaining outstanding balance for another 2 years.

## Note 5 SOFTWARE

### Figures in EUR

	2010	2009
Gross book value as at January 1	38,634	40,990
Additions in period	-	-
Disposals in period	-	-
Translation difference	(278)	(2,356)
<b>Gross book value as at December 31</b>	<b>38,356</b>	<b>38,634</b>
Accumulated amortisation as at January 31	(33,418)	(24,607)
Charge for the period	(4,656)	(10,202)
Translation difference	291	1,392
<b>Accumulated amortisation as at December 31</b>	<b>(37,784)</b>	<b>(33,418)</b>
<b>Net book Value as at January 1</b>	<b>5,217</b>	<b>16,383</b>
<b>Net book Value as at December 31</b>	<b>572</b>	<b>5,217</b>

The intangible assets consist of purchased software and are amortised over 3 years. The amortisation of intangible assets is included in "Depreciation and amortisation expense" in the income statement.

## Note 6 INVENTORIES

### Figures in EUR

	Inventories
Balance as at December 31, 2009	8,323,472
Additions	-
Disposals	(4,184,711)
Write offs	(342,217)
F/X reserve	(31,258)
<b>Balance as at December 31, 2010</b>	<b>3,765,286</b>

Inventories consist of the development projects of the Group. These are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete redevelopment and selling expenses. At year end 2010, inventories relate mainly to the Oasis project (EUR 3.3 million) and the unsold part of the Corallia project (0.36 million). The net realisable value test resulted in a write-off for the Oasis project and no adjustment for Corallia project.

## Note 7 TRADE RECEIVABLES AND OTHER RECEIVABLES

Figures in EUR	Consolidated		Parent company	
	2010	2009	2010	2009
Trade receivables	631,976	123,129	-	-
VAT receivable	19,838	210,646	-	-
Other prepayments	1,168,844	56,948	35,899	19,262
Receivables from group companies			30,532,493	41,374,247
Other short-term receivables	13,905	14,830	-	-
<b>Total</b>	<b>1,834,562</b>	<b>405,533</b>	<b>30,568,392</b>	<b>41,393,509</b>

Trade receivables include EUR 341,994 in receivables from customers in respect of apartments sold in the Corallia project, EUR 129,929 in respect of the lease agreements for some of the rent yielding investment properties and the rest in sundry debtors. Other prepayments include EUR 1,129,752 in respect of the interest paid in advance to Alpha Bank for the period up until the maturity of the loan on 30 November 2012.

As of 31 December the analysis of trade receivables that are past due is set out below:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
2010	631,976	534,593	73,037	24,346	-	-	-
2009	123,129	123,129	48,692	-	-	-	-

The receivables from group companies in the parent company financial statements include the loans granted to the subsidiaries mainly for acquisition of investment properties and development projects. These are net of impairment losses (see note 18).

## Note 8 SHARE CAPITAL AND PAID-IN CAPITAL

Figures in EUR	Number of shares	Share capital	Share Premium	Contributed Surplus	Paid in share capital
Total share capital					
January 1, 2009	49,247,366	49,247,366	36,499,127	-	85,746,493
New issues in the period	-	-	-	-	-
<b>Total share capital January 1, 2010</b>	<b>49,247,366</b>	<b>49,247,366</b>	<b>36,499,127</b>	<b>-</b>	<b>85,746,493</b>
New issues in the period	-	-	-	-	-
Reduction in par value of shares	-	(49,242,441)	(36,499,127)	85,741,588	-
<b>Total share capital December 31, 2010</b>	<b>49,247,366</b>	<b>4,925</b>	<b>-</b>	<b>85,741,588</b>	<b>85,746,493</b>

There were no shares issued during 2010 and 2009. In 2010 a reduction in the par value of RomReal's 90,000,000 shares from EUR 1.00 per share to EUR 0.0001 per share was approved by the shareholders. RomReal pays an annual fee to the Bermuda Government based on the assessable capital of the company each year, which is the total of share capital plus the share premium. In order to reduce the annual fee, the Company has decided during 2010 to transfer part of the authorised share capital and the share premium to contributed surplus. This represented purely a legal reduction in the number of shares, which reduced by almost 90% the level of fees payable per annum.

## Shareholders rights

There are no restrictions on voting rights or the transferability of shares in RomReal Ltd.

### Note 9 RETAINED EARNINGS

Movements in retained earnings for the Group can be analyzed as follows:

Figures in EUR	Consolidated	Parent Company
Retained earnings as of December 31, 2009	(42,345,394)	(43,457,713)
Net profit in the period	(11,686,191)	(10,866,569)
<b>Retained earnings as of December 31, 2010</b>	<b>(54,031,585)</b>	<b>(54,324,282)</b>

No dividends will be distributed by the Group in respect of 2010.

### Note 10 OTHER RESERVES

Figures in EUR	Consolidated		Parent Company	
	2010	2009	2010	2009
Opening balance	424,808	424,808	-	-
Share options granted	-	-	-	-
<b>Total reserves</b>	<b>424,808</b>	<b>424,808</b>	<b>-</b>	<b>-</b>

The share option schemes are detailed in note 16.

### Note 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to EUR 1,937,501 at 31 December 2009 (EUR 1,861,531 at 31 December 2009). At parent company level, cash and cash equivalents amount to EUR 795,012 at 31 December 2010 (EUR 1,227,955 at 31 December 2009).

### Note 12 TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Figures in EUR	Consolidated		Parent Company	
	2010	2009	2010	2009
Trade payables	149,044	151,191	-	-
Employee taxes	12,279	20,630	-	-
Other payables	547,937	238,784	70,002	342,685
<b>Trade payables</b>	<b>709,260</b>	<b>410,605</b>	<b>70,002</b>	<b>342,685</b>

Other payables include in EUR 472,939 VAT payable, mainly related to the sale of the Bus Station plot during the last quarter of 2010 and which became due and was paid in January 2011.

### **Note 13 PROVISIONS**

A provision of EUR 375,269 (2009: EUR 537,484) was made, which relates to a dispute with the Romanian VAT authorities in respect of the sale to third parties of the Central Apartments development project. The authorities claim that the Group should have collected (and paid) VAT at a value higher than the selling price of the development, despite being settled in an arm's length transaction with an independent party. The Company strongly disputes this and has opened a court case against the VAT authorities to reject their claim. During 2010, a second VAT control has reduced the amount payable by the Company to EUR 375,269 from the EUR 537,484 the initial claim. The Company further disputes this in court.

### **Note 14 INTEREST-BEARING LOAN**

As at 31 December 2010 the Group consolidated net interest-bearing debt amounted to EUR 11,600,000.

During 2010, the company has signed an amendment to the loan agreement with Alpha Bank to prolong the maturity of the loan to for another 2 years to 30 November 2012. As part of the process the company made a partial repayment of the loan amounting to EUR 2.1 million out of the proceeds received following the disposal of one of its plots, while also prepaying the interest for the entire period. The interest was prepaid at a fixed rate of 5%. The loan is secured by Mamaia North development site and a corporate guarantee from RomReal Ltd and its subsidiary Westhouse Group SRL.

## Note 15 OPERATING REVENUE

### Figures in EUR

	2010	2009
Rent revenue	398,398	538,857
Sales of inventory	3,857,371	907,536
Sales of investment property	2,345,963	-
<b>Total</b>	<b>6,601,733</b>	<b>1,446,393</b>

The group owned during the period three rent generating investment properties. These were the Bus Station, the Mamaia plot which hosts small accommodation units mostly occupied during summer periods and the Balada market which is the main rent generating property. Total rent amount generated by the three properties amounted to EUR 398,398 (2009: 538,857). As the Bus Station was disposed, a part of the rental revenue was foregone starting the date of disposal. The Sales of inventory property during 2010 relates to the apartments sold from the Corralia project. The Sales of investment property relates to the revenue generated from the sale of the Bus Station plot during the last quarter of 2010.

## Note 16 PAYROLL EXPENSES AND NUMBER OF EMPLOYEES

In 2010, RomReal incurred expenses of 95,000 EUR related to management fees as part of the management agreement with North Bridge Capital Partners. During previous years key management personnel has also received share-based payment in the form of options. All the schemes have expired at 31 December 2010, except for Scheme 4, see below for further details.

There were 5 employees employed in Westhouse Group as of December 2010. Payroll expenses related to these employees amounted to EUR 237,080 as of December 31, 2010 (2009: 342,978). The Group does not offer a pension plan or other employee benefits to its employees as of December 31<sup>st</sup> 2010, nor are there any post-employment benefits.

### *Movements in the year*

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Figures in EUR	2010 No	2010 WAEP	2009 No	2009 WAEP
Outstanding at 1 January	257,000	2.57	302,000	2.52
Expired during the year	207,000	2.48	45,000	2.25
Outstanding at 31 December	50,000	3.10	257,000	2.57

As of 31 December 2010, the Group has outstanding one option scheme. The details of the arrangement are as follows:

Nature arrangement	Date of grant	Number instruments granted	Exercise price	Share price the date grant	Contractual life	Vesting conditions	Method settlement
Grant of share options	01 April 2008	50,000	€ 2.95	€ 1.5	3 years	None	Equity

The entity uses a Black-Scholes model to value options with no vesting conditions. During the year ending 31 December 2010 there was no cost for the group.

## Note 17 GENERAL AND ADMINISTRATIVE EXPENSES

Figures in EUR	Consolidated		Parent company	
	2010	2009	2010	2009
Management fee	(95,002)	(100,000)	(95,000)	(100,000)
Legal expenses	(87,665)	(114,644)	-	-
Rent expenses	(44,947)	(313,196)	-	-
Travel expenses	(20,990)	(17,848)	-	-
Professional services	(185,331)	(157,456)	(185,330)	(157,456)
Taxes on land	(116,320)	(141,487)	-	-
Other expenses	(743,966)	(1,224,888)	(60,740)	(73,698)
<b>Total</b>	<b>(1,294,221)</b>	<b>(2,069,519)</b>	<b>(341,070)</b>	<b>(331,154)</b>

## Note 18 OTHER OPERATING EXPENSES

Other operating expenses in 2010 include:

- the cost of the investment property disposed during the period of EUR 2,329,843 and
- the cost of the inventories sold during the period of EUR 3,924,911 and some other operating costs

For RomReal (the parent company) "Other operating expenses" of EUR 14.76 million in 2010 relates mainly to an impairment of the loans to subsidiaries as a direct result of the mentioned write-down of investment properties made in the subsidiaries. For 2009 "Other operating expenses" amounted to EUR 21.86 million.

## Note 19 FINANCIAL INCOME AND EXPENSE

Figures in EUR	Consolidated		Parent company	
	2010	2009	2010	2009
Interest income from subsidiaries	-	-	4,296,746	4,222,228
Interest income from banks	30,841	61,310	2,806	20,377
<b>Total financial income</b>	<b>30,841</b>	<b>61,310</b>	<b>4,299,552</b>	<b>4,242,605</b>
Interest expense	(714,701)	(704,751)	(310)	(1,643)
Foreign exchange net loss	(1,348,062)	(4,975,658)	-	-
<b>Total Financial expense</b>	<b>(2,062,763)</b>	<b>(5,680,409)</b>	<b>(310)</b>	<b>(1,643)</b>

During 2010 the RON has depreciated against the EUR. All the intercompany loans taken by the Romanian subsidiaries from RomReal Ltd were re-valued at the closing rate resulting in a net unrealised foreign exchange loss of EUR 1,347,813.

The interest expense in 2010 and 2009 relates mainly to the interest costs in respect of the Alpha Bank loan (please see note 14).

## Note 20 TAXATION

RomReal Ltd. is registered in Bermuda and is consequently not subject to taxation.

The subsidiaries are subject to taxation in Romania. The applicable tax rate in Romania is 16 %. The applicable tax rate is the same whether any profits are paid out as dividends or retained in the company. There have not been any changes to the applicable tax rates in 2010. In 2009 income tax legislation was amended and a minimum tax was introduced starting 1 January 2009, which was determined based on the turnover thresholds. In the last quarter of 2010, this minimum tax was cancelled.

Current income tax expense for 2010 was EUR 33,947 (2009: 33,794) and it is in respect of the taxable rental revenue on the Balada market and the minimum tax payable as explained above.

The major components of the income tax expense for the periods ended December 31, 2010 and December 31 2009 are:

Figures in EUR	2010	2009
Current income tax charge	33,947	33,794
Deferred income tax movement in the period	(477,224)	(356,679)
<b>Income tax expense/(gain) in the consolidated income statement</b>	<b>(443,277)</b>	<b>(322,885)</b>

The table below shows the composition of the deferred tax assets and deferred tax liability in the balance sheet:

Figures in EUR	2010	2009
Fair value adjustments of Investment property	397,173	877,772
<b>Deferred tax liability at 16%</b>	<b>397,173</b>	<b>877,772</b>

The following table shows the composition of the deferred tax liability per each company:

	2010	2009
Westhouse SRL	215,711	749,051
Concorde SRL	122,955	128,721
Westhouse Invest SRL	57,459	-
Investate SRL	1,047	-
<b>TOTAL</b>	<b>397,173</b>	<b>877,772</b>

The Group measures the deferred tax liabilities and deferred tax assets in order to reflect the tax consequences that would follow from the manner in which the entity expects, at the balance sheet date, to recover or settle the carrying

amount of its assets and liabilities. Consequently, where the group had transactions which are not expected to carry a deferred tax liability or the deferred tax asset, the group has not recognised such deferred tax.

During 2010, the further decrease in the value of the investment properties resulted in a reduction in the deferred tax liabilities or a deferred tax asset. The Group used its judgement to determine whether there will be enough taxable income in the foreseeable future to offset the deferred tax asset against. Where there was not enough conclusive evidence to support that, such deferred tax asset was not recognised/written off.

The following shows a numerical reconciliation between the tax expense and the accounting profit.

	2010	2009
Accounting taxable profits/(loss)	(12,129,468)	(19,363,281)
Tax at applicable rate of 16%	(1,940,715)	(3,098,125)
Tax effect of (expenses)/income that are not (deductible)/taxable in determining taxable profit	1,497,438	2,775,240
<b>Tax (expense)/income</b>	<b>(443,277)</b>	<b>(322,885)</b>

Average effective tax rate for 2010 was 3.5%, compared to the fiscal tax rate of 16%. This is due to income that was not taxable.

## Note 21 DEFERRED INCOME

Deferred income at 31 December 2010 amounts to EUR 58,392 (2009: 1,134,990).

## Note 22 TRANSACTIONS WITH RELATED PARTIES

### Transactions with subsidiary

RomReal Ltd. has granted its subsidiary Westhouse Group SRL loans amounting to a total of EUR 86,820,181, interest to 31 December 2010 included. Intergroup loans bear an interest rate of 5.5% and are for a term of 11 months. The subsidiary Westhouse Group SRL has further granted RomReal Ltd. a loan of EUR 118,346 in connection with the purchase of 5% of the shares in Concorde Group SRL, 5% of shares in Investate SRL, 5% of Magic Sail Club SRL, 1% of the shares in Rofrench Connection SRL. These loans are not secured and are interest free.

### Transactions with other related parties

On 30 March 2007, the group entered into an amended Management Support Agreement with North Bridge Group Ltd (“North Bridge Group”). North Bridge Group is controlled by the five shareholders of North Bridge, which include Mr. Jonas Bjerg, Mr. Kjetil Grønskag and Mr. Kay Thorkildsen. Pursuant to the Management Support Agreement, North Bridge Group is retained as an advisor to the group, and will be responsible for making available resources to support the group in continuing to develop its real estate portfolio, including North Bridge Group’s principals and recommending to the group specialists, including secondees where appropriate. For these services North Bridge Group received an annual fee of EUR 95,000 during the year ended 31 December 2010 (2009: EUR 100,000). In addition, North Bridge Group is entitled to reimbursement of travelling and other reasonable out-of-pocket expenses incurred by it with the prior agreement of the group’s Board of Directors. The terms of the Management Support Agreement were renewed on 10 October 2010 and the level of fees was revised to EUR 80,000 per annum, effective October 2010. The group may engage the manager or its associates to provide other services outside the scope of this agreement. Such services will be subject to a separate mandate agreement.

The Group's Investors Relation responsible during 2010, Mr. Harris Palaondas, was seconded to the group from North Bridge Group pursuant to a secondment letter dated 16 July 2010. Following the above, the group's board approved a fee payable to North Bridge of EUR 2,000 per month plus reasonable out-of-pocket expenses for travelling.

During the period North Bridge charged EUR 28,500 (2009: EUR 30,000) in secondment fees and recharged EUR 4,782 (2009: EUR 3,051) of costs directly attributable to these services. The outstanding balance due to North Bridge Capital Partners at 31 December 2009 was nil (2009: EUR 501).

During 2010, Mr Kay Thorkildsen, the Group's CEO has acquired 2 apartments in the Corralia Project for a consideration of EUR 162,000.

All transactions with related parties have been conducted following the principle of arm's length.

## Note 23 FINANCIAL RISK

### Fair value

The fair value of the financial assets and liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs/

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

Figures in EUR	Carrying amount		Fair value	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<b>ASSETS</b>				
Trade receivables and other receivables	1,834,562	405,553	1,834,562	405,553
Cash and cash equivalents	1,937,501	1,861,531	1,937,501	1,861,531
<b>Total</b>	<b>3,772,063</b>	<b>2,267,084</b>	<b>3,772,063</b>	<b>2,267,084</b>
Borrowings	11,600,000	13,700,000	11,600,000	13,700,000
Leasing	-	2,923	-	2,923
Trade and other payables	1,084,529	410,605	1,084,529	410,605
<b>Total</b>	<b>12,684,529</b>	<b>14,113,528</b>	<b>12,684,529</b>	<b>14,113,528</b>

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its deposits with banks.

The carrying amounts of the Group's cash and cash equivalents, other current assets and receivables represented the maximum exposure to credit risk in relation to financial assets. Cash is placed with reputable banks.

As of 31 December 2010, no trade and other receivables were impaired (see note 7).

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is minimal. The Group has fully paid in advance the interest in respect of the EUR 11,600,000 loan with Alpha Bank.

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans	-	-	-	11,600,000	-	405,553
Other payables	-	1,084,529	-	-	-	1,084,529
Tax payable	-	15,050	-	-	-	15,050
<b>Total</b>	-	<b>1,099,604</b>	-	<b>11,600,000</b>	-	<b>12,699,604</b>

Year ended 31 December 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans	-	-	13,702,725	-	-	13,702,725
Other payables	-	948,089	-	-	-	948,089
Tax payable	-	24,703	-	-	-	24,703
<b>Total</b>	-	<b>972,792</b>	-	<b>13,702,725</b>	-	<b>14,675,517</b>

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is subject to foreign exchange risk as the Romanian subsidiaries have business activities denominated in RON, which is different from the functional currency of the parent company and the Group's presentation currency, EUR. All investment properties are owned by the Romanian subsidiaries and thus denominated in RON. From an operational point of view, the Group's policy is to mitigate these effects by retaining as much cash in EUR as possible and also by denominating receivables in EUR. The Group's interest bearing loans are also denominated in EUR. The Group perceives the risk as moderate on a Group-wide basis and has not entered into any foreign exchange forward contracts to hedge against foreign currency fluctuation.

### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. The Group's policy is to keep the average loan to value ratio of the Group lower than 70%. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group complies with its target loan to value ratio and no changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

As at year end 2010, the Group's equity represents 70.4% of the total assets, while financial debt taken from credit institutions represented 32% of the investment properties value.

	2010	2009
Interest bearing loans	11,600,000	13,702,725
External valuation of investment property	36,809,443	48,058,069
Loan to value ratio	32%	29%

During the period, the Group maintained the asset finance facility with Alpha Bank in Romania, after having made a partial payment in amount of EUR 2.1 million.. The outstanding EUR 11.6 million has a term of 2 years, maturing on November 30, 2012. During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

## Note 24 CONTINGENT LIABILITIES AND COMMITMENTS

The Group has a plot in Constanta which is operated as an indoor fresh food market. The plot was acquired by the Group in November 2005 by way of acquiring Concorde Group SRL. There is a contingent liability whereby if the Group were to change the use of the land from its current purpose, they will have to pay an additional amount to the Local Authority. This contingent liability is both non-quantifiable and remote as the Group does not have any immediate plans to change the use of this plot nor does it have any visibility over the amount which may be due. Other than disclosed above, as of December 31, 2010 the Group had no other significant contingent liabilities or commitments which are not reflected in the accounts, nor had it recorded any significant subsequent events.

## Note 25 GUARANTEE OBLIGATIONS

The Group has not issued any guarantees on behalf of external parties.

## Note 26 EARNINGS PER SHARE

### Basis for calculation of earnings per share

	2010	2009	2010	2009
The year's earnings from continuing operations	(11,686,191)	(19,040,396)	(10,866,569)	(18,013,574)
No. of shares at the balance sheet date	49,247,366	49,247,366	49,247,366	49,247,366
Average of no. of shares	49,247,366	49,247,366	49,247,366	49,247,366
Adjustment for effect of share options	-	-	-	-
Average no. of shares by dilution	49,247,366	49,247,366	49,247,366	49,247,366
<b>Earnings per share</b>	<b>(0.24)</b>	<b>(0.39)</b>	<b>(0.22)</b>	<b>(0.37)</b>
Diluted earnings per share	(0.24)	(0.39)	(0.22)	(0.37)

## Note 27 SUBSEQUESNT EVENTS

There were no material subsequent events.

## Statement

*Pursuant to Section 5-5 of the Securities Trading Act*

We hereby confirm that the annual accounts for the Group and the company for 2009 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company taken as a whole.


The directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group.

**Bermuda, 13.04.2010**

**The Board of Directors of RomReal Ltd**



.....  
Kjetil Grønskag (Chairman)



.....  
Jonas Bjerg (Director)



.....  
Thor Bjørdal (Director)



.....  
Mihai Buia (Director)



.....  
Arve Nilsson (Director)



.....  
Kay Thorkildsen (CEO)



.....  
Erik Sture Larre (Director)

## Company Addresses

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Auditors	Ernst & Young, Thormøhlens gate 53 D, PO Box 6163, Postterminalen, Bergen, N5892, Norway
Legal Advisors	Wakefield Quin Limited, Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda
Bank in Norway	Nordea Bank Norge ASA, Olav Tryggvasons gt. 39/4, 7005 Trondheim, Norway
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