

YEAR END REPORT, JANUARY 1 – 31 DECEMBER, 2010

Fourth quarter, October-December 2010

- Net sales amounted to 117 492 Euro
- Adjustment of net sales in previous quarters -12 999 354 Euro
- Operating loss amounted to 16 613 643 Euro
- Loss after taxes amounted to 17 660 430 Euro
- Earnings per share amounted to -2.52 Euro
- Cash flow for the period amounted to -538 775 Euro

Reinhold Polska AB Group 12 months 2010

- Net sales amounted to 31 292 781 Euro
- Operating loss amounted to -17 252 153 Euro
- Loss after taxes amounted to -16 959 840 Euro
- Earnings per share amounted to -2.42 Euro
- Cash flow for the period amounted to -4 542 037 Euro

Highlight events in Reinhold Polska AB Group, 12 months 2010

Comments by Mr Padraic Coll, Managing Director

"During 2010, and as earlier communicated in our annual report for 2009, Phase 1 of the Reinhold Center in Katowice has been substantially leased and completed. In 2011 it is expected that the building will be sold.

In March 2010, Reinhold Lipinski and Reinhold Jerozolimskie 61 were sold on a forward funding basis to Union Investment. However in October 2010 the agreement was terminated by the buyer. This has meant that, although the buildings are sold, the expected level of revenue from the transaction has not been achieved. The termination of the agreement by Union Investment has had a negative impact on the company's cash flow and also its result for 2010. The effects on the result, as it can be estimated today, is approx. - 3 million EUR. No monetary claims have been made by Union against Reinhold Polska and the company has made significant efforts in order to try to reach a settlement with Union. The outcome of these discussions has so far not been fruitful and there is a potential risk that Reinhold Polska will face arbitration.

The two residential projects in Wroclaw which were substantially completed in 2009 were finished and the final units sold in 2010.

As the market has stabilized and bank finance is becoming more freely available, the company is more active in looking at restarting projects in 2011. The key driver for any of the projects in the commercial sector will be the signing of pre-lease agreements which is the key to further financing.

The residential sector outside of Warsaw is still difficult and is suffering from low prices. The company sees it unlikely that any project in this sector will be commenced in 2011.

The result for 2010 has been significantly affected by the results of a revaluation of the assets which reflect the increase in yields of non-core assets and the significant oversupply of development land in Poland. The significantly higher return now required by capital providers has a disproportional negative impact on land values. The total write downs taken by the company at the end of 2010 amount to approx. EUR 11,2 million. The operational loss as well as the preliminary unaudited result for 2010 for the Reinhold Polska Group is a loss of EUR 17,2 million.

However, if the group's portfolio can be developed and sold according to plan, forecasts made do show that the group's result will be affected positively. The next 1 – 2 year period, and much depending on the overall development on the Polish real estate market, will be very important for the future of the group and its new strategy that will be implemented during 2011."

Investments

During 2010 two projects have been sold. 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 at the end of 2010 had maintained a central office in Warsaw and regional offices in Wroclaw, Krakow and Katowice. In response to the difficult year of 2010, and in connection with the investment agreement signed on 23rd December 2010, as of March 2011, the company has closed the offices in Wroclaw and Katowice and has substantially reduced the staff in Warsaw which also has included a change of offices in Warsaw. The mother company of the group, Reinhold Polska AB, has as a consequence hereof, entered into a cost reducing programme and has in early 2011 changed its office address and has also cut down on personnel.

The Polish real estate market

As we have said before, 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 was 3,5% and is expected to be 4,0% 2011 according to OECD. Notwithstanding this, the global impact of the credit crunch, the risk premium applied to non core markets such as Poland as well as the higher returns required by investment funds operating in the Polish market has meant that 2010 was a difficult year in the real estate sector. Yields recovered in the core Warsaw markets however all other investment produce required a substantial risk premium over core Warsaw yields beyond what was typical in the pre-2008 market.

We expect this to change as there is less and less produce in the Warsaw market and therefore funds will be forced to look at investments which do not fit the narrow criteria will be considered.

Future plans

According to the investment agreement signed on 23rd December 2010 between Reinhold Group BV, Rubicon Partners NFI S.A., Alterco S.A. and Reinhold Polska AB, the company will be recapitalized effectively by the contribution of a mixture of revenue generating and development assets. The increase in the capital of the company will be subject to approval by the existing shareholders on the AGM which will take place in May 2011. In addition to this a future fund raising is being planned to take place after the contribution of the assets from Alterco S.A. and Rubicon has been completed. In order to secure the groups cash flow and ability to finance its operations Alterco S.A. has agreed to contribute loans to the company until the above described plans has been carried out. Alterco S.A. had previously concluded an agreement with the Irish Investment Group (IGI) in December 2010, which means that a substantial part of the asset contribution, together with the know-how of the people employed by IGI will be used to drive the company

forward. This is the first step in the strategy of the company to transform itself into an investment holding company with development capabilities rather than just a development company. The company believes that this change of strategy will provide for a more stable growth path to recovery for the company. As a consequence of the above, the company has already established a pipeline of potential acquisitions ranging from established retail projects throughout Poland as well as existing income generating office buildings.

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 Name	Location	Type	Status
Reinhold Przyjaźni	Wrocław	Residential/ commercial	Design phase
Reinhold Center	Katowice	Office	Phase 1 substantially leased
Reinhold Pułaskiego	Katowice	Residential	Building permit obtained
Reinhold Plaza	Kraków	Office / Retail	Building permit pending

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

Financial position - Group

Group sales during 2010 amounts to 31 292 781 (2 436 731) Euro and the net result is –16 959 840 (-2 847 354) Euro. Liquid assets amounts to 648 204 (4 038 221) Euro.

The equity ratio is 7,03% (24,04 %). The effective solidity is higher on group level since all loans are backed up with liquid funds in the parent company.

The main source for financing in the group has until early 2010 been the funds obtained in the 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. However in the second half of 2010 and especially as a result of the termination of the Agreement by Union Investment, the company has become dependent on loans from third parties and Reinhold Group BV has during 2010 contributed with approx. 9,5 million PNL (EUR 2,4 million) in order to secure going concern principles.

The company is taking steps in 2011 to net this position off to reduce the above mentioned indebtedness shown in the balance sheet. At the same time the company has also taken steps to reduce the debt facilities provided by other lending institutions through the planned sale of phase 1 of Reinhold Center.

Financial position - Parent company

Sales in the parent company amounts to 17 224 (84 799) Euro and net result for the year is 1 238 870 (435 369) 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 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, 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.

Legal risk

There is a risk in the situation that has occurred with Union Investment after the termination of the agreement in late October 2010. The mother company of the group has entered into a parent company guarantee which is limited to EUR 4 million. The group companies being parties to the terminated agreement, Reinhold Polska Project 3 and Reinhold Polska Project 5, may face substantial claims from Union Investment if no settlement can be reached. It is the management's opinion that the outcome of an arbitration proceeding is unsecure but that there are fair chances that the Reinhold Polska Group may be entitled to a compensation for damages from Union due to the termination of the agreement was unjustified.

CONSOLIDATED INCOME STATEMENT

Amounts in Euro		Q4	Q4	JAN-DEC	JAN-DEC
		OCT-DEC	OCT-DEC	OCT-DEC	OCT-DEC
		2010	2009	2010	2009
Net sales					
Net sales	1	-12 881 862	1 778 815	31 292 781	2 436 731
Gross operating income		-12 881 862	1 778 815	31 292 781	2 436 731
Cost of goods sold		9 242 549	-3 447 702	-33 409 774	-4 133 651
Other external costs		-1 682 918	39 080	-3 459 513	-970 777
Personnel costs		-89 406	-189 470	-462 469	-757 759
Depreciation and write-downs of tangible and intangible assets		-11 202 006	-5 214	-11 213 178	-20 096
Operating income		-16 613 643	-1 824 491	-17 252 153	-3 445 552
Financial items, net		-1 046 787	662 851	292 313	598 198
Income after financial items		-17 660 430	-1 161 640	-16 959 840	-2 847 354
Tax		0		0	0
Income for the period		-17 660 430	-1 161 640	-16 959 840	-2 847 354
Exchange differences on translation of foreign operations		-163 307	157 578	-332 307	-152 084
Other comprehensive income		-163 307	157 578	-332 307	-152 084
Total comprehensive income		-17 823 737	-1 004 062	-17 292 147	-2 999 438
Attributable to the equity holders of the parent company					
-Income for the period		-17 660 430	-1 161 640	-16 959 840	-2 847 354
-Other comprehensive income		-163 307	157 578	-332 307	-152 084
Average number of shares		7 000 000	7 000 000	7 000 000	7 000 000
Earnings per share		-2,52	-0.17	-2,42	-0,41

CONSOLIDATED BALANCE SHEET

Amounts in EURO	2010-12-31	2009-12-31
Intangible assets	1 629	5 153
Tangible assets	14 284	27 006
Financial assets	341 635	294 630
Total fixed assets	357 548	326 789
Properties reported as current assets 2)	13 172 643	56 529 844
Short term receivables 3)	27 923 021	27 261 258
Cash and bank balances	648 204	4 038 221
Total current assets	41 743 868	87 829 323
Real estate for sale	13 366 600	0
TOTAL ASSETS	55 468 016	88 156 112
Equity		
Share capital	370 437	370 437
Other additional capital and retained earnings	20 489 311	23 668 972
Net profit/loss for the period	-16 959 840	-2 847 354
Total equity	3 899 908	21 192 055
Long term liabilities	26 239	1 003 647
Current liabilities 4)	48 195 051	61 313 051
Accrued expenses and deferred income	3 346 818	4 647 359
Total current liabilities	51 541 869	65 960 410
TOTAL EQUITY AND LIABILITIES	55 468 016	88 156 112

Change in consolidated equity

Amounts in Euro	2010	2009
Opening balance	21 192 055	24 191 492
Total comprehensive income for the period	-17 292 147	-2 999 437
Total transactions with equity holders	0	0
Closing balance	3 899 908	21 192 055

CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	OCT-DEC 2010	OCT-DEC 2009	JAN-DEC 2010	JAN-DEC 2009
Operating profit/loss	-16 613 643	-1 824 491	-17 252 153	-3 445 552
Adjustments for non-cash items	-160 180	163 357	-318 008	-131 423
Interest received	178 861	188 843	1 052 520	709 692
Interest paid	-1 343 734	-120 497	-1 912 227	-191 151
Income tax paid	0	0	0	0
Cash flow from operating activities before working capital changes	-17 938 696	-1 592 788	-18 429 868	-3 058 434
Changes in properties reported as current assets	11 103 878	-2 343 834	29 990 601	-17 422 428
Changes in receivables	12 975 219	1 421 753	-661 763	1 534 558
Changes in liabilities	-7 289 418	3 126 144	-14 418 541	21 684 605
Cash flow after working capital changes	-1 149 017	611 275	-3 519 571	2 738 301
Purchase of/changes in equipment and property	639 478	-254 040	-45 058	-256 074
Cash flow after investing activities	-509 539	357 235	-3 564 629	2 482 227
Borrowings/repayment of debt	-29 236	-1 736 323	-977 408	0
Cash flow for the period	-538 775	-1 379 088	-4 542 037	2 482 227
Cash and cash equivalent at the beginning of the period	1 068 893	4 822 802	4 038 221	1 476 337
Exchange rate differences	118 086	594 507	1 152 070	79 657
Cash and cash equivalents at the end of the period	648 204	4 038 221	648 204	4 038 221

**CONSOLIDATED
KEY FIGURES**

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	2009	2008	2007
Amounts in Euro	Oct-dec	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec	Jan-Dec	Jan-Dec
Income statement							
Net sales	-12 881 862	1 379 852	12 895 838	29 898 953	2 436 731	405 871	89 117
Operating profit/loss	-16 613 643	-4 052 154	2 902 058	511 585	-3 445 552	-2 095 766	-1 714 488
Net profit/loss for the period	-17 660 430	-2 727 815	924 730	2 503 674	-2 847 354	-8 133 039	-593 863
Balance sheet							
Fixed assets	357 548	1 000 153	963 328	724 741	326 789	91 376	292 222
Current assets	41 743 868	79 610 254	78 350 084	80 199 223	87 829 323	69 379 568	70 230 835
Equity	3 899 908	21 723 645	24 748 772	23 338 386	21 192 055	24 191 493	31 977 287
Interest bearing liabilities	44 330 787	43 409 210	41 489 700	46 455 469	57 992 363	43 403 516	33 931 607
Non-interest bearing liabilities	7 237 321	13 689 451	13 074 940	4 591 373	7 968 047	1 875 936	4 508 218
Total assets	55 468 016	80 610 407	79 313 412	80 923 963	88 156 112	69 470 945	70 523 057
Financial ratios							
Equity/assets ratio. %	7.03	26.95	31.2	28.4	24.04	34.82	45.3
Debt/equity ratio	13.2	2.7	2.2	2.5	3.1	1.9	1.2
Profitability ratios							
Return on shareholder's equity. %	Neg.	Neg.	3.7	10.7	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).

2010-12-31

	Purchase price	Capitalized interest	Other costs	Total
All projects	7 784 975	2 151 641	3 236 026	<u>13 172 643</u>

The capitalized interest consists of the interest on the Groups interest bearing liabilities assigned to each project.

Note 3 Short term receivables

99 % of the group's short term receivables are cash deposits in bank left as security for loans.

Note 4 Interest bearing liabilities

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

Due date	Amount
Within 1 to 5 year	26 239
Within 12 months	<u>44 304 548</u>
Total	44 330 787

If you have any questions, please contact:

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The company auditors have not audited this report.

Warsaw, March 21st, 2011

Tevnell Waldemar
Chairman of the board

Patrick Coll
Chief Executive Officer

Stanislav Dudzik

Torgny Krook

André Rosberg

Gösta Gustafsson