Reinhold

SEMI-ANNUAL REPORT, JANUARY 1 – JUNE 30, 2010

Second quarter, April - June 2010

- Net sales amounted to 12 895 838 Euro
- Operating income amounted to 2 902 058 Euro
- Earnings after taxes amounted to 924 730 Euro
- Earnings per share amounted to 0.13 Euro
- Cash flow for the period amounted to -6 425 120 Euro

January-June 2010

- Net sales amounted to 42 794 791 Euro
- Operating income amounted to 3 413 644 Euro
- Income after taxes amounted to 3 428 405 Euro
- Earnings per share amounted to 0.49 Euro
- Cash flow for the period amounted to -2 904 543 Euro

Highlight events in Reinhold Polska AB Group, first half 2010

Comments by CEO Gösta Gustafsson

"As earlier communicated in our annual report, two projects, Reinhold Lipinski and Reinhold Jerozolimskie 61, were sold to a German real estate fund. The projects were sold with what is known as Forward Funding, which means that the Group completes the building work and cleans up the site before the handover takes place. Our project Reinhold Center has been let to approx. 90%.

Since we see a growing demand for housing as a result of the economic recovery and a more generous borrowing policy by the banks we decided to re-start one of our projects, Reinhold Przyjaźni, that we freezed during the crizis. We are constantly looking at the projects we put on hold to see whether they can be re-started, either by ourselves or togther with partners.

The improved credit situation has improved our ability to finance the projects and we have also, as the financial statements show, been able to repay some of our debt.

It is mine and the boards firm belief that we have the worst times behind us and the profits in front of us"

Investments

During Q2 2010 1.8 million Euros have been invested into the projects. No new project has started.

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.

Organization

The company has established a central office in Warsaw and regional offices in Wrocław, Krakow and Katowice. We currently have 22 employees.

The Polish real estate market

The current economic crisis has had a negative effect on the market even though strong signs of recovery are shown everyday. Poland as a country has coped with the crisis much better than others; Poland recorded the best real GDP growth performance among OECD countries in 2009. For 2010 GDP is expected grow 2,5% and 3,1% 2011 according to OECD

The growing economy has impacted the real estate market; the prices as well the transaction volume are rising. Many foreign funds are showing interest for the growing polish market.

Poland has also shown great political stability after the tragic air accident.

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. Currently focus is on developing the existing projects.

Operations

Operations according to the strategy have started on all projects, although the work has reached different levels. Please see table below for the status of each project.

Project	Site	Type of Project	Status
Reinhold Terenowa	Wrocław	Residential	Fully sold out
Reinhold Lipiński	Warsaw	Retail / Office	Construction process
Reinhold Center	Katowice	Office	Construction process
Reinhold Lipiński Passage	Warsaw	Retail / Office	Construction process
Reinhold Pulaskiego	Katowice	Residential	Building permit obtained
Reinhold Plaza	Kraków	Office / Retail	Building permit pending
Reinhold Karpacka	Wrocław	Residential	Fully sold out
Reinhold Przyjaźni	Wrocław	Residential	Design phase

Updated information about the projects can be found on the group's website .reinholdpolska.com.

Financial position - Group

Group sales amounts to 42 794 791 (448 276) Euro and the net result is 3 428 405 (-2 831 652) Euro. Liquid assets amounts to 1 090 478 (4 136 445) Euro.

The equity ratio is 31,2% (28.7 %). The effective solidity is higher on group level since a major part of all long-term loans are backed up with liquid funds in the parent company. If they would be netted against each other the solidity would be around 50 %.

The main source for financing in the group is the funds obtained in the new share issue in 2006. These funds have stayed in the mother company. The liquid funds used to secure the external loans are accounted for as other short-term receivables in the Group accounts.

Financial position - Parent company

Sales in the parent company amounts to 15 968 Euro and net result for the year is 129 251 Euro.

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 financials 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, currency risks and financing risk.

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. The functional currency of Reinhold Polska Group is euro while the operating currency in projects in Poland is zloty.

Financing risk

The financing risk is the risk that Reinhold Polska will not be able to raise enough funds to finish the projects.

CONSOLIDATED INCOME STATEMENT

Amounts in Euro		Q2 APR-JUNE 2010	Q2 APR-JUNE 2009	JAN-JUNE 2010	JAN-JUNE 2009	JAN-DEC 2009
Net sales						
Net sales	1	12 895 838	401 652	42 794 791	448 276	2 436 731
Gross operating income		**12 895 838**	**401 652**	**42 794 791**	**448 276**	**2 436 731**
Cost of goods sold		-8 927 919	-209 102	-37 523 921	-476 846	-4 133 651
Other external costs		-923 247	-415 487	-1 581 158	-766 383	-970 777
Personnel costs		-138 271	-164 750	-268 017	-402 478	-757 759
Depreciation and write-downs of tangible and intangible assets		-4 343	-4 730	-8 051	-10 230	-20 096
Operating income		**2 902 058**	**-392 417**	**3 413 644**	**-1 207 611**	**-3 445 552**
Financial items, net		-1 977 328	947 219	14 761	-1 623 992	598 198
Income after financial items		**924 730**	**554 802**	**3 428 405**	**-2 831 652**	**-2 847 354**
Tax			0	0	0	0
Income for the period		**924 730**	**554 802**	**3 428 405**	**-2 831 652**	**-2 847 354**
Exchange differences on translation of foreign operations		485 655	-141 869	128 312	124 560	-152 084
Other comprehensive income		485 655	-141 869	128 312	124 560	-152 084
Total comprehensive income		**1 410 385**	**412 933**	**3 556 717**	**-2 707 092**	**-2 999 438**
Attributable to the equity holders of the parent company						
-Income for the period		924 370	554 802	3 428 405	-2 831 652	-2 847 354
-Other comprehensive income		485 655	-141 869	128 312	124 560	-152 084
Average number of amounts of share		7 000 000	7 000 000	7 000 000	7 000 000	7 000 000
Earnings per share		0.13	0.08	0.49	-0.40	-0.41

CONSOLIDATED BALANCE SHEET

Amounts in EURO		2010-06-30	2009-06-30	2009-12-31
Intangible assets		2 678	8 111	5 153
Tangible assets		22 216	34 657	27 006
Financial assets		938 434	35 908	294 630
Total fixed assets		**963 328**	**78 676**	**326 789**
Properties reported as current assets	2	34 608 720	45 090 602	56 529 844
Short term receivables		42 650 886	25 766 373	27 261 258
Cash and bank balances		1 090 478	4 136 445	4 038 221
Total current assets		**78 350 084**	**74 993 420**	**87 829 323**
TOTAL ASSETS		**79 313 412**	**75 072 096**	**88 156 112**
Equity				
Share capital		370 437	370 437	370 437
Other additional capital		32 413 283	32 413 283	32 413 283
Retained earnings and other reserves		-8 034 948	-11 299 320	-11 591 655
Total equity		**24 748 772**	**21 484 400**	**21 192 055**
Long term liabilities	3	**26 488 020**	**32 532 980**	**1 003 647**
Current liabilities		17 325 255	18 697 222	61 313 051
Accrued expenses and deferred income	4	10 751 365	2 357 493	4 647 359
Total current liabilities		**28 076 620**	**21 054 715**	**65 960 410**
TOTAL EQUITY AND LIABILITIES		**79 313 412**	**75 072 096**	**88 156 112**

Change in consolidated equity

	2010-06-30	2009-06-30	2009-12-31
Opening balance	21 192 055	24 191 492	24 191 492
Total comprehensive income for the period	-3 556 717	-2 707 092	-2 999 437
Total transactions with equity holders	0	0	0
Closing balance	24 748 772	21 484 400	21 192 055

CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Q2 APR-JUN 2010	Q2 APR-JUN 2009	JAN-JUN 2010	JAN-JUN 2009	JAN-DEC 2009
Operating profit/loss	2 902 059	-392 417	3 413 644	-1 207 661	-3 445 552
Adjustments for non-cash items	489 998	-142 143	136 363	134 789	-131 423
Interest received	320 702	41 502	500 011	371 546	709 692
Interest paid	-394 046	-21 787	-442 050	-47 081	-191 151
Income tax paid	0	0	0	0	0
Cash flow from operating activities before working capital changes	**3 318 713**	**-514 845**	**3 607 968**	**-748 407**	**-3 058 434**
Changes in properties reported as current assets	641 672	-2 938 899	21 921 124	-5 983 186	-17 422 428
Changes in receivables	-7 121 637	-3 418 373	-15 389 628	3 029 443	1 534 558
Changes in liabilities	425 767	516 608	-11 848 600	199 447	21 684 605
Cash flow after working capital changes	**-2 735 485**	**-6 355 509**	**-1 709 136**	**-3 502 703**	**2 738 301**
Purchase of/changes in equipment and property	367 070	-1 779	-34 590	2 470	-256 074
Cash flow after investing activities	**-2 368 415**	**-6 357 288**	**-1 743 726**	**-3 500 233**	**2 482 227**
Borrowings/repayment of debt	-4 056 705	7 641 890	-1 160 817	8 108 797	0
Cash flow for the period	**-6 425 120**	**1 284 602**	**-2 904 543**	**4 608 564**	**2 482 227**
Cash and cash equivalent at the beginning of the period	9 419 582	1 924 346	4 038 221	1 476 337	1 476 337
Exchange rate differences	-1 903 984	927 496	-43 200	-1 948 456	79 657
Cash and cash equivalent at the end of the period	**1 090 478**	**4 136 445**	**1 090 478**	**4 136 445**	**4 038 221**

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CONSOLIDATED KEY FIGURES

Amounts in Euro	Q2 2010 Apr-Jun	Q1 2010 Jan-Mar	2009 Jan-Dec	2008 Jan-Dec	2007 Jan-Dec	2006 Jan-Dec
Income statement						
Net sales	12 895 838	29 898 953	2 436 731	405 871	89 117	0
Operating profit/loss	2 902 058	511 585	-3 445 552	-2 095 766	-1 714 488	-310 426
Net profit/loss for the period	924 730	2 503 674	-2 847 354	-8 133 039	-593 863	-130 288
Balance sheet						
Fixed assets	963 328	724 741	326 789	91 376	292 222	1 693
Current assets	78 350 084	80 199 223	87 829 323	69 379 568	70 230 835	33 790 629
Equity	24 748 772	23 338 386	21 192 055	24 191 493	31 977 287	32 652 964
Interest bearing liabilities	41 489 700	46 455 469	57 992 363	43 403 516	33 931 607	899 209
Non-interest bearing liabilities	13 074 940	4 591 373	7 968 047	1 875 936	4 508 218	240 149
Total assets	79 313 412	80 923 963	88 156 112	69 470 945	70 523 057	33 792 322
Financial ratios						
Equity/assets ratio. %	31.2	28.4	24.0	34,8	45.3	96.6
Debt/equity ratio	2.2	2.5	3.2	1.9	1.2	0.0
Profitability ratios						
Return on shareholder's equity. %	3,7	10,7	Neg.	Neg.	Neg.	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 2009 Annual Report.

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).

2010-06-30

	Purchase	Capitalized	Other costs	Total
All projects	9 763 118	3 714 074	21 131 527	34 608 720

The capitalized interest consists of the interest on the Groups interest bearing liabilities assigned to each project. The rate is WIBOR PLN 1 M +0,47%. During Q2 2010, 395 180 Euro has been capitalized.

Note 3 Long term liabilities

Below is a table listing of interest bearing external loans and their maturity (Euro). Since the group has offset long term liabilities in the project companies with liquid funds in the parent company it has the possibility to re-finance internally if the current credit situation makes it unfavorable to borrow.

Due date	Amount
Within 12 months	15 056 695
Within 1 to 5 year	26 433 005
Total	41 489 700

Note 4 Accrued expenses and deferred income

The company has made a provision of EUR 400 000 to cover expenses that might arise in settling a dispute regarding a project in Poland.

Stockholm August 31th 2010

Tevnell Waldemar
Chairman of the board

Gösta Gustafsson
Chief Executive Officer

Stanislav Dudzik

Anders Lettström

Torgny Krook

André Rosberg

Review report

We have reviewed this report for the period January 1st to June 30th, 2010 for Reinhold Polska AB (publ). The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review. We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, August 31, 2010

Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant
Partner in Charge