

# Q4

**RomReal Limited**  
**Fourth Quarter 2013 Report**  
**28 February 2014**



RomReal is a Company focused on the Romanian real estate market. Established in 2005 it holds a premium property portfolio in Constanta, Bucharest and Brasov.



## **Highlights Fourth Quarter 2013**

### **Statutory Net Asset Value (NAV)**

Under IFRS the NAV was EUR 0.5 (NOK 4.4) per share at the end of Q4 2013, a decrease of 8.6% compared to the end of Q3 2013 and adjusted to the new number of 41,367,783 shares following the 2.5:1 reverse stock split in December 2013. The 8.6% decrease in NAV is due to a 5.3% adjustment of the value of the property portfolio and 3.3% due to the foreign exchange movement.

### **Valuation**

The Company has commissioned an independent valuation by Knight Frank Romania, and reflected the results in the financial statements reported at the end of Q4 2013. This resulted in a 5.3% downwards adjustment of the value of its investment property, in line with the average market trend.

### **Financial Results**

Pre-tax loss in Q4 2013 was EUR 2.25 million. Total assets at end of Q4 2013 were EUR 33.9 million compared to EUR 34.8 million at end of Q4 2012.

### **Reverse Share Split**

The reverse share split had as a result that the total number of shares in the Company were reduced from 103,419,456 to 41,367,783 and the nominal value of each share changed from €0.001 to €0.0025. The reverse share split did not change the value of the Company's share capital, which remains at €103,419.

### **Plot division and sales**

One of the plots in the Company's land bank has obtained its Urban Certificate in order to be divided into smaller plots. The Company has sold one the divided plots and that was fully paid.

### **Macro news**

A flash estimate from the National Statistics Institute suggests Romania's GDP growth in 2013 reached 3.5% percent. The strong agricultural year together with high export demand, were the main growth drivers. Nevertheless, the aforementioned drivers keep the future growth prospects strongly linked to Europe's performance.



## Key Financial Figures

| EUR '000                               | Q4 2013 | Q4 2012 | FY 2013 | FY 2012 |
|----------------------------------------|---------|---------|---------|---------|
| Operating Revenue                      | 116     | 188     | 399     | 429     |
| Operating Expenses                     | (447)   | (227)   | (1,112) | (1,391) |
| Other operating income/ (expense) ,net | (1,496) | (3,395) | (823)   | (962)   |
| Net financial income/(cost)            | (421)   | (1,184) | (1,144) | (1,896) |
| Pre-tax result                         | (2,248) | (4,618) | (2,680) | (4,992) |
| Result for the period                  | (2,215) | (4,160) | (2,613) | (4,391) |
| Total assets                           |         |         | 33,864  | 34,878  |
| Total liabilities                      |         |         | 12,179  | 12,404  |
| Total equity                           |         |         | 21,688  | 22,474  |
| Equity %                               |         |         | 64.2%   | 64.4%   |
| NAV per share (EUR)                    |         |         | 0.52    | 0.57    |
| Cash & Cash equivalents                |         |         | 989     | 702     |

### Movement in Net Asset Value

A negative movement of EUR 1,901,000 was recorded in the Net Asset Value (NAV) in Q4 2013. This shows a decrease of 8.6% compared to Q3 2013. This is mainly due to the downward adjustment of the investment property. The year-on-year decrease of the NAV was 2.9% driven by the (a) negative operating result, (b) negative impact of valuation (c) unrealised foreign exchange losses.

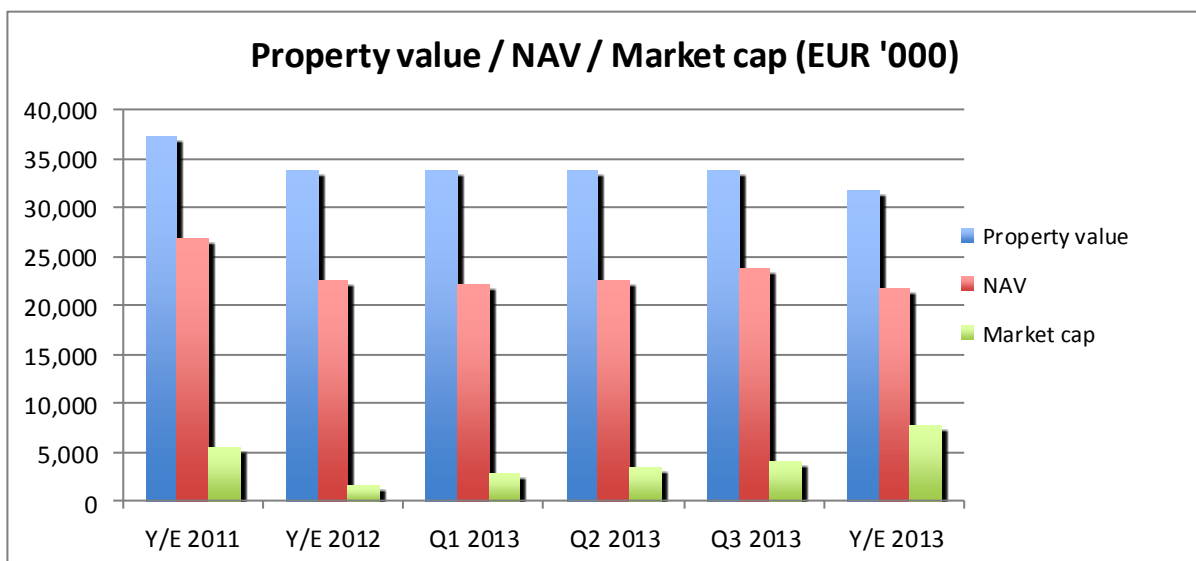
| Asset base                 | Q4 2013  |           |           | Q3 2013  |           |           |
|----------------------------|----------|-----------|-----------|----------|-----------|-----------|
|                            | EUR '000 | EUR/share | NOK/share | EUR '000 | EUR/share | NOK/share |
| Investment property        | 29,301   | 0.71      | 5.90      | 30,953   | 0.75      | 6.04      |
| Inventories                | 2,544    | 0.06      | 0.51      | 2,816    | 0.07      | 0.55      |
| Cash                       | 989      | 0.02      | 0.20      | 1,768    | 0.04      | 0.35      |
| Other assets/(liabilities) | (11,146) | (0.27)    | (2.24)    | (11,807) | (0.29)    | (2.30)    |
| Net asset value            | 21,829   |           |           | 23,730   |           |           |
| NAV/Share                  |          | 0.52      | 4.37      |          | 0.57      | 4.63      |
| Change in NAV              | -8.6%    |           |           | 5.5%     |           |           |

The total issued number of shares at end Q4 2013 was 41,367,783 compared to 103,419,456 shares in Q3 2013. This is the result of the reverse share split completed during Q4 2013. All figures are adjusted to reflect this.



The end of year 2013 independent valuation of the Company's Property was executed by Knight Frank Romania. The Property portfolio was evaluated in accordance with the ANEVAR Valuation Standards 2013, which include the International Valuation Standards, issued by the IVSC in 2011. The valuation also complies with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB); and it is performed in accordance with the RICS Valuation Standards, 8th edition, as published by the Royal Institution of Chartered Surveyors (RICS) in March 2012.

Furthermore, taking into account the characteristics of the analysed properties, as well as the features of the local market, the valuator has considered the market comparison approach as the most suitable in estimating the market value of the properties. Still, in case of the Oasis residential project, the valuator has used the residual technique, taking into account its status. The above resulted in EUR 31,840,000 being the sum of the fair values comprised in the analysed portfolio.



The value of the properties has shown an average decrease of 5.3% compared to the end of year 2012 valuation mainly driven by the estimated decrease in value of the Mamaia North plots. The limited number of comparable transactions in the market still makes it difficult to make precise estimates of market values.



## Cash Flow

| EUR '000                                   | FY 2013 | FY 2012 |
|--------------------------------------------|---------|---------|
| Net cash flow from operating activities    | (396)   | (213)   |
| Net cash flow used in investing activities | (731)   | -       |
| Net cash flows from financing activities   | 1,414   | -       |
| Net cash change during period              | 287     | (213)   |

The Cash flow from investing activities refers to a bond acquisition the Company did with a view to place the extra liquidity and secure a return. The bond is BBB+ rated and carries a coupon of 4.194%. The bond is expected, as customary, to be called by its issuer, Svenska Handelsbanker on 16 December 2015.

## Financial Strategy

RomReal has completed a strict cost reduction program over the last years, and has in 2012 reduced expenses at the minimum cost level possible to maintain its subsidiaries compliant with local legal and tax requirements as well as managing the Oslo Axess compliance requirements at the Group level.

The Company has resolved to carry out a Rights Issue in 2013 to provide the necessary working capital to cover the Company's expenses going forward. RomReal presently has negative cash flow from operations and is dependent on assets disposal, and/or new equity to maintain operations. If no asset disposals materialise over the next couple of years, the Company's Board of Directors is of the opinion that the net proceeds from this Rights Issue of EUR 1.4 million, is only sufficient to maintain the present activity level for the next 24 months. Therefore, the net proceeds raised in July 2013 is not deemed sufficient to service any interests rolled up on the Company's secured Alpha Bank loan after the 3 year extension with effect from 28 November 2012.

Furthermore, the Company's policy is to neutralise any foreign exchange differences created between the inter-Company loans and the loan taken from Alpha Bank in principal amount of EUR 11.6 million plus its accrued interest to date. This is achieved by retaining most of its cash in Euros and also by denominating all receivables in Euros. Although not reflected from an accounting perspective, practice in real estate is that transactions are denominated in EUR and payments made at the exchange rate ruling at the date of payment, hence reducing the risk of cash losses due to exchange rate movements.



## Financing

### Overview of the Company's debt financing

As the end of Q4 2013 the Company's consolidated interest-bearing debt amounted to EUR 12,011,000, representing principal amount of EUR 11,600,000 and interest accrued to date of EUR 411,000. This is an assets finance facility taken by the Company in December 2007 with Alpha Bank Romania. The loan had an initial term of 3 years which was prolonged for another 2 years during Q4 2010. During Q4 2012, the Company achieved an approval from Alpha Bank for a further extension of the loan. The extension is of 3 years until 30 Nov 2015, with a possibility afterwards for an extra 2 years subject to certain conditions. The extension of the loan bears interest at a rate of EURIBOR+3%, payable bullet on maturity. The Company has the option of extending the loan for an additional two (2) years, in subsequent periods of one (1) year, if the interest is paid in advance for each year of extension. For further extension the applicable interest rate will be Fixed Base Rate (to be provided by the Bank at the moment, by reference to 1 year swap rate) + 3.0% per annum. As part of the extension, the security was extended to include new real estate mortgage of EUR 6,000,000.

The table below shows the interest bearing debt for RomReal Ltd as at end Q4 2013 and its maturities:

| EUR '000                    | End Q4 2013 | 30 Nov 2015 |
|-----------------------------|-------------|-------------|
| Principal (Alpha Bank loan) | 11,600      | 11,600      |
| Accrued Interest            | 411         | 1,160*      |
| Total                       | 12,011      | 12,760      |

\*Estimated based on current Euribor levels

## Market Developments – ROMANIA

*Based on Eurostat data, Gross Domestic Product (GDP) in the euro area grew by 0.3 % in Q4 2013 compared to the previous quarter. In this context, Romania recorded the strongest growth increase in both Q4 and for the whole of 2013. Its GDP grew by 3.5 % last year, according to preliminary estimates of the National Statistics Institute (INS).*

*Compared with the third quarter, the Romanian economy grew by 1.7% in the last three months of 2013. Both annual growth and quarterly are the highest since 2008. For 2014, the government and the IMF project a growth rate of 2.2 %.*



Other major improvements were related to internal balances - namely price stability and budget balance. Romania completed an EU excessive deficit procedure and the annual inflation reached 1.6% at the end of 2013.

As a step to improve the liquidity in the banking market, the Board of the **National Bank of Romania** (NBR) decided in December 2013 to reduce the minimum reserve requirements for banks and cut the key interest rate, after central bank governor Mugur Isarescu said on numerous occasions that a looser monetary policy should kick start bank lending.

Starting January 9 2014, the key interest rate fell from 4 percent to 3.5 percent , an all time low, and the NBR said it would pursue an adequate liquidity Management in the banking system. "The NBR reiterates that the adequate use of its available tools amid a close monitoring of domestic and global economic developments is aimed at ensuring price stability over the medium term and financial stability," said the central bank in a statement.

The minimum reserve requirements ratio of RON-denominated liabilities of credit institutions were slashed from 15 to 12 per cent, while the minimum reserves on foreign-currency denominated liabilities of credit institutions will go down from 20 to 18 percent starting with January 24-February 23 maintenance period.

Sources: The National Bank of Romania [www.bnr.ro](http://www.bnr.ro) Romanian News Agency [www.mediafax.ro/](http://www.mediafax.ro/)

### **Real Estate market facts**

Investments in real estate acquisitions in Romania amounted to EUR 229 million in 2013, up by almost 25 percent compared to the previous year, according to a CBRE report. Romania was ranked in fifth position out of nine countries in Central and Eastern Europe (CEE) in transactions volume. Overall, the total value of real estate transactions in the region exceeded EUR 10 billion, up by 31 percent compared to the previous year.

#### Residential market:

After years of struggle developers and real estate firms seem to be more optimistic for 2014. The cost of loans in RON has become more attractive and even dropped below the cost of borrowing in foreign currencies. House prices have dropped to new lows with further price pressure and some of the market players have announced demand has been picking up for them.



Additionally, based on the increased interest witnessed at the beginning of 2013, the online real estate platform Imobiliare.ro also expects a pick-up in the number of transactions, however mostly on the small apartments segment. This segment is also driven by the Prima Casa (First Home) government-backed loan scheme.

Although to a lesser extent, while the market players had similar stabilization expectations for 2013, the prices during the year have dropped another 8%, helping to narrow the gap with buyers' expectations. For 2014, further slight decline in prices is not expected, apart for more expensive large apartments.

**Prima Casa:** The program was set up in 2009 to help first-time buyers by guaranteeing loans of up to EUR 60,000 (for old apartments) or EUR 70,000 (new apartments). Eligible candidates could buy with a deposit of only 5 percent compared to the 20-25 percent required for regular mortgages. In 2014, some RON 1.2 billion (approximately EUR 260 million) are made available for guarantees under the program.

## **Operational Overview**

### **Sales of Plots**

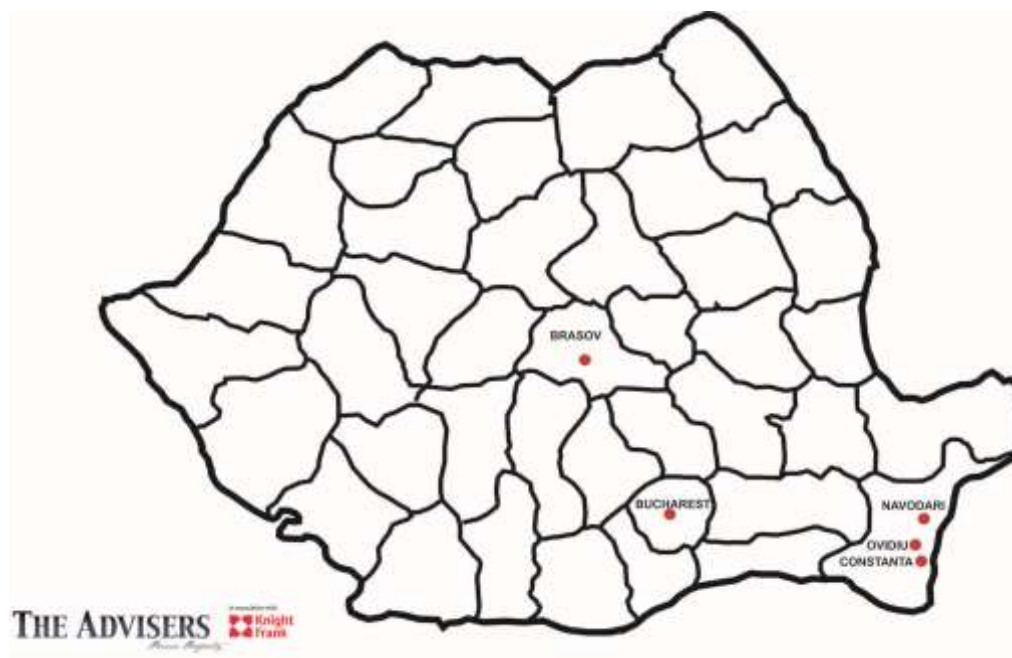
In line with one of key focuses, the Management has actively taken steps towards identifying solutions to release some of the value locked in its Land Bank. In December 2013, the Company sold one of its smaller plots for a value of EUR 49,000, a price per square meter above the one in the most recent valuation report.

### **Rental Income**

The main income producing asset of the Company is the Balada market in Constanta. The asset has a total letting area of 1,250 sqm which is leased out to small retail businesses. Other income producing assets of the Company include the agricultural land in Constanta, which is currently rented out to farmers.

### **The Property Portfolio**

Total size of the Company's Property Portfolio ("Land Bank") totalled 1,261,439 sqm at the end of Q4 2013.



| Plot name            | Location               | Size (m2)        |
|----------------------|------------------------|------------------|
| 1 Ovidiu Lakeside    | Constanta North/Ovidiu | 61,029           |
| 2 Badulescu plot     | Constanta North/Ovidiu | 50,000           |
| 3 Tatar Peninsula    | Constanta North/Ovidiu | 9,483            |
| 4 Ovidiu Town        | Constanta North/Ovidiu | 4,641            |
| 5 Ovidiu (Oasis)     | Constanta North/Ovidiu | 25,127           |
| 6 Centrepont         | Constanta North/Ovidiu | 122,350          |
| 7 Gunaydin plot      | Constanta North/Ovidiu | 15,000           |
| 8 Balada Market      | Central Constanta      | 7,188            |
| 9 Carrefour plot     | Constanta              | 15,000           |
| 10 Morii Lake        | Bucharest Sector 6     | 11,716           |
| 11 Hospital plot     | Bucharest Sector 5     | 13,263           |
| 12 Brasov plot       | Central Brasov         | 4,127            |
| 13 Un-zoned land     | Constanta              | 865,062          |
| 14 Mamaia North plot | Navodari/Mamaia        | 56,167           |
| <b>Total</b>         |                        | <b>1,260,153</b> |

## Organisation

RomReal Ltd operates in Romania through its fully owned subsidiary S.C. Westhouse Group SRL (WHG). WHG holds an office in Constanta, Romania, and a small team of five



employees, head by RomReal CEO Kay Thorkildsen. The employees mainly deal with managing the assets, accounting compliance and reporting, and sales/ marketing.

## Shareholder Information

Please see below the list of the top 20 shareholders in RomReal as at 31 December 2013.

| SURNAME                           | FIRST NAME     | HOLDING OF SHARE | % HOLDING |
|-----------------------------------|----------------|------------------|-----------|
| MGL INVESTMENTS LTD               |                | 11,691,024       | 28.26%    |
| THORKILDSEN                       | KAY TØNNES     | 5,415,756        | 13.09%    |
| GRØNSKAG                          | KJETIL         | 3,850,307        | 9.31%     |
| BRANDEGGEN                        | LARS TORE      | 1,704,599        | 4.12%     |
| SAGA EIENDOM AS                   |                | 1,223,667        | 2.96%     |
| JONAS BJERG                       |                | 1,058,306        | 2.56%     |
| SPAR KAPITAL INVESTOR AS          |                | 940,236          | 2.27%     |
| GAUSEN                            | JON            | 859,861          | 2.08%     |
| CARNEGIE INVESTMENT BANK DK BRANC |                | 851,692          | 2.06%     |
| THORKILDSEN INVEST AS             |                | 829,478          | 2.01%     |
| HOEN                              | ANDERS MYSSSEN | 689,557          | 1.67%     |
| U-TURN VENTURES AS                |                | 663,668          | 1.60%     |
| CLEARSTREAM BANKING S.A.          |                | 649,349          | 1.57%     |
| PERSSON                           | ARILD          | 588,000          | 1.42%     |
| SKANDINAVISKA ENSKILDA BANKEN AB  |                | 508,384          | 1.23%     |
| ORAKEL AS                         |                | 500,000          | 1.21%     |
| SEB PRIVATE BANK S.A. (EXTENDED)  |                | 463,512          | 1.12%     |
| UBS AG                            |                | 439,518          | 1.06%     |
| LUNDE                             | DANIEL PETTER  | 324,408          | 0.78%     |
| GRØNLAND                          | STEINAR        | 287,837          | 0.70%     |

## Reverse share split 2.5:1

Total number of shares issued and publicly traded 31.12.2013 is 41,367,783 following a 2.5:1 reverse stock split executed on 18.12.2013. The reverse share split had as a result that the total number of shares in the Company were reduced from 103,419,456 to 41,367,783 and the nominal value of each share changed from €0.001 to €0.0025. The reverse share split did not change the value of the Company's share capital, which remains at €103,419.

## Special General Meeting 27 December 2013 decisions

In a Special General Shareholder Meeting held in the Company's registered office in Bermuda on the 27 December 2013. Following the change in the par value of the authorised share capital from €0.001 to €0.0025, as a result of a 2.5:1 reverse stock split duly approved at a Directors meeting held on 21 November 2013. The alteration of the Memorandum of Association of the Company pursuant to §12 of the Companies Act 1981 by the deletion of the existing Clause 5 in its entirety and the substitution therefore of the following new Clause 5:



"The authorised share capital of the Company is Euro 270,000 divided into 108,000,000 shares of par value Euro 0.025 each."

was approved by the majority of votes present.

### **Future Prospects**

The objective of the Company for 2014-2015 is to maintain a reasonable financial position that will allow it to sustain its operations and to closely follow the trend as it appears that the market shows some signs of recovery. The Management believes that more plots will be sold within the year as a result of the well-coordinated marketing efforts.

The Company targets to create value for its investors by seeking to sell individual plots from its Land Bank at attractive prices. The Management is proactively seeking to procure buyers through its network of contacts in Romania and abroad, and by dealing with incoming requests from interested parties. In case a serious offer is received for a plot, the Management will arrange a transaction process which will include organising due diligence, developing the required legal documentation, and negotiating the final price and other terms of the deal.

In addition to aiming to sell plots, the Company is seeking to add incremental value to the individual plots during the period in which they are part of the Land Bank up until a potential sale is completed. The various forms of adding value include upgrading of planning permission as well as maintenance of plot surfaces, buildings, fencing and similar. Management will also attempt to create income from the plots in its Land Bank by renting out to third parties for commercial use, structured in a way so it does not prevent or interfere with an eventual sale of the plots.



## **INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS**

### **Accounting Principles**

The financial statements for the Q4 2013 report have 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 2012.

### **Comparative data for Q4 2013 and Q4 2012**

The interpretations below refer to comparable financial information for Q4 2013 and Q4 2012. They are prepared for RomReal on a consolidated basis and use consistent accounting policies and treatments.

### **Operating Revenue**

The operating revenue during Q4 2013 was EUR 116,000 compared to a total of EUR 82,000 in Q4 2012. The income relates both to the rent received on some of the land bank assets awaiting development as well as some small sale of assets (e.g. some remaining parking spaces in Corallia).

### **Operating Expenses**

Total operating expenses amounted to EUR 447,000 in Q4 2013 compared to EUR 300,000 in Q4 2012. Out of these operating expenses, the payroll costs were EUR 57,000, slightly down compared to the level registered in Q4 2012. Adjustment for inventories not considered, the total operating expenses of the Company in Q4 2013 were around 26% less than the ones in the same quarter of 2012. Out of the total operating expenses, the main cost items relate to general and administration costs in connection with the running of the Group.

### **Other operating income/ (expense), net**

The other operating income/(expense) is driven mainly by the change in the value of investment property as a result of the change in the foreign currency exchange rate before translating them into the functional currency of the Group. During Q4 2013, based on the independent valuation report, the Company included an adjustment of the Investment Properties amounting to EUR 1,646,000. This was partially offset by the movement of the exchange rate. The net of Other Operating Income/ (Expense) in Q4 2013 amounted to a net loss of EUR 1,496,000, compared to a net loss of EUR 152,000 in Q4 2012.



### **Profit/ (loss) from operations**

During Q4 2013, RomReal generated an operating loss of EUR 1,827,000, compared to a loss of EUR 370,000 in Q4 2012.

### **Financial Income and expense**

The interest expense includes the expense accrued for the period with the interest in respect of the Alpha Bank loan in amount of EUR 96,000. Foreign exchange result for Q4 2013 was a loss of EUR 327,000 compared to a net foreign exchange gain of EUR 948,000 in Q4 2012. Since the beginning of the year the RON depreciated by 1.3%, while during the period, the RON remained relatively flat against the EUR.

The main items that generate foreign exchange differences are the inter-Company loans and the loan taken from Alpha Bank in principal amount of EUR 11.6 million plus its accrued interest to date.

The Company's policy is to hedge these effects by retaining most of its cash in Euros and also by denominating all receivables in Euros. Although not reflected from an accounting perspective, practice in real estate is that transactions are denominated in EUR and payments made at the exchange rate ruling at the date of payment, hence reducing the risk of cash losses due to exchange rate movements.

### **Result before tax**

The result before tax in Q4 2013 was a loss of EUR 2,248,000 compared to a gain before tax of EUR 437,000 in Q4 2012. The result of the period is mainly explained by the net costs required to run the Company and the adjustment based on the valuation report.

### **Cash and cash equivalents**

The Company's cash and cash equivalents position at end 2013 was EUR 989,000 compared to EUR 702,000 as at end 2012 and EUR 1,768,000 as at end Q3 2013.

Following the finalisation of the rights issue exercise aimed at consolidating the cash position of the Group, it decided to place part of the collected proceeds into a financial asset. The Group invested in a bond issued by Svenska Handelsbanken. The bond is issued in perpetuity but the issuer has a call option for 16 Decemebr 2015.

### **Taxation**

The Company is required to calculate its current income tax at a flat rate of 16%. With the regulations changing, starting 2013, only 4 subsidiaries pay gross profit tax, the rest of the



companies in the Group are subject to a 3% tax calculated on total revenue, on the basis that turnover is below a EUR 65,000 threshold.

The Company accounts for deferred tax on all movements in the fair values of its investment properties at a flat rate of 16%. Any change in the deferred tax liability or change in the deferred tax asset is reflected as an element of income tax in the profit and loss statement. The Company recognises deferred tax asset for the amount of carried forward unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

### **Related parties transactions**

During the fourth quarter 2013 the following related party transaction took place:

Jonas Bjerg, Director of RomReal, has on 22 October, 2013, transferred 2,645,763 shares in RomReal to his pension scheme NTS Trustees/Jonas Bjerg. The shares were transferred at the closing price on the above date of NOK 0.50 per share. Following this, the number of shares owned by Jonas Bjerg is unchanged at 2,892,989.

### **Post balance sheet events**

The Company will release its annual report during April 2014.



## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Figures in thousand EUR

|                                                    | Q4 2013        | Q4 2012      | Year to 31<br>December<br>2013 | Year to 31<br>December<br>2012 |
|----------------------------------------------------|----------------|--------------|--------------------------------|--------------------------------|
| Rent revenue                                       | 66             | 82           | 340                            | 330                            |
| Revenue from sale of assets                        | 50             | 1            | 59                             | 99                             |
| <b>Operating revenue</b>                           | <b>116</b>     | <b>82</b>    | <b>399</b>                     | <b>430</b>                     |
| Payroll expenses                                   | (57)           | (62)         | (252)                          | (258)                          |
| Depreciation and amortization                      | (5)            | 3            | (16)                           | (21)                           |
| Management fees                                    | (16)           | (16)         | (70)                           | (64)                           |
| Inventory (write off)/reversal                     | (260)          | (47)         | (240)                          | (398)                          |
| General and administrative expenses                | (109)          | (178)        | (534)                          | (650)                          |
| <b>Operating expenses</b>                          | <b>(447)</b>   | <b>(300)</b> | <b>(1,112)</b>                 | <b>(1,391)</b>                 |
|                                                    | -              |              |                                |                                |
| <b>Profit/ (loss) before other operating items</b> | <b>(331)</b>   | <b>(218)</b> | <b>(713)</b>                   | <b>(961)</b>                   |
| Other operating income/(expense), net              | (1,496)        | (152)        | (823)                          | (2,134)                        |
| <b>Profit from operations</b>                      | <b>(1,827)</b> | <b>(370)</b> | <b>(1,536)</b>                 | <b>(3,095)</b>                 |
| Interest income                                    | 2              | 4            | 10                             | 15                             |
| Interest costs                                     | (96)           | (145)        | (359)                          | (572)                          |
| Foreign exchange, net                              | (327)          | 948          | (795)                          | (1,339)                        |
|                                                    | -              |              |                                |                                |
| <b>Result before tax</b>                           | <b>(2,248)</b> | <b>437</b>   | <b>(2,680)</b>                 | <b>(4,991)</b>                 |
| Tax expense                                        | 33             | 312          | 67                             | 601                            |
| <b>Result of the period</b>                        | <b>(2,215)</b> | <b>749</b>   | <b>(2,613)</b>                 | <b>(4,390)</b>                 |



## CONSOLIDATED BALANCE SHEET (UNAUDITED)

Figures in thousand EUR

| ASSETS                               | December 31,<br>2013         | December 31,<br>2012         |
|--------------------------------------|------------------------------|------------------------------|
| <b>Non-current assets</b>            |                              |                              |
| Intangible fixed assets              | 1                            | 1                            |
| Financial assets                     | 733                          | 0                            |
| Investment properties                | 29,301                       | 30,950                       |
| Property, plant and equipment        | 23                           | 27                           |
| Deferred tax asset                   | 144                          | 132                          |
| <b>Total non current assets</b>      | <b>30,202</b>                | <b>31,110</b>                |
| <b>Current assets</b>                |                              |                              |
| Inventories                          | 2,544                        | 2,858                        |
| Other short term receivables         | 123                          | 201                          |
| Prepayments                          | 7                            | 8                            |
| Cash and cash equivalents            | 989                          | 702                          |
| <b>Total current assets</b>          | <b>3,662</b>                 | <b>3,768</b>                 |
| <b>TOTAL ASSETS</b>                  | <b>33,864</b>                | <b>34,878</b>                |
| <b>EQUITY AND LIABILITIES</b>        | <b>December 31,<br/>2013</b> | <b>December 31,<br/>2012</b> |
| <b>Equity</b>                        |                              |                              |
| Share capital                        | 103                          | 5                            |
| Contributed surplus                  | 87,117                       | 85,742                       |
| Other reserves                       | 425                          | 425                          |
| Retained earnings                    | (63,781)                     | -59,025                      |
| Result of current period             | (2,613)                      | -4,758                       |
| FX reserve                           | 436                          | 86                           |
| <b>Total equity</b>                  | <b>21,688</b>                | <b>22,474</b>                |
| <b>Non current liabilities</b>       |                              |                              |
| Non current debt                     | 12,011                       | 0                            |
| Deferred income tax                  | 81                           | 148                          |
| <b>Total non current liabilities</b> | <b>12,092</b>                | <b>148</b>                   |
| <b>Current Liabilities</b>           |                              |                              |
| Bank debt                            | -                            | 11,652                       |
| Other payables                       | 86                           | 599                          |
| Tax payable                          | 1                            | 5                            |
| <b>Total current liabilities</b>     | <b>87</b>                    | <b>12,256</b>                |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>33,867</b>                | <b>34,878</b>                |



## STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Figures in thousand EUR

|                                                            | December 31,<br>2013 | December 31,<br>2012 |
|------------------------------------------------------------|----------------------|----------------------|
| <b>Profit for the year</b>                                 | <b>(2,613)</b>       | <b>(4,758)</b>       |
| <b>Other comprehensive income</b>                          |                      |                      |
| Exchange differences on translation of foreign operations  | 351                  | 395                  |
| <b>Other comprehensive income for the year, net of tax</b> | <b>351</b>           | <b>395</b>           |
| <b>Total comprehensive income for the year, net of tax</b> | <b>(2,263)</b>       | <b>(4,363)</b>       |

## CASH FLOW STATEMENT (UNAUDITED)

Figures in thousand EUR

|                                                       | December 31,<br>2013 | December 31,<br>2012 |
|-------------------------------------------------------|----------------------|----------------------|
| Net cash flow from operating activities               | (396)                | (213)                |
| Net cash flow used in investing activities            | (731)                | -                    |
| Net cash flows from financing activities              | 1,414                | -                    |
| <b>Net cash change during period</b>                  | <b>287</b>           | <b>(213)</b>         |
| Cash at beginning of period                           | 702                  | 915                  |
| <b>Cash and cash equivalents at end of the period</b> | <b>989</b>           | <b>702</b>           |

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Figures in thousand EUR

|                                        | December 31,<br>2013 | December 31,<br>2012 |
|----------------------------------------|----------------------|----------------------|
| Equity at the beginning of the period  | 22,474               | 26,837               |
| Result for the period                  | (2,613)              | (4,758)              |
| Equity increase                        | 1,376                | -                    |
| Other changes                          | 451                  | 395                  |
| <b>Equity at the end of the period</b> | <b>21,688</b>        | <b>22,474</b>        |



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For further information on RomReal, including presentation material relating to this interim report and financial information, please visit [www.RomReal.com](http://www.RomReal.com).

## **DISCLAIMER**

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