



REPORT FOR THE FIRST QUARTER 2010

14 May 2010

RomReal Ltd

Highlights: Q1 2010

- Statutory Net Asset Value (NAV) under IFRS was EUR 0.85 (NOK 7.1) per share at the end of Q1 2010, a decrease of 1.2% compared to the end of Q4 2009. The decrease was mainly due to changes in foreign exchange rates and translation reserves from the translation of the foreign operations into RomReal's functional currency (EUR).
- Pre-tax profit in Q1 2010 of EUR 881,000. Total assets at the end of Q1 2010 were EUR 57.57 million compared to EUR 58.85 million at end Q4 2009.
- Per the date of reporting 34 of the total 37 flats had been sold, a sales increase of 5 flats since end Q4 2009. One commercial area has also been sold since end Q4 2009, leaving all four commercial areas sold.
- RomReal's cash position increased by EUR 292,000 from end Q4 2009 to EUR 2,154,000 at end Q1 2010 due to the ongoing cash collection from the apartment sales.
- It is expected that the Company's cash position will strengthen further during Q2 2010 as the ongoing cash collection from sold flats continues. From the start of Q2 2010 and onwards approximately EUR 1,100,000 in outstanding cash payments is expected to be collected from contractual flat and commercial area purchase agreements. For the remaining three unsold Corallia flats the estimated current sales value is about EUR 200,000.
- A process to identify items for cost reductions has been initiated and this is expected to lower operational costs further.

Kay Thorkildsen, RomReal's CEO, said:

"During the first quarter 2010 RomReal has been focusing on Corallia flat and commercial area sales and cash collections. We are pleased to report that we have per today sold five new flats and the remaining commercial area since end Q4 2009. The new sales contributed to an increase in our cash position which at end Q1 2010 was about EUR 2.15 million. Going forward we are quite positive in terms of the sale of the three remaining Corallia flats, especially looking towards the coming summer period.

RomReal's Management has previously met with Alpha Bank in Romania to discuss an extension of the existing loan and the outcome of the meeting was considered constructive by RomReal's representatives. A loan extension agreement may include a down-payment on the principal primarily using the proceeds from a successful plot divestment and proceeds from the sales on the Corallia development. Plot divestment is one of RomReal's focus areas and the Company is continuously working to divest some of its land bank assets. Although we believe an amicable agreement can be found regarding an extension of the loan there is still some uncertainty related to this before a final agreement is in place.

RomReal has during Q1 2010 started a new and thorough cost reduction process which is expected to lower the operational expenses further throughout 2010 and beyond."

KEY FIGURES (EUR '000)					
	Q1 2010	Q4 2009	Q1 2009	FY 2009	FY 2008
Profit/(loss) before tax	881	(10,164)	(1,793)	(19,363)	(70,074)
Net assets value	41,659	42,163	58,741	42,163	60,164
NAV (EUR/share)	0.85	0.86	1.19	0.86	1.22
NAV (NOK/share)	7.1	7.4	10.6	7.4	11.9
Cash position	2,154	1,862	4,928	1,862	6,523
Number of plots	16	16	16	16	17
Number of employees	7	7	8	7	16
Land bank ('000 sqm)	1,266				

OPERATIONAL OVERVIEW

Sales Status - Corallia

During Q1 2010 RomReal has been focusing on Corallia flat and commercial area sales and cash collections from buyers. Per the date of reporting 34 of the total 37 flats had been sold, a sales increase of 5 flats since end Q4 2009. The final commercial area was also sold during Q1 2010.

From the start of Q2 2010 and onwards approximately EUR 1,100,000 in outstanding cash payments is expected to be collected from contractual flat and commercial area purchase agreements. For the remaining three unsold Corallia flats the estimated current sales value is about EUR 200,000.

Of the 34 flats sold RomReal expects some settlement issues with four flat buyers. These buyers came into financial difficulties during the financial crisis and there is uncertainty over whether they will be able to settle the full payable amount. The total outstanding amount to be collected from these buyers is about EUR 280,000 (meaning that any payments received from these buyers will be in addition to the expected outstanding cash payment of EUR 1,100,000).

The Investment Portfolio

Total size of the Company's Investment Portfolio ("Land Bank") remained constant during the quarter totalling 1,266,876 sqm. at the end of Q1 2010.

In order to release some of the cash value in RomReal's land bank, the Company is actively looking to divest some of its plots. Due to the very low transaction levels and reduced availability of financing in the aftermath of the financial crisis, plot divestment has so far proven to be a difficult task. The Romanian economy is expected to return to positive growth during the second half of 2010, which may contribute to an increase in consumer confidence and foreign investments. In addition, the EU/IMF loan-guarantee deal of around EUR 750bn, to avoid the Greek debt situation spreading throughout Europe, may also contribute to stabilise markets and increase confidence in governments and in the banking system, at least in the short term.

Movement in Net Asset Value

The IFRS financial statements based Net Asset Value (NAV) is Euro 0.85 per share as at end Q1 2010, 1.2% down from Q4 2009. The Company has not made any changes to the value of investment properties. The values are based on the year end valuation report prepared by Colliers. The report was produced for IFRS accounts purposes at the end of 2009.

Asset base (EUR million)	Q1 2010			Q4 2009		
	EUR	EUR/share	NOK/share	EUR	EUR/share	NOK/share
Investment property	48,058	1.0	7.9	48,058	1.0	8.2
Inventories	6,111	0.1	1.0	8,323	0.2	1.4
Cash	2,154	0.0	0.4	1,862	0.0	0.3
Other Assets / (Liabilities)	(14,663)	(0.3)	-2.4	(16,081)	(0.3)	(2.7)
IFRS Net Asset Value	41,659			42,163		
NAV per share		0.85	7.1		0.86	7.4
NAV Movement in Quarter	-1.2%			-19.0%		

- 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 2010 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 2009.

Comparative data for Q1 2010 and Q1 2009

The interpretations below refer to comparable financial information for Q1 2010 and Q1 2009. They are prepared for RomReal on a consolidated basis and use consistent accounting policies and treatments.

Operating Revenue

The operating revenue for Q1 2010 was EUR 2,274,000 compared to a total of EUR 157,000 in Q1 2009. This income relates mainly to the sales of the finalised apartments (EUR 2,178,000) and rent received on some of the land bank assets awaiting development.

Operating Expenses

Total operating expenses amounted to EUR 510,000 in Q1 2010 compared to EUR 587,000 in Q1 2009. The payroll expenses were reduced from EUR 108,000 at end Q1 2009 to EUR 64,000 at end Q1 2010, around 41% reduction.

Out of the total operating expenses, the main cost items relate to general and administration costs (77% of total operating expenses) and salaries (12.6% of total operating expenses).

Other operating income/(expense), net

The other operating income/(expense) for Q1 2010 relates to both the disposal value of the apartments sold during the period and the change in the value of investment property as a consequence of the change in the foreign exchange rate before translating them into the functional currency of the Group.

The net of Other Operating Income/(Expense) in Q1 2010 amounted to an expense of EUR 4,338,000 , compared to a gain of EUR 3,951,000 in Q1 2009.

Profit from operations

During Q1 2010, RomReal generated an operating loss of EUR 2,574,000, compared to a gain of EUR 3,521,000 in Q1 2009.

Financial Income and expense

Financial income for Q1 2010 was EUR 3,679,000 , while the financial expense in Q1 2010 was EUR 225,000, leading to a net financial gain of EUR 3,454,000 compared to a net financial loss of EUR 5,315,000 in Q1 2009. The financial net gain relates primarily to the unrealised foreign exchange gains resulting from the revaluation of the EUR denominated loans. The financial expense comprises mainly the expense with the interest paid in respect of the Alpha Bank loan in amount of EUR 168,757.

Result before tax

The result before tax in Q1 2010 was EUR 881,000 compared to a loss before tax of EUR 1,793,000 in Q1 2009. During Q1 2010 the RON has strengthened against EUR with 3.7%. The main items that generate

foreign exchange differences are the inter-company loans and the loan taken from Alpha Bank amounting to EUR 13.7 million.

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. It is the case with the prices for the apartments sold, which are EUR denominated. Although not reflected from an accounting perspective, all final payments made by the customers when receiving apartments are 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 2010 was EUR 2,154,000 compared to EUR 1,862,000 as at end Q4 2009. The reason for the cash increase in Q1 is the cash collection of the apartments transferred to clients following the finalisation of the Corallia residential project. It is expected that the Company's cash position will strengthen further towards Q2 2010 as the remaining cash from the sold apartments is collected.

Taxation

The company is required to calculate its current income tax at a flat rate of 16%. At the beginning of 2009 the fiscal legislation was changed with the companies being required to pay the higher of a minimum income tax based on the turnover of the respective company and the 16% rate applied to the taxable profits. This has not resulted in any material charge for the companies within RomReal group.

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 2010 there was an increase in the deferred tax asset amounting to EUR 101,000 due to the net decrease in the value of the investment property value in RON terms. With regards to the deferred tax asset, the Company recognises it for the amount of carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Where the Company considered that it is not probable enough that future taxable profits will be available within the legal time framework of five years to utilise the tax losses against, the Company has not recognised such deferred tax assets. At the end of Q1 2010, the Company has made an assessment of whether there is evidence that such taxable profits will be available and has accordingly only recognised the deferred tax asset where such evidence was conclusive.

Overview of the Company's debt

At the end of Q1 2010 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.

The value of the security, according to the independent valuation carried out by Colliers International per 31 December 2009, is higher than the outstanding loan amount.

RomReal's Management previously met with Alpha Bank in Romania to discuss an extension of the existing loan and the outcome of the meeting was considered constructive by RomReal's representatives. A possible loan extension agreement may include a down-payment on the principal primarily using the proceeds from a successful plot divestment and proceeds from the sales of flats in the Corallia development. Plot divestment is one of RomReal's focus areas and the Company is continuously working to divest some of its land bank assets. Although RomReal believes an amicable agreement can be found regarding an extension of the loan, there is still some uncertainty related to this before a final agreement is in place.

The table below shows the total debt for RomReal Ltd as at end Q1 2010 and its maturities:

EUR thousand		End Q4 2009	26 Nov 2010
Alpha Bank		13,700	(13,700)

Total equity

The Company's total equity as at end Q1 2010 was EUR 41,659,000, representing 72% of total assets at the end of the period.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Figures in thousand EUR	Q1 2010	Q1 2009
Rent revenue	96	157
Revenue from sale of assets	2,178	-
Operating revenue	2,274	157
Payroll expenses	(64)	(108)
Depreciation and amortization	(27)	(14)
Management fees	(25)	(25)
General and administrative expenses	(393)	(440)
Operating expenses	(510)	(587)
Profit/ (loss) before other operating items	1,765	(430)
Other operating income/(expense), net	(4,338)	3,951
Profit from operations	(2,574)	3,521
Financial income	3,679	1,246
Financial costs	(225)	(6,561)
Result before tax	881	(1,793)
Tax expense	186	(742)
Result of the period	1,067	(2,535)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Figures in thousand EUR

ASSETS	March 31, 2010	December 31, 2009	March 31, 2009
Non-current assets			
Intangible fixed assets	3	5	26
Investment properties	48,058	48,058	62,800
Property, plant and equipment	180	197	242
Deferred tax asset	101	0	1,239
Total non current assets	48,342	48,260	64,307
Current assets			
Inventories	6,111	8,323	7,731
Other short term receivables	875	349	1,126
Prepayments	87	57	199
Cash and cash equivalents	2,154	1,862	4,928
Total current assets	9,226	10,591	13,985
TOTAL ASSETS	57,568	58,851	78,292

EQUITY AND LIABILITIES	March 31, 2010	December 31, 2009	March 31, 2009
Equity			
Share capital	85,746	85,746	85,746
Other reserves	425	425	425
Retained earnings	(42,345)	(23,305)	(23,305)
Result of current period	1,067	(19,040)	(2,535)
FX reserve	(3,233)	(1,663)	(1,590)
Total equity	41,659	42,163	58,741
Non current liabilities			
Non current debt	-	-	13,700
Other non current liabilities	0	0	45
Deferred income tax	819	878	3,218
Total non current liabilities	820	878	16,963
Current Liabilities			
Other debt	13,702	13,703	4
Other payables	929	948	1,622
Deferred income	455	1,135	961
Tax payable	3	25	(0)
Total current liabilities	15,089	15,811	2,587
TOTAL EQUITY AND LIABILITIES	57,568	58,851	78,292

CASH FLOW STATEMENT (UNAUDITED)

Figures in thousand EUR

	March 31, 2009	December 31, 2009	March 31, 2009
Net cash flow from operating activities	457	(3,961)	(1,409)
Net cash flow used in investing activities	-	-	(23)
Net cash flows from financing activities	(165)	(700)	(163)
Net cash change during period	292	(4,661)	(1,595)
Cash at beginning of period	1,862	6,523	6,523
Cash and cash equivalents at end of the period	2,154	1,862	4,928

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Figures in thousand EUR

	March 31, 2009	December 31, 2009	March 31, 2009
Equity at the beginning of the period	42,163	60,164	60,164
Result for the period	1,067	(19,040)	(2,535)
Other changes	(1,570)	1,039	1,113
Equity at the end of the period	41,659	42,163	58,741

There has been no change in the share capital of the Company during Q1 2010. The total issued number of shares at end Q1 2010 was 49,247,366.