



## **Q1- REPORT, JANUARY 1 – MARCH 31, 2008**

*First quarter, January - March 2008*

- Net sales amounted to 19 982 Euro
- Operating loss amounted to 393 063 Euro
- Loss after taxes amounted to 70 332 Euro
- Earnings per share amounted to –0,01 Euro
- Cash flow for the period amounted to 613 418 Euro

*Highlight events in Reinhold Polska AB Group in Q1 2008*

**Investments**

The year 2007 was the first full year of Reinhold Polska AB Group on the Polish real estate market. After a new shares issue of 30 137 697 Euro in September 2006, it was a year of projects acquisition. All available funds were invested in ten different projects in Warsaw, Wrocław, Katowice, Kraków and Gliwice /Silesian region/. During the first Quarter of 2008 focus has been on developing these projects.

**Project portfolio**

The strategy of the company is to have a risk split project portfolio, that is why we have purchased projects on different local markets and in different types. The actual portfolio is splitted the following way:

Regions:

Katowice and Gliwice /Silesian region/ - 42%

Wrocław – 22%

Warsaw – 20%

Kraków – 16%

Types of properties:

Office – 54%

Residential – 33%

Retail – 13%

**Organization**

In 2007 we set up the organization and hired employees. The company also established a central office in Warsaw and regional offices in Wrocław, Krakow and Katowice. We currently have a total of 25 persons employed .

## **Quotation on Warsaw Stock Exchange**

Since 13<sup>th</sup> of December 2007 the company is listed on the Warsaw Stock Exchange.

## **Future plans**

In accordance with the company's strategy we will focus on bringing the highest value to the shareholders through carrying out projects on existing buildings and new ones in different parts of the real estate market for example: retail, office and residential on all main local markets in central and south Poland.

## **Operations**

The loss before tax for the period is 26 491 Euro (+72 606 Euro) and is in line with the expectations of the board of directors. No projects were finalized during the period and therefore no project income was recorded during the period.

Other operating income is sales of advertising space on the building sites in Poland.

Building activities have started in two projects, Karpacka and Reinhold Center. On two other projects demolition work has started. The Sales force of Reinhold Polska has started the selling process in Karpacka and Reinhold Center. The plan is to have these two projects completed by December 2008.

Liquid assets amounts to 5 586 134 Euro (32 653 917 Euro). During 2007 parts of the liquid assets have been used as collateral for long term debts and is therefore accounted for as short term receivables, this has continued during Q1 and explains the fall in liquid assets compared to Q 1 2007.

The equity ratio is 43,8 % (67,8%).

Since 1 January the functional currency of Reinhold Polska has been changed to Euro. All historical SEK values have been converted to Euro using the rate 9.4483 SEK/Euro.

## **Parent company**

Sales in the parent company amounts to 8 206 Euro and net result for the quarter is 275 828 Euro. No major changes in investments and financing have occurred during the year.

### *Significant risks and uncertainty factors*

Through its business operations, Reinhold is exposed to various risks, both financial and operational. Operational risks relate to Reinhold's day-to-day business and the financial risks relate to the capital requirements of Reinhold's different operations.

## **Operational risks**

For a building contractor the risk-limitation-phase is during the contract-tendering process. The strategy of Reinhold is to adopt a selective approach to tendering in order to

reduce unprofitable projects. When selecting suitable contracts, Reinhold prefers projects whose risks are identified, and thus manageable and calculable.

### **Development risks**

Proprietary project development in commercial properties includes a contract risk and a development risk. Every project concept must be adapted to local market preferences and the planning requirements imposed by public authorities. State-of-the-art skills are required to optimize the timing of projects that have to be processed by local municipalities and possibly have to pass an appeals process. To reduce these risks, Reinhold is developing primarily in large growth communities in Poland. Reinhold has consciously decided to refrain from excessively niche-oriented projects intended for narrow target groups.

### **Financial risks**

Through its business operations Reinhold is exposed to financial risks. The principal risks are interest-rate and currency risks.

### **Interest-rate risk**

The interest-rate risk is the risk that changes in interest rates will affect net interest items and cash flow. The projects in Poland are partly financed by interest bearing borrowings, whereby Reinhold is exposed to an interest-rate risk.

### **Currency risks**

The currency risk is the risk that changes in exchange rates will affect the consolidated income statement, balance sheet and cash flow statement. To reduce currency risks Reinhold raise investment credits in the Polish companies in local currency. As a guarantee for these credits the Parent company are depositing the equity invested in Sweden. Hereby Reinhold are not exposed to any currency risk, since the investment and the credit is in same currency.

## CONSOLIDATED INCOME STATEMENT

Amounts in Euro		Q1	Q1	JAN-DEC	JUN-DEC
		JAN-MAR	JAN-MAR	JAN-DEC	JUN-DEC
		Q1-2008	Q1-2007	2007	2006
<b>Operating income</b>					
Net sales	1	19 982	17 252	89 117	-
Other operating income		13 815	0	32 598	-
		<b>33 797</b>	<b>17 252</b>	<b>121 715</b>	<b>0</b>
<b>Operating expenses</b>					
Other external costs		-277 544	-107 744	-1 253 136	-293 386
Personnel costs		-141 959	-73 135	-537 345	-16 617
Depreciation and write-downs of tangible and intangible assets		-7 357	0	0	
Other operating expenses		-	-21 062	-45 723	-423
<b>Operating profit/loss</b>		<b>-393 063</b>	<b>-184 689</b>	<b>-1 714 489</b>	<b>-310 426</b>
<b>Result from financial investments</b>					
Other interest income		381 913	257 295	1 316 956	180 350
Interest expense		-15 341	0	-75 886	-212
<b>Profit/loss after financial items</b>		<b>-26 491</b>	<b>72 606</b>	<b>-473 418</b>	<b>-130 288</b>
Tax on profit for the period		-43 841	-741	-120 445	<b>0</b>
<b>Net profit/loss for the period</b>		<b>-70 332</b>	<b>71 865</b>	<b>-593 863</b>	<b>-130 288</b>
Average number of amounts of share		7 000 000	7 000 000	7 000 000	7 000 000
Earnings per share		-0.01	0.01	-0.08	-0.02

**CONSOLIDATED BALANCE SHEET**

<b>Amounts in EURO</b>		<b>2008-03-31</b>	<b>2007-03-31</b>	<b>2007-12-31</b>
Intangible assets		17 707	4 657	17 781
Tangible assets		51 868	12 489	38 949
Financial assets		219 432		235 492
<b>Total fixed assets</b>		<b>289 007</b>	<b>17 146</b>	<b>292 222</b>
Properties reported as current assets	2	35 683 408	14 251 876	32 999 376
Short term receivables		31 834 495	1 377 814	32 325 815
Cash and bank balances		5 586 134	32 653 917	4 905 644
<b>Total current assets</b>		<b>73 104 037</b>	<b>48 283 607</b>	<b>70 230 835</b>
<b>TOTAL ASSETS</b>		<b>73 393 044</b>	<b>48 300 753</b>	<b>70 523 057</b>
<b>Equity</b>				
Share capital		370 437	370 437	370 437
Other additional capital and retained earnings		31 867 282	32 281 786	32 200 713
Net profit/loss for the period		-70 333	71 865	-593 863
<b>Total equity</b>		<b>32 167 386</b>	<b>32 724 088</b>	<b>31 977 287</b>
<b>Long term liabilities</b>	3	<b>31 500 663</b>	<b>15 113 830</b>	<b>31 547 262</b>
Current liabilities		9 657 021	430 236	6 698 983
Accrued expenses and deferred income		67 974	32 598	299 525
<b>Total current liabilities</b>		<b>9 724 995</b>	<b>462 835</b>	<b>6 998 508</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>73 393 044</b>	<b>48 300 753</b>	<b>70 523 057</b>

## CHANGES IN SHAREHOLDERS' EQUITY GROUP

Amounts in Euro	Share capital	Other add capital	Other reserves	Retained earnings	Total equity
<b>Opening balance 2006-06-27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Formation of company	52 920				52 920
New share issue	317 517	29 820 179			30 137 697
Shareholder's contribution received		2 593 059			2 593 059
Translation difference			-423		-423
Net profit/loss for the period				-130 288	-130 288
<b>Closing balance 2006-12-31</b>	<b>370 437</b>	<b>32 413 238</b>	<b>-423</b>	<b>-130 288</b>	<b>32 652 964</b>
<b>Opening balance 2007-01-01</b>	<b>370 437</b>	<b>32 413 238</b>	<b>-423</b>	<b>-130 288</b>	<b>32 652 964</b>
Translation difference			423	-79 741	-79 318
Net profit/loss for the period				-596 404	-596 404
<b>Closing balance 2007-12-31</b>	<b>370 437</b>	<b>32 413 283</b>	<b>0</b>	<b>-806 433</b>	<b>31 977 287</b>
<b>Opening balance 2008-01-01</b>	<b>370 437</b>	<b>32 413 283</b>	<b>0</b>	<b>-806 433</b>	<b>31 977 287</b>
Translation difference			0	260 131	260 431
Net profit/loss for the period				-70 332	-70 332
<b>Closing balance 2008-03-31</b>	<b>370 437</b>	<b>32 413 283</b>	<b>0</b>	<b>-616 334</b>	<b>32 167 386</b>

## CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Q1	Q1	
	JAN-MAR	JAN-MAR	JAN-DEC
	2008	2007	2007
Operating profit/loss	-393 065	-184 689	-1 714 488
Adjustments for non-cash items	7 357	21 062	45 723
Interest received	381 913	257 295	1 316 956
Interest paid	-15 341	0	-76 416
Income tax paid	-43 841	-741	-120 445
<b>Cash flow from operating activities before working capital changes</b>	<b>-62 977</b>	<b>92 927</b>	<b>-548 670</b>
Changes in properties reported as current assets	-2 229 721	-13 365 367	-32 112 867
Changes in receivables	551 073	-1 333 150	-32 281 151
Changes in liabilities	2 828 433	222 686	6 711 154
<b>Cash flow after working capital changes</b>	<b>1 086 808</b>	<b>-14 382 905</b>	<b>-58 231 534</b>
Purchase of/changes in equipment and property	7 403	-36 515	-336 357
<b>Cash flow after investing activities</b>	<b>1 094 211</b>	<b>-14 419 419</b>	<b>-58 567 891</b>
Borrowings/repayment of debt	-480 793	14 214 621	30 647 947
<b>Cash flow for the period</b>	<b>613 418</b>	<b>-204 799</b>	<b>-27 919 943</b>
Cash and cash equivalent at the beginning of the period	4 905 644	32 859 456	32 859 562
Exchange rate differences	67 072	-741	-33 975
<b>Cash and cash equivalent at the end of the period</b>	<b>5 586 134</b>	<b>32 653 917</b>	<b>4 905 644</b>



**CONSOLIDATED KEY  
FIGURES**

	<b>Q1</b>		<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	
	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
<b>Amounts in Euro</b>	<b>Jan-Mar</b>	<b>Jan-Dec</b>	<b>Oct-Dec</b>	<b>Jun-Sep</b>	<b>Apr-Jun</b>	<b>Jan-Mar</b>	<b>Jun-Dec</b>
<b>Income statement</b>							
Net sales	19 982	89 117	34 398	35 456	34 609	17 252	0
Operating profit/loss	-393 063	-1 714 488	-975 308	-173 259	-381 233	-184 689	-310 426
Net profit/loss for the period	-70 332	-593 863	-589 736	28 682	-107 215	71 865	-130 288
<b>Balance sheet</b>							
Fixed assets	289 007	292 222	292 328	686 579	5 715	17 146	1 693
Current assets	73 104 037	70 230 835	70 230 835	61 878 116	54 730 163	48 283 607	33 790 629
Equity	32 167 386	31 977 287	31 977 393	32 641 851	32 612 745	32 724 088	32 652 964
Interest bearing liabilities	39 428 131	33 931 607	33 931 607	25 270 789	20 845 443	15 113 830	899 209
Non-interest bearing liabilities	1 797 527	4 508 218	4 508 218	4 650 995	1 277 584	462 835	240 149
Total assets	73 393 044	70 523 057	70 523 163	62 564 694	54 735 878	48 300 753	33 792 322
<b>Financial ratios</b>							
Equity/assets ratio, %	43,8	45,3	45,3	52,2	59,5	67,8	96,6
Debt/equity ratio, times	1,3	1,2	1,2	0,9	0,7	0,5	0,0
<b>Profitability ratios</b>							
Return on shareholder's equity, %	Neg.	Neg.	Neg.	Neg.	Neg.	0,2	Neg.

*Accounting principles, group*

This report has been compiled in accordance with IAS 34, Financial Reporting. The report is compiled in accordance with International Financial Reporting Standards (IFRS) and with International Financial Reporting Interpretations Committee (IFRIC), the interpretations of financial standards approved by EU, as well as the Swedish Accounting Standards Council's RFR 1 recommendation, Reporting for Groups, and accompanying references to Chapter 9 of the Annual Accounts Act.

The report has been prepared in accordance with the same accounting principles and methods of calculations as the 2007 Annual Report, except for changes in the accounting for loan costs in accordance with IAS 23. Loan costs are now capitalized; this change does not affect the comparison with previous year since no projects were started then.

**Note 1 Segment reporting**

Reinhold is conducting its operations in **one** business segment and **one** geographical area. The business segment is acquiring and developing commercial and residential properties. The geographical area is Poland.

**Note 2 Properties reported as current assets**

Below is table listing of all on-going projects (Euro).

	<b>2008-03-31</b>
<b>Projects</b>	
Project 1	4 926 931
Project 2	2 590 451
Project 3	9 849 180
Project 4	7 795 708
Project 5	4 477 253
Project 6	1 438 305
Project 7	517 060
Project 8	1 212 232
Project 9	78 648
Project 10	2 797 639
	<hr/>
	<b>35 683 408</b>

The amounts above include purchase prize, capitalized interest and construction costs.

**Note 3 Long term liabilities**

Below is a table listing of interest bearing external loans and their maturity (Euro).

<b>Due date</b>	<b>Amount</b>
Within 12 months	7 927 468
Within 1 to 5 year	31 500 663
<b>Total</b>	<hr/>
	39 428 131

The company's auditor has not reviewed this report.

Stockholm May 9th 2008

***THE BOARD OF DIRECTORS***

*If you have any questions, please contact:*

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