



**REPORT FOR THE SECOND QUARTER
2008**

15 August 2008

RomReal Ltd

Highlights: 2Q 2008

- Statutory Net Asset Value was EUR 2.3 (NOK 18.5) per share as at 30 June 2008, a decline of 7% from Q1 2008
- Decline in NAV is a consequence of a 5% write down in the Company's Investment Portfolio in Q2 to reflect prevailing market conditions
- Pre-tax loss in Q2 2008 of EUR 8.8 million primarily due to the asset write down. Total assets were EUR 138.5 million. The Company maintains a low gearing ratio of 11%
- Corallia and Central development binding sales with a typical 25% deposit at a satisfactory level
- Oasis development sales process progressing slowly – work in progress being carefully monitored by the Company to minimize financial exposure. Phase 1 reduced from 126 units to 100 units
- Sale of assets continues – Office Villa in Bucharest sold in quarter at IFRS NAV – cash proceeds of EUR 2.4m

Paul Bashir, RomReal's CEO said:

"We are starting to see the effects in Romania of the impact of the credit crunch combined with the increased consumer caution in the real estate sector.

The two primary objectives of the Company at present are to continue to drive the sales process on the first 3 developments and to maintain the disposal program of certain assets.

We are satisfied with the progress on the Corallia and Central developments, however we are not satisfied with the current level of sales on the Oasis development which are behind our initial expectations. In order to mitigate this risk we have been very careful with controlling our work in progress to ensure we do not over-commit our financial resources.

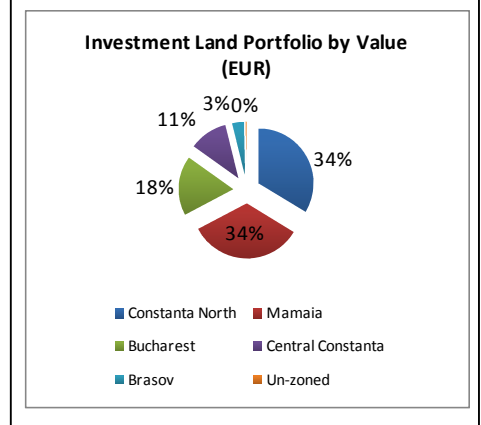
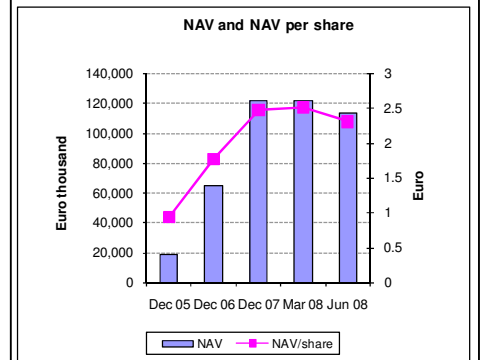
In addition to focusing on the sales process we are also continuing with the disposal of certain assets within our investment portfolio to further strengthen our balance sheet. During the quarter we successfully sold our Bucharest Villa which combined with the sale of a plot in Q1 gives total sale proceeds of EUR 4.2m. Importantly both of these assets were sold at IFRS NAV.

We have taken the decision to write down the land portfolio by 5% on an asset by asset basis in Q2 due to the continuing uncertainty surrounding short term economic prospects in Romania. Whilst this may be an overly prudent course of action we feel it is sensible given the current market conditions. Consequently, RomReal's Net Asset Value (NAV) at the end of Q2 is EUR 2.3 per share (NOK 18.5 per share).

We continue to drive forward the process of initiating events to underpin this NAV – for instance we are actively negotiating the sale of certain other assets at NAV however, in the current economic environment this is taking longer than we had initially expected.

We need to continue to remain vigilant in these difficult trading conditions; however the prudent approach adopted by the Company's board, the careful cash management of the Company's executive management combined with the low gearing in the Company, should ensure we are well positioned moving forward."

Key Figures (EUR'000)	Q2 2008	Q2 2007	FY Dec 07
Profit/(Loss) before tax	(8,787)	4,723	28,251
Net assets	113,418	99,859	121,739
NAV (EUR/share)	2.3	2.0	2.5
NAV (NOK/share)	18.5	16.2	19.5
Cash position	9,818	27,136	15,222
Number of plots	17	19	19
Land Bank ('000 sq/m)	1,209	812	1,233
Number of employees	24	22	23



OPERATIONAL OVERVIEW

Development Projects status

RomReal is active in residential real estate development in Romania – with particular focus on the Romanian domestic market in the Constanta region. The Company has started construction on the first three projects:

- **Central** – 89 primary use homes in central Constanta
- **Corallia** – 36 secondary (holiday) apartments in the Black Sea resort of Mamaia
- **Oasis** – 383 primary and secondary use homes in Constanta North

Central

Given the central location of this development in Constanta, as the construction of the building advances, the sales process continues to gather momentum. The Company has a strong initial reservation list which it is currently working hard to convert into binding sale agreements. RomReal currently has a satisfactory level of binding sale agreements all with 25% down payments on this development.

The Contractor mobilized on site as of 14th April 2008 and commenced site organization, soil excavation, reinforced concrete piling operations and raft foundation works. The Contractors progress to date is satisfactory and the building remains on schedule for delivery in late autumn 2009.

Corallia

RomReal has a sizeable reservation list on this project which it is currently converting into binding sale agreements. Currently, RomReal has a satisfactory level of binding sale agreements all with 25% down payments on this development.

The Corallia Project has a specific constraint not applicable to the other two projects consisting of a Summer Building Restriction in Mamaia which comes into force during the main holiday period 15th May to 15th Sept 2008. The Contractor (Baumeister SRL) is in the process of undertaking the procurement of key specialist sub-contractors and their materials. The key specialist is the steel sheet piling company who will commence on site in September 08 with all necessary plant, materials and equipment to progress the works as soon as the restrictions are lifted.

These restrictions have been factored into the time schedule for this particular project which has an autumn 2009 delivery date.

Oasis

The Company is proceeding with securing further sales on this development albeit that the current sales rate is behind the Company's own expectations. The Company will continue to proceed with caution on this development, carefully monitoring its work in progress to ensure financial commitments are kept in line with pre-sales levels.

The contractor Rotary Srl are making satisfactory progress on the superstructure reinforced concrete frames of the first 3 buildings of Phase 1. During the excavations for foundations a large void in the Limestone rock was encountered directly below the fourth building scheduled on Phase 1. These unforeseen ground conditions have resulted in the suspension of works to this building while further investigations are undertaken.

This has resulted in Phase 1 being reduced from 126 units to 100 units. Due to the configuration of the site this delay does not impact the ability to deliver the remaining buildings in Phase 1 which remains on schedule for delivery in 2009, subject to a satisfactory level of sales.

Progress with the Investment Portfolio

During the quarter the size of the Company's Investment Portfolio ("Land Bank") decreased from 1,210,152 sqm to 1,209,252 sqm as at 30 June 2008, due to the sale of the Office Villa in Bucharest.

RomReal currently has no plans to acquire any further investment land in the short term. The Company's focus is on realising the value contained within the existing Land Bank through strategic partnerships, disposals and through value enhancing via extending planning consent.

RomReal has made the strategic decision to focus on its core development assets in Constanta and as such it has initiated a disposal programme of its non core assets.

During the quarter the Company disposed of the Bucharest Office Villa at IFRS NAV.

Development in Net Asset Value

Net Asset Value as calculated according to the quarterly IFRS financial statements (NAV) is Euro 2.3 per share at Q2 2008, a decline of 7% from Q1 2008.

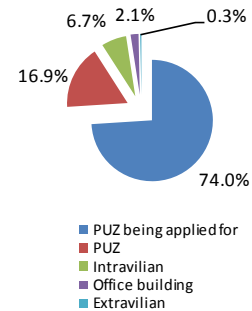
RomReal anticipates that current market conditions which are impacting on levels of foreign direct investment will bring about much more conservative growth rates in asset values, if not price stagnation, in 2008. As such the Company has taken steps to reduce the valuation of the Company's Investment Portfolio by 5% in Q2 2008.

The investment land portfolio was independently valued by Colliers CRE in Romania as at 31 December 2007 for IFRS purposes. The land valuation at June 2008 is based on prudent management estimations. The next independent valuation is scheduled to be undertaken as at 31 December 2008.

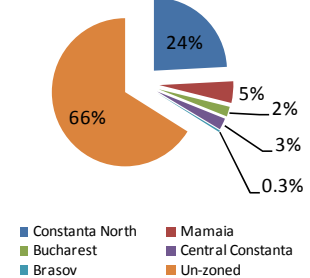
Asset base (EUR million)	Q1 2008			Q2 2008		
	EUR'million	EUR/share	NOK/share*	EUR'million	EUR/share	NOK/share*
Investment property	118,179	2.40	19.29	109,888	2.23	17.81
Inventories	11,242	0.23	1.84	13,394	0.27	2.17
Cash	11,875	0.24	1.94	9,818	0.20	1.59
Other Assets / (Liabilities)	(19,334)	(0.39)	(3.16)	(19,682)	(0.40)	(3.19)
IFRS Net Asset Value	121,961			113,418		
NAV per share		2.48	19.91		2.30	18.52
NAV Growth in Quarter		0.2%			-7.0%	

Note: Number of shares at Q2 2008 - 49,247,266
 * Calculated using closing quarter end exchange rates (Q1 EUR:NOK 8.04; Q2 EUR:NOK 7.98)
 Inventories include assets under construction (including land)

Investment Land Portfolio planning status

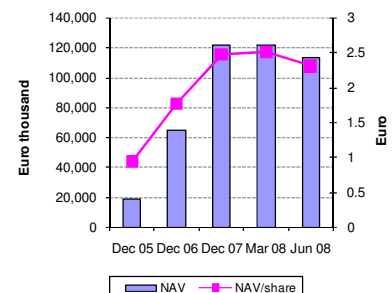


Investment Land Portfolio by area (sqm)



Note:
 PUZ – Outline Planning Permission
 Intravillan – within the urban area and suitable for development
 Extravillan – un-zoned land. Long term development potential

NAV and NAV per share



Impact of the “Credit Crunch” on the residential market in Romania

Despite the worsening economic conditions in Western Europe, Romania’s economy continues to show some signs of resilience. At the end of June 2008 the general budget deficit was 1.18 pct of GDP, up from the 0.4 pct of the GDP registered in May.

The slowdown in the trade deficit, was owed to the restrictive monetary policy of the Central Bank, the maturing of certain segments of the consumers market and the leu’s decline in the past year.

That being said, there has been a slowdown in the growth in mortgages and real estate loans in May 2008 for the sixth month in a row, with the monthly increase down to EUR 53 million, from the EUR 337 million peak reached in November 2007. However, the volume of loans granted in May this year is slightly higher than the level recorded last May which may indicate more lower value loans being granted to consumers rather than the higher value loans to off-plan investors. At the end of May, the volume of loans for real estate transactions had reached EUR 4.5 billion.

There is a general sense that banks have tightened up lending requirements in line with Western Europe following the continued fallout of the Credit Crunch. However, as stated above, whilst the value of loans granted is slowing, the volume of loans granted is increasing – indicating that the market for mortgage products is continuing to grow despite more difficult economic conditions.

As RomReal has previously stated, the higher cost of lending and the toughening of lending requirements have led to a significant decline in the activity of speculators in the Romanian market place, who previously had fuelled the explosive price surges seen on the real estate market over the last few years (most notably in Bucharest).

There are a number of indicators which show there is a slow down in the overall housing market in Romania, albeit notably less dramatic than experienced in other European countries:

- After significant growth in the first four months of 2008, the number of transactions carried out in the real estate market recorded in May and June showed a downward trend, with declines of around 5 percent in June, compared to the same month of last year, according to the National Union of Public Notaries in Romania (UNNPR);
- In May 2008, public notaries legalized 43,196 transactions from 44,749 in May 2007 and last month the number of real estate transactions declined to 40,383 from 42,648 in the same month of last year;
- In the first six months of the year, Bucharest old apartments prices stagnated, and in some cases declined, by 6 percent to 10 percent in certain zones, according to the real estate index calculated by the Bucharest daily newspaper.

The above statistics follow the Company’s previous comments about a noted slow down in the overall housing market in Romania. Whilst this is focused on areas of Bucharest where there has been significant price growth in 2006 and 2007 it has caused negative sentiment with consumers wishing to purchase apartments throughout Romania.

What does appear to be happening is that the negative press surrounding the Credit Crunch has caused increased caution amongst consumers, who are often delaying purchasing decisions in the hope that apartment prices will decline. However, in most cases, prices of new apartments are remaining stable with developers offering various pricing incentives to purchasers rather than slashing prices, with price declines most noticeable in old apartments.

We must note however that the market is still continuing to grow – albeit at a reduced rate. The impact of the credit crunch on the residential market may be less noticeable in Romania than in other EU countries due to the inherently low levels of personal debt and the relatively young mortgage market.

INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

Accounting principles

The second quarter 2008 report has been prepared in accordance with IAS 34 – Interim Financial Reporting. The quarterly result has been prepared in accordance with the current IFRS standards and interpretations. The accounting policies applied in the preparation of the quarterly result are consistent with the principles applied in the financial statements for the year to 31 December 2008.

Comparison for the 3 month interim period ended 30 June 2008 and 2007

The discussions below refer to the three month period ended 30 June 2008 for RomReal Ltd (RomReal) on a consolidated basis compared to the same period in 2007.

Operating revenues

Operating revenues in the 3 months to June 2008 were EUR 196,000 compared to EUR 123,000 in the same period 2007. This income relates to rent received on land bank assets awaiting development and from the Bucharest office which is part sub-let.

Other income in the 3 months ended 30 June 2008 of EUR 2,394,000 relates to the sale of the Bucharest villa of EUR 2,400,000 compared to EUR 4,866,000 in other income for the same period in 2007.

Other operating costs in the 3 months ended 30 June 2008 of EUR 9,790,000 primarily relates to the 5% write down of the Company's land portfolio in the quarter in addition to a number of sundry items in relation to asset disposals.

The decrease in the fair value the investment portfolio in the period reflects management's estimations of the amount by which the property would change hands for in the current market, with the decrease during the period reflecting management's assessment of the Romanian real estate market and known comparable transactions in the market place. The Company attempts whenever possible to base estimations on actual transaction values on adjacent plots. In accordance with the Company's valuation policy, these valuations will be reviewed at a minimum, annually by Colliers in Bucharest for IFRS purposes.

Operating expenses

Total operating expenses amounting to EUR 1,405,000 in the 3 months to June 2008 from EUR 1,152,000 in the 3 months to December 2007. The significant cost items within general and administration expenses primarily relates to rent and the provision of third part services such as financial and real estate consultants, marketing, advertising and legal costs.

Operating profit

RomReal generated an operating loss of EUR 8.6 million in the 3 months to June 2008 compared to a profit of EUR 3.8 million for the comparative period in 2007. The loss in Q2 2008 was primarily due to the 5% write down of the Company's land bank.

Profit before tax

The loss before tax for the three months ended 30 June 2008 was EUR 8.8 million compared to a profit of EUR 6.9 million in the same period in 2007. Due to the fluctuations in the RON against the EURO in the period, the Company's unrealised foreign exchange gains and losses are broadly equal, whereas in the same period in 2007 the Company had unrealised exchange gains of EUR 4.4m (which arose on inter-company loan arrangements).

The Company's policy is to retain as much cash in Euros as possible and to denominate all financial obligations in Euros. All contracts are negotiated in Euros and all apartments are sold in Euros.

As such RomReal attempts to proactively manage and mitigate where possible its exposure to movements in foreign currencies.

Cash and cash equivalents

Cash and cash equivalents at 30 June 2008 was EUR 9.8 million compared to EUR 27.1 million as at 30 June 2007.

Taxation

The Company accounts for deferred tax on all increases in fair values of its investment properties at a flat rate of 16%.

Consolidated debt

As at 30 June 2008 the group consolidated net interest-bearing debt amounted to EUR 13,365,000. During the quarter, the Company repaid the Alpha Bank loan which was secured on the Bucharest Villa.

In December 2007, the Company undertook an asset finance facility with Alpha Bank in Romania. The EUR 13.7 million loan has a term of 3 years and bears interest at a rate of EURIBOR (1 Month) plus 2.5% margin. The loan is secured by the Mamaia North 56,167 sqm development site.

Overview of the Company's debt

The table below shows the total debt for RomReal Ltd as at 30 June 2008 and its maturities:

EUR thousand	End 2Q 2008	Q3 to Q4 2008	2009	2010	2011	2012	After 2012
Alpha Bank (*)	13,365	-	-	(13,365)	-	-	-

(*) Secured Alpha Bank loan for the asset finance repayable in December 2010.

Financial Income for Q2 2008 was EUR 1,474,000 compared with EUR 4,352,000 in 2007. Financial expense in Q2 2008 was EUR 1,656,000 compared with EUR 1,245,000 in 2007.

Total equity

The Company's total equity as at 30 June 2008 was EUR 113.4 million, representing 81.9% of total assets at the end of the period, compared to EUR 99.9 million (92.9%) at the end of the same period 2007.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

EUR thousand	3 mths to 30 June 2008	3 mths to 30 June 2007	Year to 31 Dec 2007	Year to 30 June 2008	Year to 31 June 2007
Revenue	196	123	482	370	237
Total revenue	196	123	482	370	237
Gross profit	196	123	482	370	237
Depreciation	(68)	(26)	(109)	(155)	(50)
Management fees	(25)	(28)	(2,778)	(50)	(2,728)
General and administrative expenses	(904)	(732)	(3,335)	(1,734)	(1,154)
Payroll expenses	(408)	(366)	(1,292)	(592)	(525)
Loss before other operating items	(1,209)	(1,030)	(7,033)	(2,161)	(4,221)
Other operating income	2,394	4,866	42,188	8,165	5,130
Other operating costs	(9,790)	(52)	(926)	(11,088)	(52)
Operating Profit / (Loss)	(8,605)	3,784	34,229	(5,085)	857
Financial income	1,474	4,352	1,269	3,142	4,539
Financial costs	(1,656)	(1,245)	(7,247)	(3,443)	(1,560)
Result before tax	(8,787)	6,891	28,251	(5,386)	3,836
Tax on the profit of the year	-	(821)	(6,953)	(156)	(821)
Retained Profit / (Loss) for the year	(8,787)	6,070	21,299	(5,541)	3,015

CONDENSED AND CONSOLIDATED BALANCE SHEET (UNAUDITED)

EUR thousand	Q2 2008	As per 31 December 2007	Q2 2007
ASSETS			
Non-current assets			
Intangible fixed assets	26	27	30
Investment properties	109,888	119,032	73,445
Property, plant and equipment	968	1,650	5,169
Deferred tax asset	-	20	70
Total non current assets	110,882	120,729	78,713
Current assets			
Other short term receivables	4,235	833	402
Prepayments	193	109	29
Inventories	13,394	10,834	1,208
Cash and cash equivalents	9,818	15,222	27,136
Total current assets	27,641	26,997	28,774
TOTAL ASSETS	138,522	147,726	107,488
EQUITIES AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	86,002	85,746	85,841
Other reserves	204	563	2,205
Retained earnings	40,866	16,852	10,914
Result of current period	(8,787)	21,298	3,015
FX reserve	(4,867)	(2,720)	(2,116)
Total equity	113,418	121,739	99,859
Non current liabilities			
Non current liabilities	13,528	14,881	1,116
Long term portion of leasing	15	15	170
Deferred income tax	10,101	10,071	5,719
Total non current liabilities	23,644	24,967	7,005
Current Liabilities			
Bank debt	-	-	130
Other debt	14	14	18
Other payables	1,019	975	454
Accruals	425	27	18
Tax payable	3	4	4
Total current liabilities	1,460	1,020	624
TOTAL LIABILITIES	138,522	147,726	107,488

Cash flow statement (UNAUDITED)

EUR thousand	Year to 30 June 2008	Full year 2007	Year to 30 June 2007
Profit before tax	(5,386)	28,251	3,836
Net cash flow from operating activities	(1,146)	(8,693)	(7,828)
Net cash flow used in investing activities	2,729	(36,783)	(15,618)
Net cash flows from financing activities	(1,601)	29,590	16,639
Net cash change during period	(5,404)	(14,886)	(2,971)
Cash at beginning of period	15,222	30,108	30,108
Cash and cash equivalents at end of the period	9,818	15,222	27,136

Actual historic combined and consolidated changes in equity statements for RomReal Ltd (UNAUDITED)

EUR thousand	As per 30 June 2008	As per 31 December 2007	As per 30 June 2007
Equity as of beginning of period	121,739	65,205	64,389
Result	(5,541)	21,299	3,015
Other changes	(2,780)	35,236	32,456
Equity at end of period	113,418	121,739	99,859

There has been no change in the share capital of the Company during Q1. The total issued number of shares as at 30 June 2008 is 49,247,366.