



REPORT FOR THE FIRST QUARTER 2009

15 May 2009

RomReal Ltd

Highlights: Q1 2009

- Statutory Net Asset Value (NAV) under IFRS was EUR 1.19 (NOK 10.60) per share at the end of Q1 2009, a slight decline of 2% compared to the end of Q4 2008.
- Pre-tax loss in Q1 2009 of EUR 1.79 million. Total assets at the end of Q1 2009 were EUR 78.29 million. No asset write-downs were made during the quarter.
- Operational expenses were cut by 48% from Q1 2008 to Q1 2009, mainly due to a reduced number of employees and tight cost control.
- On the Corallia apartment project the building structure was fully completed during Q1 2009, and all concrete work is expected to be finished at the time of reporting (15 May 2009). The internal finishing has been initiated on all floors and is progressing well.
- Final steps have been taken to divest 14,000 sqm. of un-zoned land to the Government, this with a solid profit and an agreed cash settlement in Q2 2009 of EUR 189,000.

Kay Thorkildsen, RomReal's CEO, said:

“RomReal has delivered successfully on a significant cost cutting program where the operational expenses have been cut by almost 50% from the same period last year. The company expects to see a further fall in operational expenses during Q2 2009 as the final effects of the implemented cost cutting program will show through.

The Company is working full speed on delivering the Corallia project and believes that the start of the Constanta tourist season in June will help attracting buyers for the remaining 11 unsold apartments.

RomReal has taken final steps to divest 14,000 m2 of un-zoned land to the Government, which will be included under the Constanta ring road construction program. This was sold with a solid profit and will provide a cash contribution of EUR 189,000 to the Company. The final settlement will be in Q2 2009 with payment in cash.”

KEY FIGURES (EUR '000)

	1Q 2009	4Q 2008	1Q 2008	FY 2008	FY 2007
Profit/(loss) before tax	(1,793)	(25,927)	3,402	(70,560)	28,251
Net assets value	58,741	60,164	121,705	60,164	121,739
NAV (EUR/share)	1.19	1.22	2.47	1.22	2.47
NAV (NOK/share)	10.60	11.97	19.9	12.0	19.5
Cash position	4,928	6,523	11,875	6,523	15,222
Number of plots	16	16	18	16	19
Land bank ('000 sqm)	1,204	1,204	1,210	1,204	1,233
Number of employees	8	16	25	16	23

OPERATIONAL OVERVIEW

Development Project Status - Corallia holiday apartments

Construction process

On the Corallia apartment project the building structure was fully completed during Q1 2009, and all concrete work is expected to be finished at the time of reporting (15 May 2009). The internal finishing has been initiated on all floors and is progressing well.

RomReal is closely monitoring the construction costs and aims to reduce these, while at the same time keeping the same standard of quality. The Company is looking at different cost saving actions and is negotiating with the construction company and various suppliers to get the costs down. It is expected that the total cost of the Corallia project will be somewhat less than the initial budgeted amount.

Sales progress residential/commercial

The apartment sales status is unchanged from Q4 2008, with 26 out of 37 apartments sold. To push the sales process forward representatives from RomReal attended the National Real Estate Fair in Bucharest on the 7th-10th May. The fair did not materialise any immediate sales, but an interesting amount of new leads.

To further strengthen the sales process an apartment is going to be decorated as a showroom, which will be available for viewings at the start of the Constanta summer season in June. An attractive sales banner has also been mounted on the front facade of the building. It is expected that the Constanta tourist season will help attracting buyers for the remaining 11 unsold apartments.

During Q1 2009 the commercial area on the ground floor, totaling 315 sqm, has been divided into four units to increase sellability. This has had a positive effect with two of the four commercial units being sold just after the end of Q1 2009. The buyers will make a down payment of 25% in end of May, and the remainder (75%) will be paid within 3 years. Ownership of the units will be transferred when the payment is received in full. There are negotiations ongoing for the two remaining unsold commercial areas. However, no contracts are signed at present stage.

Corallia pictures taken 12 May 2009:

Picture 1: Internal finishing in process



Picture 2: View towards fun park/street



Picture 3: Exterior work



Picture 4: Exterior work



The Investment Portfolio

Total size of the Company's Investment Portfolio ("Land Bank") remained constant during the quarter totalling 1,204,362 sqm as at end Q1 2009.

The previously mentioned divestment of 14,000 sqm. of un-zoned land to the Government is not included in the Q1 2009 figures as this is expected to be finalised in Q2 2009.

RomReal does not envisage any new land acquisitions during the short and medium term. One of the Company's objectives is to release some of the cash value in the plot portfolio mainly through asset disposals. In addition, RomReal will seek to increase asset value through potential strategic partnerships and extending planning consent.

Following RomReal's focus on the Constanta area, the Company is actively looking to dispose its non core assets – including the Morii Lake plot in Bucharest, and the Brasov (Brasov city) plot. However, under the prevailing market conditions with limited access to credit, potential buyers are limited.

Movement in Net Asset Value

The IFRS financial statements based Net Asset Value (NAV) is Euro 1.19 per share as at end Q1 2009, 2% down from Q4 2008. The Company estimates that there was no change in the total value of the investment property during the first quarter of 2009.

Asset base (EUR million)	Q1 2009			Q4 2008		
	EUR	EUR/share	NOK/share	EUR	EUR/share	NOK/share
Investment property	62,800	1.3	11.3	62,798	1.3	12.5
Inventories	7,731	0.2	1.4	7,371	0.1	1.5
Cash	4,928	0.1	0.9	6,523	0.1	1.3
Other Assets / (Liabilities)	(16,718)	(0.3)	-3.0	(16,528)	(0.3)	(3.3)
IFRS Net Asset Value	58,741			60,164		
NAV per share		1.19	10.60		1.22	12.0
NAV Movement in Quarter	-2%					

- Number of shares at end of period - 49,247,366

- NOK/share is calculated using closing quarter end exchange rates.

INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

Accounting Principles

The financial statements for the Q1 2009 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 2008.

Comparative date for Q1 2009 and Q1 2008

The interpretations below refers to comparable financial information for Q1 2009 and Q1 2008. They are prepared for RomReal on a consolidated basis and use consistent accounting policies and treatments.

Operating Revenue

The operating revenue for Q1 2009 was EUR 157,000 compared to a total of EUR 174,000 in Q1 2008. This income relates to rent received on some of the land bank assets awaiting development, and from the sub-letting of the Bucharest office.

Operating Expenses

Total operating expenses amounted to EUR 587,000 in Q1 2009 compared to EUR 1,126,000 in Q1 2008, reflecting the significant decrease in the number of employees and the observance of a tight cost control.

Out of the total operating expenses, the main cost items relate to general and administration costs (75% of total operating expenses) and salaries (18% of total operating expenses).

Other operating income, net

The other operating income for Q1 2009 relates chiefly to the change in the value of investment property as a consequence of the depreciation of RON against the EUR during the period.

Other operating income in Q1 2009 amounted to EUR 3,951,000 compared to EUR 4,473,000 in Q1 2008.

Profit from operations

During Q1 2009, RomReal generated an operating profit of EUR 3,521,000, which is similar to the one obtained Q1 2008.

Loss before tax

The loss before tax in Q1 2009 was EUR 1,793,000 compared to a profit before tax of EUR 3,402,000 in Q1 2008. The loss in Q1 2009 was mainly driven by the negative foreign exchange differences. During the period there was a 6.4% depreciation of the RON against the EUR resulting in EUR 6.6 million foreign exchange losses. These are mainly related to the inter-company loans, but also in respect of the loan taken from Alpha Bank amounting to EUR 13.7 million.

However, from an operational point of view, the Company's policy is to hedge these effects by retaining as much cash in Euros as possible and also by denominating all receivables in Euros. Although not reflected from an accounting perspective, all contracts are negotiated in Euros and all apartments are sold in Euros. Consequently, the final payments made by the customers when receiving apartments will be made at the exchange rate ruling at the date of payment, hence offsetting in cash terms part of these losses.

Cash and cash equivalents

The Company's cash and cash equivalents position at end Q1 2009 was EUR 4,928,000 compared to EUR 6,523,000 as at end Q4 2008.

Taxation

The company accounts for deferred tax on all movements in the fair values of its investment properties at a flat rate of 16%. During Q1 2009 there was an increase of the deferred tax liability amounting to EUR 0.74 million due to the adjustment of the investment property value for the exchange rate ruling at end Q1 2009.

Consolidated debt

As at end Q1 2009 the group's consolidated net interest-bearing debt amounted to EUR 13,700,000. This is an assets finance facility taken by the Company in December 2007 with Alpha Bank Romania. The EUR 13.7 million loan had an initial term of 3 years and bears interest at a rate of EURIBOR (1 Month) plus 4.5% margin.

Overview of the Company's debt

The table below shows the total debt for RomReal Ltd as at end Q1 2009 and its maturities:

EUR thousand		End Q1 2009	2009	26 Nov 2010
Alpha Bank		13,700	-	(13,700)

Financial Income for Q1 2009 was EUR 1,246,000, while the financial expense in Q1 2009 was EUR 6,561,000 leading to a net financial loss of EUR 5,315,000 compared to a net financial loss of EUR 119,000 in Q1 2008. The financial net loss relates primarily to the unrealised foreign exchange losses as mentioned in the "Loss before tax" paragraph above.

Total equity

The Company's total equity as at end Q1 2009 was EUR 58,741,000, representing 75% of total assets at the end of the period.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Figures in thousand EUR

	Q1	Q1 2008
Rent revenue	157	174
Other revenue	-	-
Operating revenue	157	174
Payroll	(108)	(184)
Depreciation and amortization	(14)	(87)
Management fees	(25)	(25)
General and administrative expenses	(440)	(830)
Operating expenses	(587)	(1,126)
Profit/ (loss) before other operating items	(430)	(952)
Other operating income, net	3,951	4,473
Profit from operations	3,521	3,521
Financial income	1,246	1,668
Financial costs	(6,561)	(1,787)
Result before	(1,793)	3,402
Tax expense	(742)	(156)
Result of the period	(2,535)	3,246

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Figures in thousand EUR

ASSETS	March 31, 2009	December 31, 2008	March 31, 2008
Non-current assets			
Intangible fixed assets	26	16	24
Investment properties	62,800	62,798	118,179
Property, plant and equipment	242	367	1,974
Deferred tax asset	1,239	1,463	19
Total non current assets	64,307	64,645	120,196
Current assets			
Inventories	7,731	7,371	11,242
Other short term receivables	1,126	1,099	3,402
Prepayments	199	146	177
Cash and cash equivalents	4,928	6,523	11,875
Total current assets	13,985	15,139	26,696
TOTAL ASSETS	78,292	79,784	146,892
EQUITY AND LIABILITIES	March 31, 2009	December 31, 2008	March 31, 2008
Equity			
Share capital	85,746	85,746	85,746
Other reserves	425	425	(854)
Retained earnings	(23,305)	38,151	37,620
Result of current period	(2,535)	(61,456)	3,246
FX reserve	(1,590)	(2,703)	(4,053)
Total equity	58,741	60,164	121,705
Non current liabilities			
Non current liabilities	13,700	13,700	14,383
Long term portion of leasing	45	27	15
Deferred income tax	3,218	2,774	9,910
Total non current liabilities	16,963	16,501	24,308
Current Liabilities			
Other debt	4	9	14
Other payables	1,622	2,179	824
Deferred income	961	932	38
Tax payable	(0)	(0)	3
Total current liabilities	2,587	3,120	879
TOTAL LIABILITIES	78,292	79,784	146,892

CASH FLOW STATEMENT (UNAUDITED)

Figures in thousand EUR

	Q1 2009	FY 2008	FY 2008
Net cash flow from operating activities	(1,409)	(9,469)	(1,943)
Net cash flow used in investing activities	(23)	4,877	-
Net cash flows from financing activities	(163)	(4,107)	(1,404)
Net cash change during period	(1,595)	(8,699)	(3,347)
Cash at beginning of period	6,523	15,222	15,222
Cash and cash equivalents at end of the period	4,928	6,523	11,875

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Figures in thousand EUR

	Q1 2009	FY 2008	FY 2008
Equity at the beginning of the period	60,164	121,739	121,739
Result for the period	(2,535)	(61,456)	3,246
Other changes	1,113	(120)	(3,280)
Equity at the end of the period	58,741	60,164	121,705

There has been no change in the share capital of the Company during Q1 2009. The total issued number of shares as end Q1 2009 was 49,247,366.