RomReal Ltd

FINANCIAL STATEMENTS AT 31st DECEMBER 2006

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Chairman's Statement

Thor Bjordal - Chairman

I am pleased to report a year of very strong progress for your company, the first full year of RomReal's existence.

2006 was the last year for Romania outside the EU, an important milestone in the development – we could say restoration - of a proud and independent nation. RomReal's mission is to participate actively in this exciting period, creating value for investors by working to our two core principles: to identify assets which are capable of substantial and sustainable value appreciation; and to execute effectively in developing these assets to the benefit of all of our stakeholders. To succeed we must create value for those to whom we sell apartments or villas, or who occupy the commercial assets we construct and may own and operate.

The past year has been focused on creating the platform for this value creation: identifying, assessing and securing prime sites for future development and building the base for the organisation that will carry out this work. I am pleased to report that on both counts RomReal has achieved much during the past year. First, we have secured more than 700,000 sqm of prime land and operating assets. Second, we have taken our first projects through the complex planning process and are now starting to construct. Third, we have a strong and committed team which is being added to continuously as our needs and scope grow.

Our strategy necessarily requires constant review, since our market is developing rapidly. In asset acquisition we have considered carefully how the commercial and economic cycle may develop in Romania and in our focus cities: Constanta and Bucharest. We have acquired some assets which deserve to be developed rapidly and some which may be held in reserve for the coming phases of the market's evolution. We have added one site in Brasov and intend, without diluting and stretching our team, to develop our presence in other cities.

The coming year will bring new challenges, but our emphasis will remain on value-creation for our investors and customers. I would like to thank the management team and our dedicated staff for their work over the past year, when our platform has been built successfully. We have developed strong contacts at all levels, with suppliers, vendors of land and other parties and this reflects the strong personnel efforts and capabilities of the team. We look forward to capitalising on our strong start in the coming year.

Chief Executive's Review

Kay Thorkildsen - CEO RomReal Ltd (Non Board member)

RomReal is just over one year old and we have made good progress, with 17 plots and a critical mass of strategic assets in Constanta, the largest port on the Black Sea and one of the region's fastest-developing cities. We have deployed in the region of EUR 30 million in asset acquisitions and even if some of these have been secured recently, our valuation by Colliers of approximately EUR 60 million supports the view that we have bought well. At the beginning of 2006 we had 128,000 sqm, to which we added 644,000 sqm during the year. We also acquired our first sites in Bucharest, including an office building which contains our headquarters. We have secured a high profile tenant for this asset; a leading Romanian health care company, listed on the Bucharest stock exchange.

Our pipeline of development land is substantial, but it is also starting to produce. During 2006 we carried through the planning and pre-development processes on several of our sites and have begun construction on one; 6 villas will be delivered this spring. We are shortly to commence work on two more plots in Constanta. These will be followed in sequence by other projects.

At the same time we have developed our human capital. We have our own civil engineering team, financial controller and have added legal and other operational resources. Our position in the market is now attractive for other professionals and we are actively recruiting further senior management team members. We feel that real estate is a local business, so we have a strong local team, but we also bring an international dimension.

As Romania passes through its first year as a member of the European Union I believe that RomReal is well placed to sustain value creation for its investors. There are risks ahead, in a market that is moving so quickly and attracting strong competitors, but our structured approach to the business and the very strong beachhead we have built should help us to maintain a successful position in the years ahead. I would like to add my thanks to our team and advisers, who have contributed greatly to the position we have reached.

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Paul Bashir Chief Financial Officer (Non Board Member)

Our performance in what is the first full year of trading has exceeded our expectations both in terms of capital growth and total profits. We have continued to maximize the use of shareholder funds to create value within the Company and the resources available to the Company ensure that this trend should continue in the future.

Within these financial statements we have presented the results for the three month period ended 31 December 2005 and for the year ended 31 December 2006.

Operating results

Revenue has continued to grow from 39,000 EUR in 2005 to 248,000 EUR in 2006 as the Company has continued to expand its real estate asset portfolio which included one revenue generating property in 2005 and three in 2006. However, the most significant factor influencing other operating income has been the outstanding increase in the market value of the Group's real estate portfolio which contributed 1,962,000 EUR to other operating income in 2005 and 20,320,000 EUR in 2006.

Operating profit in 2006 was 12,927,778 EUR compared to 1,859,862 EUR.

Taxation

The effective tax charge for the year is 26% (2005:19.5%).

The fact that we are a Bermudan company means we are able to take advantage of favourable tax rules which enables us to minimize the tax payable on a group basis.

Dividends

The Directors' long-term strategy is for capital growth as well as dividend payments. However, the Company is in its phase of development and as such the Directors have not declared a dividend for the current period.

Balance sheet

Net assets as at 31 December 2006 were 65,204,652 EUR representing a net asset value per share of 1.76 EUR (2005: 20,173,925 EUR and 1.00 EUR respectively). Total assets were 89,835,000 EUR of which 53,760,798 (59.8%) EUR related to Investment property (2005: 20,560,934 EUR and 7,143,209 (34.7%) EUR respectively).

Finance

The Company has been successful at raising 36,000,000 EUR (gross) of new equity proceeds during the year. In addition to EUR 20 million (gross) raised in 2005, these new funds have enabled the Company to continue its land acquisition strategy and to expand its operational capacity in Romania.

In addition to equity proceeds the Company raised a EUR 12 million shareholder loan which matures in June 2007 and also a secured EUR 1.3 million loan on a yielding asset in Bucharest.

It is the Company's intention to continue to gear up its developments and yielding assets and this gearing level will continue to be monitored by the Directors. Cash at 31 December 2006 was 30,108,000 EUR which provides the Company with a good platform for the forthcoming year to continue its growth and development strategy.

Cash flow

We maintain a detailed cashflow forecast as part of our management information systems. This extends for a number of years into the future and is subject to continual re-assessment. The cashflow position is reported to the board on a monthly basis and is instrumental in the strategy of the Company.

International Financial Reporting Standards

The Company adopted International Financial Reporting Standards (IFRS) for the first time in the year ended 31 December 2006. As such, this year's financial statements are the first accounts in an international format, including notes and prior year comparatives, that the Company has produced.

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Director´s Report 2006

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2006.

Review of activities

The principal activity of the Company is that of land acquisition and property development.

A review of the activities and strategy of the Company is given in the Chairman's statement, the Chief Executive's review and the financial review on pages 3 to 4. The Company is required to prepare a business review incorporating comments on key performance indicators and this is covered in the review of activities.

RomReal Ltd changed its name to RomReal Ltd on 29 March 2007.

Results and dividends

Profit after taxation for the year ended 31 December 2006 was 10,042,504 EUR (2005: 1.407,038 EUR).

The Directors have not recommended a dividend for the period.

Creditors

It is Company policy to settle all debts with its creditors in accordance with the individual creditors payment schedule. In general all suppliers are paid by no later than 30 days following the month of receipt of the invoice.

Employees

The Company places considerable value on the involvement of its employees and keeps them informed of all relevant matters on a regular basis.

Directors' interests

The directors are shown together with their interest in the shares of the Company at 31 December 2006 and 31 December 2005:

		31 December 2006	31 December 2005
Thor Bjordal	Appointed November 2006	45,450	-
Kjetil Gronskag	Appointed November 2006	1,137,000	1,037,000
Mihai Buia	Appointed November 2006	-	-
Egil Bauer-Nilson	Appointed March 2007	-	-
Carine Smith	Appointed March 2007	-	-
Jons Bjerg	Resigned November 2006	320,000	300,000
Peter Grut	Resigned November 2006	-	-

Charitable Donations

The Company made charitable donations of 2,270 EUR (2005: nil). These donations were made to Ramona-Giovanni Bosco who are registered charity based in Constanta, Romania who care for homeless children.

Annual General Meeting

The Annual General Meeting was held by the Company on 26 March 2007 in Hamilton, Bermuda.

The company re-appointed Ernst & Young AS in Norway as Group auditors and reelected the board for the forthcoming financial period. In addition the company amended its Company Bye-Laws and increased the authorised share capital to 200 million 1 EUR shares.

By order of the board
11am Monday 23 April 2007
Signed on behalf of the Board of Directors of RomReal Ltd.

Egil Bauer-Nilson
Director

Kjetil Gronskag
Director

Consolidated Income Statement

Figures in EUR

	Notes	2006	2005*
Rent revenue		238,618	33,177
Other revenue		9,831	6,203
Operating revenues		**248,449**	**39,379**
Payroll and related expenses	15	(342,764)	(10,291)
Depreciation and amortisation expense	3,5	(15,136)	(2,829)
General and administrative expenses	16	(7,267,872)	(62,783)
Operating expenses		**(7,625,722)**	**(75,903)**
Profit before other operating items		(7,377,323)	(36,524)
Other operating income	17	20,320,617	1,961,608
Other operating costs		(15,516)	(65,288)
Profit from operations		**12,927,778**	**1,859,796**
Financial income	18	1,926,453	43,572
Financial costs	18	(1,309,667)	(155,453)
Profit before taxes		**13,544,564**	**1,747,915**
Tax expense	19	(3,502,060)	(340,877)
Result of the period		**10,042,504**	**1,407,038**
Earnings per share from continuing operations	**24**	**0.35**	**0.05**
Earnings per share from continuing - diluted	**24**	**0.35**	**0.05**

*RomReal Ltd. was established in October 2005, thus the column marked 2005 in the income statement concerns the period October-December 2005.

Consolidated Balance Sheet

Figures in EUR

ASSETS	**Notes**	**December 31, 2006**	**December 31, 2005**
Non current assets			
Property, plant & equipment	3	4,794,245	17,551
Investment properties	4	53,760,798	7,143,209
Intangible assets	5	19,061	1,510
Deferred tax assets	19	20,941	0
Total non current assets		**58,595,044**	**7,162,270**
Current assets			
Inventories	6	443,271	91
Trade receivables and other receivables	7	688,690	91,167
Cash and cash equivalents	11	30,107,786	13,307,407
Total current assets		**31,239,746**	**13,398,665**
Total assets		**89,834,791**	**20,560,934**

Figures in EUR

LIABILITIES AND EQUITY	**Notes**	**2006**	**2005**
Equity			
Issued share capital	8	35,769,501	18,796,048
Share premium	8	15,040,592	0
Retained earnings	9	11,449,542	1,407,038
Reserve	10	2,134,241	-
Translation reserve		810,776	(29,161)
Total equity		**65,204,652**	**20,173,925**
Non current liabilities			
Long term portion of leasing	10	158,729	7,348
Deferred tax liability	19	4,504,335	325,446
Total non current liabilities		**4,663,064**	**332,794**
Current liabilities			
Trade and other payables	13	7,818,465	45,700
Interest-bearing loan	14	12,000,000	0
Short term portion of leasing	12	13,320	1,730
Income tax payable	19	116,506	6,671
Deferred income		18,785	114
Total current liabilities		**19,967,076**	**54,215**
Total liabilities and equity		**89,834,791**	**20,560,934**

Signed on behalf of the Board of Directors

Egil Bauer-Nilsen
Director

Kjetil Grønskag
Director

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Statement Of Changes in Equity

Figures in EUR

	Share Capital	Share Premium	Retained Earnings	Translation Reserve	Reserves	Total
Profit for the period	-	-	1,407,038	-	-	1,407,038
Currency translation differences	-	-	-	(29,161)	-	(29,161)
Income and expense recognised directly in equity	**-**	**-**	**-**	**(29,161)**	**-**	**(29,161)**
Total recognised income and expense for the year	-	-	**1,407,038**	**(29,161)**	-	**1,377,877**
Issue of share capital	20,100,000	-	-	-	-	20,100,000
Costs related to capital issue	(1,303,952)	-	-	-	-	(1,303,952)
Total equity from shareholders	**18,796,048**	**-**	**-**	**-**	**-**	**18,796,048**
Balance as of 31 December 2005	**18,796,048**	**-**	**1,407,038**	**(29,161)**	**-**	**20,173,925**
Profit for the period	-	-	10,042,504	-	-	10,042,504
Currency translation difference	-	-	-	839,937	-	839,937
Share options granted	-	-	-	-	43,638	43,638
Revaluation of property, plant and equipment	-	-	-	-	2,090,603	2,090,603
Income and expense recognised directly in equity	-	-	-	839,937	2,134,241	2,974,178
Total recognised income and expense for the year	-	-	10,042,504	839,937	2,134,241	13,016,682
Issue of share capital	16,973,453	-	-	-	-	16,973,453
Share premium	-	19,030,081	-	-	-	19,030,081
Costs related to capital issue	-	(3,989,489)	-	-	-	(3,989,492)
Total equity from shareholders	**16,973,453**	**15,040,592**	**-**	**-**	**-**	**32,014,045**
Balance as of 31 December 2006	**35,769,501**	**15,040,592**	**11,449,542**	**810,776**	**2,131,241**	**65,204,652**

Cash Flow Statement

Figures in EUR

	Notes	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash generated from operations	25	(1,439,198)	(1,113,740)
Income tax paid		(14,451)	(3,838)
Net cash flow from operating activities		**(1,453,650)**	**(1,117,578)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of investment property		(20,789,034)	(3,867,135)
Sale of fixed assets		1,173	-
Capital expenditure on investment property		(395,684)	-
Purchases of property, plant and equipment		(4,810,823)	(20,481)
Other investments		(1,079,522)	(965,163)
Interest received		148,303	31,002
Net cash flow used in investing activities		**(26,925,587)**	**(4,821,776)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of share capital	12	36,003,534	17,713,000
Payment of issue costs		(3,370,442)	(640,380)
Proceeds from borrowings		12,000,000	3,659,288
Repayment of borrowings		-	(1,330,153)
Interest paid		(631,245)	-
Exchange losses on cash and cash equivalents		1,177,768	(155,453)
Net cash from financing activities		**45,179,615**	**19,246,302**
Net increase in cash and cash equivalents		**16,800,379**	**13,306,948**
Cash and cash equivalents, beginning of period		13,307,407	459
Cash and cash equivalents, end of period		**30,107,786**	**13,307,407**

Notes To The Financial Statements

Note 1 ORGANIZATION AND OPERATIONS

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 and Magic Sail SRL are incorporated in Romania. RomReal Ltd and its subsidiaries (the Group) are principally engaged in property investments in Romania. The table below lists all subsidiaries.

The average number of employees in the Group was 8 in 2006. The registered office address of RomReal Ltd is located at Canon's Court, 22 Victoria Street, Hamilton HM12, 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

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation

The 2006 financial statements of the RomReal Ltd. Group are the first financial statements that the Group has prepared. The Group has not presented consolidated financial statements for previous periods.

The accounting financial statements of the RomReal Ltd. Group have been prepared in accordance with the international accounting standards adopted by the EU (EU-IFRS) and the interpretations adopted and published by the International Accounting Standards Board. All IFRS standards adopted have effective date in 2006 or earlier.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The financial statements have been prepared on the basis of historical cost and fair value (investment properties).

2.2 Consolidation

The consolidated financial statements comprise the financial statements of RomReal Ltd. and its subsidiaries as at 31 December 2006 and 31 December 2005 as the Group was established in the autumn 2005. 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. 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.

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 estimates and judgements

There are key assumptions and judgements concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. These are elaborate below.

Estimate of fair value of investment properties
The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgements, the Group considers information from a variety of sources including:

(a) current prices in an active market for properties of different nature, condition or location, adjsuted to reflect those differenes;
(b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity.

2.4 Property, plant and equipment

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. Land and buildings are measured at cost less depreciation on buildings and impairment charged subsequent to the date of the revaluation. 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 not be recoverable.

Land held under a concession agreement is classified and accounted for at fair value in accordance with IAS 16. Changes in fair value are taken directly to revalution reserves in equity. When the land is being developed for future sale, it is reclassified as inventory at deemed cost.

The concession agreements are accounted for as finance leases.

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 property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by a certified Romanian Institute of Valuers valuation expert in Romania. Investment property that is being redeveloped for continuing use as investment continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that the 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 maintenace are charged to the income statement during the financial period in which they are incurred.

Changes in fair value are recorded in the income statement.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

When the group decides on future use of land, other than long-term capital appreciation, the land is reclassified and accounted for under IAS 2, IAS 16 or IAS 17 accordingly.

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 are 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.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

2.6 Intangible assets

Intangible assets acquired separately 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 is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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.

2.8 Inventories

Investment properties that are being redeveloped for future sale are reclassified as inventories at their deemed cost, which is the carrying value amount at the date of reclassification. They are subsequently 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.

2.9 Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. 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 Leases

Operating lease
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Finance lease
Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties which are accounted for as finance leasees are carried at their fair value.

Concession agreements with a local municipality give RomReal a right to use a piece of land for a defined number of years, in exchange of an annual fee. In addition the contract provides that if RomReal constructs certain specified buildings on this land, RomReal will have the option to buy the land at a fixed price. Such concession agreements are accounted for as finance lease.

2.12 Equity

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

2.13 Revenue recognition

Revenue includes rent revenue and other revenue. Rental revenue is recognised proportionally over the renting period.

2.14 Foreign currency translation

The consolidated financial statements are presented in euros, 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. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. 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 was determined.

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 taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

	December 31, 2006	December 31, 2005
Closing	3.3817	3.6771

2.15 Taxes

The parent company is registered in Bermuda, and is consequently not subject to taxation. The subsidiaries are registered in Romania and are subject to Romanian taxation rules.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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.

2.16 Impairment of assets

Other assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

2.17 Borrowing costs

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. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.18 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 and recognised as an expense over the vesting period.

2.20 IFRS and IFRIC interpretations not come into force

The Group has not applied the following IFRSs that have been issued but are not yet effective:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments

- IFRS 4 Revised Guidance on Implementing IFRS 4 Insurance Contracts
- IAS 1 Amendments to IAS 1 Presentation of Financial Statements Capital Disclosures
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements

The new standards and interpretations have been assessed, and those relevant for RomReal are commented below. The standards have not been applied by RomReal as of 31 December 2006.

IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
IFRIC 8 was published in January 2006 and is effective from 1 May 2007. IFRIC 11 is effective from March 1 2007. Both interpretations are related to IFRS 2 Share-based Payment. The interpretations require, among other things, that when a company uses its own equity instruments to pay for goods or services, the transaction should be accounted for as an equity transaction, independently of how the equity instrument is obtained. The interpretations are not expected to have any effect for RomReal's financial statements, as the interpretations are in line with how such transactions are presently accounted for in the Group.

IFRIC 10 *Interim Financial Reporting and Impairment*
The interpretation was published in July 2006 and is effective from 1 November 2006. The interpretation concludes that impairment in an interim reporting period cannot be reversed if the reason for impairment is not present on a subsequent balance sheet date in the same financial year. This may have an effect for RomReal in the case of impairment, but has not been relevant in 2006.

Note 3 PROPERTY, PLANT AND EQUIPMENT

Figures in EUR

	Concession land	Land and buildings	IT equipment	Motor vehicles	Other fixtures and fittings	Total
Gross book value as at December 31, 2005	-	-	1,954	14,453	4,074	20,480
Additions in period	1,435,187	625,894	36,416	100,310	103,097	2,300,904
Revaluations	2,488,813		-	-	-	2,488,813
Disposals in period	-	-	-	-	-	-
Translation difference	-	-	171	1,267	351	1,794
Gross book value as at December 31, 2006	**3,924,000**	**625,894**	**38,541**	**116,030**	**107,522**	**4,811,987**
Accumulated depreciation as at December 31, 2005	-	-	-	2,168	762	2,930
Charge for the period	-	-	4,989	7,707	222	12,918
Translation difference	-	-	205	502	1,187	1,894
Accumulated epreciation as at December31, 2006	-	-	**5,194**	**10,377**	**2,171**	**17,742**
Net Book Value at December 31, 2005	**-**	**-**	**1,954**	**12,285**	**3,312**	**17,551**
Net book Value as at December 31, 2006	**3,924,000**	**625,894**	**33,346**	**105,653**	**105,351**	**4,794,245**
Depreciation method	-	Linear	Linear	Linear	Linear	Linear
Depreciation period (Years)	**-**	20	2-4	4	3-9	-

There were no impairment charges in 2005 and 2006.

Land owned under Concession Agreements (Note 12) was revalued during the year (Note 4) resulting in an increase in fair value of EUR 2,694,297 with the revalued amount being classified as revaluation reserves. The resulting revaluation gave rise to deferred tax liability of 398,210 EUR in the period.

Note 4 INVESTMENT PROPERTIES

Figures in EUR

	Investment properties
Opening balance as at January 1, 2006	4,289,873
Additions in period	24,805,929
Disposals in period	0
Translation differences	374,731
Purchase price as at December 31, 2006	**29,470,533**
Fair value adjustment as at January 1, 2006	2,853,336
Fair value adjustment during the period	20,320,617
Translation differences	1,116,312
Fair value adjustment as at December 31, 2006	**24,290,265**
Carring amount as at December 31, 2005	**7,143,209**
Carring amount as at December 31, 2006	**53,760,798**

Investment properties consist of land and buildings at various locations in Romania. The fair value of investment property as at 31 December 2006 is based on a valuation by an independent valuer 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, using comparative data where applicable.

A valuation was not performed on the Group's Investment properties as at 31 December 2005. As at 31 December 2005, the group owned 6 investment properties which were all acquired between September and November 2005. For these properties the Group has apportioned the increase in fair market value as 31 December 2006 equally over the period in which the Group has owned the property.

The Group currently has three revenue-generating properties. These generated revenue of 238,618 EUR in 2006. The direct operating expenses of these three properties were 146,000 EUR in the same period. The direct operating expenses of investment property that did not generate rental income during the period were 420,000 EUR.

Additions to Investment Property during 2006 relate to 11 new plots of land and buildings in Romania which have been acquired by the Group during the period in the normal course of business. 3 of the Group's Investment properties are located in Bucharest, 11 in Constanta and 1 in Brasov, in addition to acquiring additional land adjacent to existing plots.

Note 5 INTANGIBLE ASSETS

Figures in EUR

	Intangible assets
Gross book value as at December 31, 2005	1,510
Additions in period	19,926
Disposals in period	-
Translation difference	132
Gross book value as at December 31, 2006	**21,568**
Accumulated amortisation as at December 31, 2005	-
Charge for the period	2,218
Translation difference	289
Accumulated amortisation as at December 31, 2006	**2,507**
Carrying amount as at December 31, 2005	**1,510**
Carrying amount as at December 31, 2006	**19,061**

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

	2006	2005
Redevelopment expenditure	443,271	-
Other inventories	-	91
Total	**443,271**	**91**

A development of 6 villas which was in the course of construction when it was acquired by the Company in July 2006 has been classified as inventories in accordance with IAS 2, as it is the Company's intention to sell the 6 villas upon completion.

Note 7 TRADE RECEIVABLES AND OTHER RECEIVABLES

Figures in EUR

	2006	2005
Advances for tangible assets	257,927	-
Advances to suppliers	20,430	123
Trade receivables	18,828	430
VAT receivable	196,352	19,195
Other prepayments	95,162	-
Other short-term receivables	99,991	71,419
Total	**688,690**	**91,167**

Note 8 SHARE CAPITAL AND PAID-IN CAPITAL

Figures in EUR

	2006
Total number of shares January 1, 2006	*20,100 000*
New shares issued in capital issue in 2006	*16,973,453*
Total number of shares December 31, 2006	*37,073,453*
Nominal value as of 31.12.06	*1.00*
Issue of share capital	*20,100,000*
Costs related to capital issue	*(1,303,952)*
Total share capital January 1, 2006	*18,796,048*
Issue of share capital in 2006	*36,003,534*
Costs related to capital issue	*(3,989,489)*
Increase in share capital in 2006	*32,014,045*
Total share capital as of December 31, 2006	*50,810,093*
Paid-in capital	*50,710,103*

Issue of shares

In connection with formation of the company, 20,100,000 EUR in share capital was raised in the Autumn, 2005. Costs related to the issue of shares amounted to 1,303,952 EUR. At the same time of this share issue, 2,387,000 EUR of loans that were granted to the Company during 2005 were converted into equity at par.

During 2006 a further 36,003,534 EUR was raised by the Group. Costs related to these share issues amounted to 3,989,492 EUR. These costs are accounted for by reducing equity in accordance with IFRS.

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

Retained earnings as of December 31, 2005	1,407,038
Net profit in the period	10,042,504
Retained earnings as of December 31, 2006	11,449,542

Note 10 RESERVES

Figures in EUR

	2006	2005
Share options granted (Note 15)	43,638	-
Revaluation reserve	2,090,063	-
Total reserves	**2,134,241**	**-**

The revaluation reserve relates to the fair value adjustment to Concession Agreements included within Land & Buildings. (Note 3).

Note 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of 30,107,786 EUR at 31 December 2006 (2005: 13,307,407) included an amount of 18,274,314 EUR (2005:nil) in relation to monies held on client accounts with Pareto Securities AS and Computershare Investor Services (Channel Islands) Limited, following the December share issue. (Note 8).

Note 12 LEASES

The Group has two financial leases concerning two vehicles in the subsidiary Westhouse Group SRL and one financial lease concerning one vehicle in the subsidiary Concorde Grup SRL. The leasing period is 2 years on Westhouse Group SRL and 5 years on Concorde Grup SRL. After the agreed leasing period, the leased vehicles will most likely be bought from the lessor.

The carrying amount of the three leases as of December 31, 2006, is 54,978 EUR (2005: 9,079 EUR).
The total charge to income statement for the leasing contracts in 2006 is 33,330 EUR (2005: 5,650 EUR).

Figures in EUR

Financial leases	**Total motor vehicles**
Within 1 year	13,320
1-5 years	14,478
>5 years	
Total	**27,798**

Leased assets booked as finance lease	
Book value of leased assets (vehicles)	54,978

Book value of leasing liabilities	27,798

Operating leases	**Photocopiers**
Within 1 year	5,977
1-5 years	4,981
>5 years	0
Total	**10,958**

The group has two concession agreements for 22,212 sqm and 5,000 sqm land in Ovidiu respectively. The Group has accounted for these concession agreements as if they were finance leases on the grounds that all of the risks and rewards of ownership have been transferred to the Group and there is a fixed purchase price for the concession land. The key terms of the concession agreements are as follows:

Figures in EUR

	Concession 1	**Concession 2**
Company which holds	Rofrench Connection SRL	Magic Sail Club SRL
Land Area	22,212 sq m	5,000 sq m
Length of concession	49 years	49 years
Date concession granted	13 May 2005	15 December 2004
Purchase price	$8.57 per square metre	$7.92 per square metre
Terms of the concession	Residential development	Recreational development
Net Book value at 31/12/06	**119,411**	**24,841**
Annual concession fee	**7,069**	**1,040**

Note 13 TRADE AND OTHER PAYABLES

Figures in EUR

	2006	**2005**
Trade payables	1,344,000	33,780
Accruals	237,159	-
Employee taxes	19,500	2,047
Short term loan from North Bridge Capital Partners Ltd.	6,000,000	-
Other payables	217,806	9,873
Trade payables	**7,818,465**	**45,700**

The Group has a EUR 6 million loan from North Bridge Group Ltd. The loan carries interest of 10% per annum and matures on 31 December 2007. (Note 18).

As of December 31, 2006, the Group had trade payables of 1,300,000 EUR relating to the final payment for the acquisition of the Bucharest villa. During January 2007, this trade payable was turned into a 10 year bank borrowing in Westhouse Group SRL with Alpha Bank SRL. The bank borrowings equivalent to EUR 1,300,000 bear interest at EURIBOR plus 2.5% margin. The repayment is to be done in 10 equal installments amounting to EUR 130,000.

The bank borrowings were secured by the following assets/companies:

(i) Mortgage over the immovable registered with Land Registry of Bucharest number 34885 with cadastre number 12183, owned by the Company, located in Bucharest
(ii) Real Moveable Security over the future and present credit balances of the current account in RON and foreign currency of the Company opened with Alfa Bank Romania SA;
(iii) Assignment of the receivables under the Insurance Policy for a total amount of minimum EUR 1,360,000;
(iv) Assignment of proceeds from existing and future renting contracts as well as from contracts for sale or disposal of (part of) the property located in Bucharest

Note 14 INTEREST-BEARING LOAN

The 12,000,000 EUR is in respect of a loan granted by Abraham Odfjell, a shareholder in Romreal. The loan bears a fixed interest rate of 10.5% (Note 20).

Note 15 PAYROLL EXPENSES AND NUMBER OF EMPLOYEES

The role of Chief Executive Officer of the Romanian entities was performed by an employee of North Bridge Capital Partners as part of the management agreement (Note 20).

The role of Chief Financial Officer of RomReal Ltd was performed by an employee of North Bridge Capital Partners on secondment.

In 2006, RomReal incurred expenses of 224,862 EUR related to key management personnel as part of the management agreement with North Bridge Capital Partners. In addition, the acting CEO has direct short-term employee benefits relating to a car and an apartment in Romania of 73,146 EUR. Key management personnel have also received share-based payment in the form of options, see below for further details.

The Group had 16 employees as of December 2006. Payroll expenses related to these employees amount to 342,764 EUR as of December 31. The Group does not offer a pension plan or other employee benefits to its employees as of December 31, nor are there any post-employment benefits.

Option agreements
During 2006, the group had two option schemes with three individuals in place who are either currently performing a role within senior management or have done so during the year. The details of the arrangements are as follows:

	Scheme 1	**Scheme 2**
Nature of arrangement	Grant of share options	Grant of share options
Date of grant	31 December 2006	31 December 2006
Number of instruments granted	25,000	20,000
Exercise price	€ 1.875	€ 2.25
Share price at the date of grant	€2.50	€2.50
Contractual life	3 years	3 years
Vesting conditions	None	None
Method of settlement	Equity	Equity

The group uses a Black-Scholes model to value options with no vesting conditions. In addition to the inputs to the model as described in the table above, the following assumptions have been used to value the options:

Expected volatility	0.25
Risk free interest rate	8.08%
Expected dividends	0

Expected volatility is determined based on historical volitility determined by the analysis of daily share price movements in Romania over the past 3 years.

The total cost for the group is calculated to be 43,638 EUR and has been taken to the P&L in 2006. The weighted average fair value of the options at the measurement date is 0.95 EUR.

No share options were exercised during the period. All of the above share options are outstanding and exercisable at the end of 2006.

Note 16 GENERAL AND ADMINISTRATIVE EXPENSES

Figures in EUR

	2006	**2005**
Management fee	(607,923)	(14,141)
Legal expenses	(91,985)	(1,308)
Rent expenses	(40,326)	(2,126)
Travel expenses	(63,801)	(1,385)
Professional services	(6,000,000)	-
Other expenses	(463,787)	(43,823)
In total	**(7,267,822)**	**(62,783)**

The Company incurred expenses of EUR 6,000,000 in relation to the settlement of a performance-based agreement with North Bridge Group; this settlement was required as part of the preparations for the stock market listing. As at 31 December 2006 these expenses had been settled by the Company by way of a loan note. (Note 18).

Note 17 OTHER OPERATING INCOME

Figures in EUR

	2006	**2005**
Revaluation of investment properties	20,320,617	1,961,608
Total other operating income	**20,320,617**	**1,961,608**

Note 18 FINANCIAL INCOME, NET

Figures in EUR

	2006	**2005**
Interest income from banks	148,303	31,002
Other financial income	-	12,570
Foreign exchange gain	1,778,150	-
Total financial income	**1,926,453**	**43,572**
Interest expense from banks	-	-
Interest expense	(631,245)	-
Other financial expense	(78,040)	-
Foreign exchange loss	(600,382)	(155,453)
Total Financial expense	**(1,309,667)**	**(155,453)**

Note 19 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 has not been any changes to the applicable tax rates in 2006.

The major components of the income tax expense for the periods ended December 31 2006 and December 31 2005 are:

Figures in EUR

	2006	**2005**
Current income tax charge	119,249	10,608
Deferred income tax relating to origination and reversal of temporary differences	3,382,811	330,269
Income tax expense in the consolidated income statement	**3,502,060**	**340,877**

A reconciliation between the tax expense and the product of accounting profit multiplied by the Group's domestic tax rate for the periods ended 31 December 2006 and December 31 2005 is as follows:

Figures in EUR

	2006	**2005**
Accounting profit before income tax	13,544,564	1,747,916
At the Group's statutory income tax rate of 16%	2,167,738	279,667
RomReal's result exempt from tax	(8,551,895)	(221,316)
Non-deductible expenses	32,631	35,411

Fiscal losses brought forward	241,213	161,250
At the effective income tax rate of 26%/19.5%	**3,502,060**	**340,877**
Income tax expense reported in the consolidated income statement	**3,502,060**	**340,877**

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

Figures in EUR

	2006	2005
Investment property	20,941	0
Total	**20,941**	**0**
Revaluation of Investment property	3,900,641	325,446
Revaluation of Property, plant and equipment	398,210	
Other differences Property, plant and equipment	205,484	
	4,504,335	**325,446**
Deferred tax liability at 16%	**4,504,335**	**325,446**

The deferred tax liability of 398,210 EUR relates to the revaluation of property, plant and equipment that has been taken directly to equity.

The deferred tax liability and the deferred income tax assets have not been offset as deferred tax liability and deferred tax assets within Romania can not be set off. Deferred income tax assets have been recorded as the company expects to be able to use them to offset taxable profits in the future.

Note 20 TRANSACTIONS WITH RELATED PARTIES

Transactions with subsidiary

RomReal Ltd. has granted its subsidiary Westhouse Group SRL loans amounting to a total of 31,562,692 EUR. All loans are non-interest bearing and are for a term of 11 months. The subsidiary Westhouse Group SRL has further granted RomReal Ltd. a short term loan of 101,356 EUR 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 and 1% of the shares in Rofrench Connection SRL. These loans are not secured and are interest-free.

Transactions with owners

On 10 October 2005, the Company entered into a management agreement with North Bridge Capital Partners. On 27 September 2006, North Bridge assigned the Management Agreement to North Bridge Group. In accordance with the Management Agreement, North Bridge Group shall provide certain management services to the Company, such as development of the Company's property portfolio (including purchasing new properties), negotiating bank financing, providing investor relations services, and other management services. For these services North Bridge Group was, in 2006, entitled to 2% of the value of the capital invested in real estate assets per annum. In 2007, North Bridge Group shall be entitled to 1.5% of such value, and in 2008, 1% of such value. In 2009 and onwards, North Bridge Group is entitled to 0.5% of such values annually. The Management Agreement had a minimum term of five years. The Company paid to North Bridge Group 607,923 EUR in relation to the provision of these management services (2005: 14,141 EUR) and a one off fee amounting to EUR

6,000,000 in respect of strategic consultancy services, over and above the services provided through the management agreement. The outstanding balance due to North Bridge Group at 31 December 2006 is 6,125,632 EUR (2005: 27,099 EUR).

This management agreement was terminated by the parties on 31 March 2007 and replaced with a management agreement with a much more limited scope. The new management agreement is dated 1 April 2007 and has a term of 5 years, and releates to North Bridge Group providing an executive Board member and continuing support on the strategic management of the investment portfolio. For these services North Bridge Group will receive 100,000 EUR per annum.

North Bridge Capital Partners seconded the Company's CFO during the period for which it charged 36,670 EUR (2005: 0) in secondment fees and recharged 48,000 EUR of costs directly attributable to these services. The outstanding balance due to North Bridge Capital Partners at 31 December 2006 is 7,407 EUR.

The Company also paid 619,870 EUR in 2006 to North Bridge Capital Partners Ltd in relation to the capital raising in June and December 2006. In 2005 the Company paid 400,000 EUR in connection with the capital raising in the Autumn, 2005.

RomReal also purchased the company Westhouse Group SRL from North Bridge Capital Partners for 10,000 EUR in November 2005.

In connection with the capital raising in the Autumn, 2005, an advisory and structuring fee amounting to 800,000 EUR, for services carried out in connection with the origination and completion of land purchases in Romania, was paid to Instrumental Marine Services Ltd. (IMS), a company whose majority shareholder also held shares in RomReal Ltd at 31.12.06. There is no outstanding balance with IMS at 31.12.06. IMS had rented space in the Group's Constanta offices, generating a rent income of 4,699 EUR in 2006 (2005: nil), however they have since relocated to alternative offices in Constanta.

In June 2006 RomReal and Westhouse Group were granted a loan of 12,000,000 EUR by Abraham Odfjell, who is an 8.6% shareholder in RomReal. The interest on this loan is payable quarterly and is fixed at 10.5 %. The entire loan is due within 12 months. The outstanding balance as at 31.12.06 is 12,000,000 EUR. Assets pledged as collateral include certain investment properties owned by the subsidiary Westhouse Group SRL as of 31.12.06 and 1,500,000 EUR of cash in a Nordea pledged account. The investment properties pledged as collateral include approximately 49 % of the total land surface acquired by the company.

During the year, the Company entered into a related party loan with North Bridge Group for 6,000,000 EUR. The loan was in relation to amounts due to North Bridge Group for services provided during the year for which the company still owed at year end. The loan was effective from 31 December 2006 with maturity on 31 December 2007. The interest on the loan of 10% is rolled–up into the principal amount and is payable in one lump sum. The parties have agreed, however, to waive the interest due on the loan if the loan is repaid before 31 July 2007.

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

Note 21 FINANCIAL RISK

Fair value

The carrying amounts of the companys's cash and cash equivalents, other current assets and receivables, trade payables and other payables approximate their fair values because of the short maturity of these instruments.

Other non current assets

The fair value of the balance of other non-current assets cannot be reliably measured and disclosed since the balance due from related companies was non-interest bearing and did not have fixed repayment terms.

Credit risk

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.

Regarding the other current assets and receivables and other non-current assets, in the opinion of the directors, there is no credit risk.

Interest rate risk

The Group's exposure to interest rate risk is minimal. The Group has two external interest-bearing loans:

- One loan of 12,000,000 EUR. The interest on this loan is payable quarterly and is fixed at 10.5 %.
- One loan of 1,300,000 EUR. The interest on this loan is payable monthly and the interest rate is EURIBOR plus 2.5% margin.

Foreign exchange risk

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. 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.

Note 22 CONTINGENT LIABILITIES, COMMITMENTS AND SUBSEQUENT EVENTS

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 aquiring Concorde Group SRL. There is a contingent liability whereby if the Group were to change the use of the land from its current purpose, it 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.

The Group entered into a non-binding pre sale agrement on a 30,000 square meter plot of land in Constanta. The total purchase price of the land is €12.3 million of which 10% was paid on 28 March 2007 at the signing of the pre-sale agreement. The Group is currently undertaking due diligence on the plot and if no issues are identified, the Company is likely to purchase the plot in May 2007.

RomReal Estate AS was established and used as a feeder vehicle in connection with the share capital increase in RomReal Ltd in December 2006. In April 2007 the shareholders in RomReal Estate AS exchanged their shares in RomReal Estate AS with shares in RomReal Ltd on a 1:1 basis. RomReal Estate AS has one asset consisting of 8,232,500 shares in RomReal Ltd. These shares will later be cancelled.

Other than disclosed above, as of December 31, 2006, 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 23 GUARANTEE OBLIGATIONS

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

Note 24 EARNINGS PER SHARE

Basis for calculation of earnings per share

	2006	**2005**
The year's earnings from continuing operations	10,042,504	1,407,038
No. of shares at the balance sheet date	37,073,453	20,100,000
Average no. of shares	28,586,727	20,100,000
Adjustment for effect of share options	45,000	-
Average no. of shares by dilution	28,631,727	20,100,000
Earnings per share	**0.35**	**0.05**
Diluted earnings per share	0.35	0.05

Note 25 CASH GENERATED FROM OPERATIONS

Figures in EUR

	2006	**2005**
Net profit	**10,042,504**	**1,407,038**
Adjustments for:		
- Income tax expense	3,502,060	340,877
- Depreciation of property, plant and equipment	12,298	2,829
- Amortisation of intangible assets	2,218	-
- Net gain from fair value adjustment to investment property	(20,320,617)	(1,961,608)
- Interest Income	(148,303)	(31,002)
- Interest expense	(631,245)	-
- Foreign exchange gain	1,177,768	(155,453)
Net change in working capital	4,923,499	(716,421)
Cash generated from operations	**(1,439,198)**	**(1,113,740)**

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Medlemmer av Den norske Revisorforening

To the Shareholders of
RomReal Ltd

Auditor's report for 2006

We have audited the accompanying consolidated balance sheet of RomReal Ltd as of December 31 2006, the consolidated income statement , statement of changes in equity, cash flow statement and the accompanying notes for the year then ended, showing a profit of EUR 10 042 504 for the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards and practices generally accepted in Norway. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of RomReal Group as of 31 December 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bergen, 23 April 2007
ERNST & YOUNG AS

Eirik Moe
State Authorised Public Accountant (Norway)