

**Reinhold Polska AB (publ)**

CIN 556706-3713

**ANNUAL REPORT FOR THE FINANCIAL YEAR**

**2010-01-01 – 2010-12-31**

The board of Directors and the CEO of Reinhold Polska AB (publ) hereby submits the following Annual Report:

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Unless otherwise stated, all amounts are in EUR

## Management Report

### The business

The management of Reinhold Polska AB (publ) hereby submits their management report for the financial year 2010.

Reinhold Polska AB is since December 2007 listed on Warszawa Stock Exchange, WSE, in Poland. The quotation is a listing on a regulated market in the EU which implies that the company is under the supervision of the Swedish financial supervisory authority. At 31 December 2010 two types of shares were issued, class A and class B shares. Only the company's class B shares are listed on WSE since the WSE does not allow larger vote differences than 1:5. The number of registered ordinary shares amounts to a total of 7.000.000 of which 900.000 of class A and 6.100.000 of class B. Every share of class A has ten votes per share and every share of class B has one vote per share at the shareholders' meetings. The company's accounting currency is Euro and the quota value is 0,053 Euro per share for all shares.

The closing share price was 6,05 PLN (7,89) per share at the end of the accounting period at 31 December 2010. This correspond to a market value of 42,35 mPLN total (after the assumption that the company's class A shares and class B shares has the same value even if the class A shares had been listed). At the end of the period the number of shareholders amounted to approx. 300 shareholders. At the 31 December 2010 Gösta Gustafsson through companies owned 16,12 percent of the capital and 60,45 percent of the votes, Straumur Bank owned 17,69 percent of the capital and 8,2 percent of the votes and SEB Stiftelsen owned 6,36 percent of the capital and 2,95 percent of the votes.

Reinhold Polska AB (publ) shall procure, develop, improve and sell real estate and land in Poland. The company's vision is to be one of the largest real estate development companies in Poland. As a result of great uncertainty of the values of the Group's portfolio of real estates, which has implied great depreciations of their value in the end of the accounting period, problems finding funding to start up new projects as well as the litigation between the Group and the German real estate fund Union Investment Fund GmbH which has brought a negative cash flow the Board of Directors had to reevaluate the company and change the Group's investment policies. The company is searching for strategic partners on the polish market which can make a capital contribution but also bring new projects to the company and turn the negative development which is a result of the litigation with Union.

Consequently there are considerable operational risks in the Group primarily consisting of the fact that the Groups business can't continue if the financing can't be guaranteed. An inability to fulfill all obligations in the Group can result in litigations with different parties and thereby jeopardize the existence of the Group. The financial risk is dealt with in a note to the annual report.

Besides above mentioned there's also the circumstance that the company's largest shareholder, as to number of votes, and also its founder Gösta Gustafsson, out of family reasons declared that he's intending to sell his shares in the company. The planned sale of the shares, which represent a control post with scantily 60 % of the votes in the company, has resulted in the company and the group having problems to attach interested parties as there has been uncertainty concerning an eventual new owner's choice of strategy. Gösta Gustafsson has after the end of the financial year, on the 1 of February 2011, resigned as CEO and been replaced with Padraic Coll. In this connection Gösta Gustafsson also left the post as "Director" in the polish operating subsidiaries.

As of today the company's remaining real estates exists in Krakow (1), Wroclaw (1) and Katowice (2).

Concerning questions of corporate governance and thereby connected questions they are presented in the corporate governance report which the Board of Directors of Reinhold Polska AB has submitted along with the annual report.

### Important events during the financial year

The Groups business has during the first nine months of the year continued according to the plan. Two projects (Lipinski) have been sold in March 2010. The projects were sold to Union Investment Fund GmbH, "Union". In connection to the sale, one million Euros were sat apart as security for the Groups future obligations to Union in the frames for the tender agreement which were agreed upon. The funds were sat apart on a bank account in a bank and were mortgaged to Union.

In accordance with the tender agreement which were agreed upon the Group were to complete and rent the transferred real estates. This work was to be completed shortly after the turn of the year 2010/2011. Union has however in the end of October 2010 chosen to terminate the agreement of the completion and the leasing of the Lipinski real estates. The termination, which was brought to the fore at a time when the company had performed considerable work to great costs but had yet received no payments to speak of for the work, has implied considerable reduction of liquid resources and the Groups cash flow has been negatively influenced of the incident. The management has during the time after the cancellation tried to bring about an extrajudicial settlement with Union. Union has however chosen to initiate an arbitration which is aiming on obtaining the building permits which the Group still is in possession of and which influences Unions possibilities of completing the contact work and the lease of Lipinski negatively. It cannot be excluded that the arbitration will include demands towards different companies in the Group and the Company. The management means however, with a background in different analysis performed by lawyers engaged by the Polish Group, that the Group has good chances to be able to defend oneself against the demands being presented in the framework of the legal trial. However, Union has presented a preliminary calculation against the Company's polish subsidiaries amounting to 10.56 million Euros. The Company's exposure against Union consists of a so called parent company guarantee which is limited to 4 million Euros.

Shortly before then one of the Groups partners as regards leasing and selling of properties in Poland has chosen to take judicial proceedings against one of the companies in the Group and at the same time obtained sequestration of a sum of total one million polish zloty (approx. 250 000 Euro). This incident has also influenced the liquidity negatively. The litigation is not yet decided and the presented demand amount to fully two million polish zloty (approx. 500 000 Euro).

During the end of 2010 the Company has entered into discussions concerning a sale of the Groups real estates in Katowice. In connection to this questions of great importance of the valuation of the Group's remaining real estates have been brought to the fore. The different remaining real estates in the Group has principally been purchased before 2008 and to some extent been added value. When it became clear to the management that the value of the Group's real estates most likely were below the book value the management valued the real estates through engaging an external valuer and has thereafter decided to write-down the values. The largest write-down of the value is assignable to the real estate in Katowice which had a book value of 107 million polish Zloty (approx. 27 million Euro) but which at the time of the discussions of a transfer were assumed to have a market value of approx. 55 million polish Zloty (approx. 14 million Euro).

As were informed in the end of December 2010 the Company entered, along with Reinhold Group BV, into an investment agreement with the polish companies Rubicon Partners and Alterco. Through the investment agreement the Group was obtaining new projects with a positive cash flow but also liquid resources in the form of loans. Further it was discussed, as a part of the investment agreement, about a new issue of shares aimed to the existing shareholders but also to external parties. Since the terms of the investment agreement haven't been fulfilled the agreement is now invalid. The Company now stands in front of new challenges which imply great demands of quickly finding a solution so that the business won't be put on jeopardize.

During the second half of 2010 Reinhold Group BV has brought liquid resources to the Group to be able to maintain the business. At the turn of the year 2010/2011 Reinhold Group BV and other related companies controlled by Gösta Gustafsson had brought approx. 9.5 million polish Zloty (approx. 2,35 million Euro).

### **Financial position**

As of the balance sheet date, the Group had cash and cash equivalents of EUR 648 639 (4 038 221). The equity ratio was 3,47 % (24, 4%). The Group's reported equity amounted to EUR 1 869 926 (21 192 056), which corresponds to EUR 0.27 (3.03) per share. 2010-12-31, the parent company had cash and cash equivalents of EUR 587 (28 310).

### **Profit (loss)**

For 2010, the Group reported a loss before tax of EUR-18 976 944 (-2 847 354) EUR. This is a difference from the earlier published quarterly report for the last quarter of 2010. The differences in the result for the Group are mainly due to the valuation questions that were brought to attention in the final phase of the auditing of the 2010 annual accounts.

In relation to the latest quarterly report also the Parent company presents an considerably lower result amounting to EUR – 4 453 103,33. The reason for the strongly worse result is that some of the Groups subsidiaries, for which the Parent company has provided guarantee for the subsidiaries bank loans through mortgage liquid resources on bank accounts, not by the selves can repay the liabilities. The banks involved will then realize the guarantees and the Parent company will have a corresponding receivable on the subsidiaries which the subsidiary won't be able to pay since they are out of assets. Reservations has therefore been made of a total of approx. 5.7 mEUR.

## Investments

During the year, which was the Group's 4th year in business, the Company invested in 6 projects of which two were sold. At the turn of the year the Group had investments in four real estates in Poland. The investments follow, with exception of last year's annual report, the plan which was established in the prospectus at the listing on the Warszawa stock exchange. It has to be mentioned that real estates according to the accounting presume that working capital will be contributed to the Group in short time. It can also be mentioned that whole or parts of Reinhold center will be sold during the next months.

## Information concerning the projects

The table below shows the Group's current projects and which phase they are in.

Project name	City	Type	Status
Reinhold Przyjaźni	Wrocław	Housing/Commercial	Design phase
Reinhold Center	Katowice	Offices	Mainly leased
Reinhold Pułaskiego	Katowice	Housing	Building permit received
Reinhold Plaza	Kraków	Shops/Offices	Awaiting building permit

The sale of the housing in Reinhold Terenowa and Reinhold Karpacka was completed during 2009 and the final units sold during 2010. Information about the projects is provided regularly on the Group's website [www.reinholdpolska.com](http://www.reinholdpolska.com)

## Personnel

The number of employees during the year was 19, including 10 women. All the employees are based in Poland. Salaries and social security charges for the Group amounted EUR 462 469 (757 759).

## The duties of the Board of Directors

The Board of Directors of Reinhold Polska AB consists at the turn of the year of 6 members and now 5 members since Anders Lettström left the Board in March 2011. During the year, the Board of Directors held 14 minuted meetings. The work conducted by the Board of Directors is regulated by a plan of procedures, which establishes the rules and principles, as how duties are to be delegated between the Board and the CEO.

## Important events after the financial year-end

### Expected future developments

The Board of Directors opinion is that the forecast which were presented in the prospectus at the listing at the Warszawa stock Exchange no longer are relevant, mainly because of factors out of control for the company which is negatively influencing the market price for the Group's remaining real estates.

Since the investment agreement, which were agreed upon in December 2010, hasn't been able to be carried out as planned it isn't possible to make a reliable forecast for the Company's future development. The Board of Directors are trying to find a solution to guarantee the company's and the Group's current and long-term financing. It is the Board of Directors meaning to, in short time, be able to find a solution to guarantee the business and the projects. It may require considerable new issues of shares or acquisitions of assets in form of new projects with positive cash flows through issues in kind or set-off issues. If this is carried out, which is the expectation for the management, the Group will be able to show positive earnings in the future which are an advantage for the existing shareholders.

Shortly before the presentation of the annual report the Board of Directors has received an offer concerning acquiring three real estates of one of the parties in the previous investment agreement, Alterco which through the wholly-owned subsidiary Handuk Consulting Limited has offered to sell three real estates with a total estimated market value of close to 100 million PLN and that the payment are being made through new issued shares. The issue price is proposed to be 4,5 PLN. The Board of Directors has explained to the seller that a decision of this sort require two-third majority of both the votes cast and the shares represented at the Meeting. The Board of Directors will submit to the Meeting to decide whether the acquisition is being carried out or not. Upon an approval of the proposal the Group may reach a positive cash flow through the valuation of the Group's assets and thereby a so called going concern.

The management is also having discussions concerning leasing the Group's real estates in Katowice to a medical clinic. If a binding agreement of leasing the real estate is agreed upon it will most likely be added value and be sold leased which will imply that liquid resources are being liberated.

However a disturbing element is the dispute and initiated arbitration with Union Investment Fund GmbH. As above stated Union has presented a preliminary claim calculation for damages against the Group's polish subsidiaries amounting EUR 10,56 million. The management's opinion is however that the claim is not serious meant since the management has received information that Union has significantly changed the rebuilding and the additional buildings which the Group has carried out which unambiguous have implied considerable additional costs in comparison with the original agreement. In addition the management considers that the ground which is presented by Union as a reason for cancelling the agreement essentially is without substance. Since Union has chosen to initiate arbitration as a consequence of the cancellation and to obtain the building permits which the Group is in hold of, questions concerning damages may be tried.

During the first quarter of 2011 the Group and the Company have worked hard with cost decreasing programs. The majority of the Groups employees have been given notice of termination and the company's offices in Poland have been either faced out or exchanged for cheaper ones. In Stockholm the administration is reduced and the company's office been moved to smaller premises. All the business in Sweden, which includes administration and accounting, is today carried out by consultants.

### Parent Company

The parent company's business consists primarily of providing leadership resources for the rest of the Group. Income amounted to EUR 22 731 EUR (84 799) and the profit (loss) before tax was EUR – 4 453 103 EUR (435 369). There was 1 (one) employee in the parent company and the associated costs were 80 025 (73 237).

### Annual General Meeting

The AGM for Reinhold Polska AB is scheduled to be held in Stockholm in the beginning of June 2010. The notice of the AGM will be published in a short time.

### Information policy

Reinhold Polska AB will provide financial information during 2011 as follows:

- The quarterly report for the period January through March will be presented on 16 May.
- The semi-annual report for the period January Through June will be presented on 16 August.
- The 9-month interim report for the period January through September will be presented on 14 November.
- The Q4/Year-end report for 2011 will be presented on 20 February 2012.
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The company's press releases are available at [www.reinholdpolska.com](http://www.reinholdpolska.com) The Company's press releases are also available for downloading on the website of Finansinspektionen, [www.fi.se](http://www.fi.se), for market information and at the Polish stock exchange website for market information, [www.gpwinfostrefa.pl](http://www.gpwinfostrefa.pl).

### Financial overview

<b>The Group</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Earnings per share, EUR	-2,71	-0,41	-1,16	-0,08
Net profit (loss) for the year, EUR	-18 976 944	-2 847 354	-8 133 040	-593 834
Equity per share, EUR	0,27	3,03	3,5	4,6
Book value of the project properties, EUR	24 225 109	56 529 844	39 107 416	32 999 376
Equity ratio, %	3,47	24,04	34,8	45,3
Quick ratio, %	59,9	47,5	145	532

  

<b>Parent company</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Equity ratio, %	71,89	99,08	99,5	98,5

**Equity ratio:** Average shareholders' equity in relation to average total assets.

**Quick ratio:** Current assets, excluding inventories, as a percentage of current liabilities.

As the business only started in 2007, the financial overview covers only four years.

**Proposed allocation of the parent company's profit (loss)**

Share premium reserve	32 413 194
Profit (loss) brought forward	-5 889 689
Net profit (loss) for the year	<u>-4 453 103</u>
	22 070 402

The Board of Directors proposes that the profits at its disposal of EUR 22 070 402 be carried forward.

## Income statement

## The Group

EUR		2010-01-01 2010-12-31	2009-01-01 2009-12-31
	Note		
Net sales	3	30 762 490	2 362 188
Other operating incomes	4	436 679	74 543
		31 199 169	2 436 731
<b>Operating expenses</b>			
Goods for resale		-33 310 962	-4 133 651
Write-down projects		-13 270 576	0
Other external costs	5,22	-3 441 414	-970 777
Personnel costs	2	-462 469	-757 759
Depreciation/amortization of property, plant and equipment and intangible assets	6	-14 299	-20 096
Total operating expenses		-50 499 720	-5 882 283
<b>Operating profit/loss</b>		-19 300 551	-3 445 552
<b>Financial income and expenses</b>			
Financial income	7	2 204 544	789 349
Financial expenses	8	-1 880 937	-191 151
Total financial income and expenses		323 607	598 198
<b>Profit before income tax</b>		-18 976 944	-2 847 354
Income tax	9	0	0
<b>Net profit (loss) for the year attributable to the parent company's owners</b>		-18 976 944	-2 847 354
Earnings per share, before dilution (Euro)	24	-2,71	-0,41
Earnings per share, after dilution (Euro)	24	-2,71	-0,41
Average number of shares			
Before dilution		7 000 000	7 000 000
After dilution		7 000 000	7 000 000

	2010-01-01 2010-12-31	2009-01-01 2009-12-31
<b>The Group's statement of Comprehensive Income</b>		
<b>Net loss for the year</b>	-18 976 944	-2 847 354
<b>Other comprehensive income</b>		
Exchange rate differences	-345 186	-152 084
<b>Total comprehensive income for the year</b>	-19 322 130	-2 999 438
of which attributable to the parent company's shareholders	-19 322 130	-2 999 438

## Balance sheet

EUR

Assets

## Group level

	Note	2010-12-31	2009-12-31
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Intangible fixed assets	10	1 629	5 153
Machiner and equipment	11	14 284	27 006
		<u>15 913</u>	<u>32 159</u>
<b>Financial assets</b>			
Other long term receivables	14	0	294 630
		<u>0</u>	<u>294 630</u>
<b>Total fixed assets</b>		<b>15 913</b>	<b>326 789</b>
<b>Current assets</b>			
<b>Inventories</b>			
Real estate developments	15	24 225 109	56 529 844
		<u>24 225 109</u>	<u>56 529 844</u>
<b>Current receivables</b>			
Blocked bank deposits	21	27 584 240	25 901 857
Other receivables	17	1 010 889	1 308 949
Depositions	26	341 635	0
Prepaid expenses		4 934	50 452
Cash and bank balances		648 639	4 038 221
		<u>29 590 337</u>	<u>31 299 479</u>
<b>Total current assets</b>		<b>53 815 446</b>	<b>87 829 323</b>
<b>Total assets</b>		<b>53 831 359</b>	<b>88 156 112</b>



## Balance sheet

EUR

### *Equity and liabilities*

## The Group

	Note	2010-12-31	2009-12-31
<b>Equity</b>			
<i>Equity and reserves attributable to the parent company's shareholders</i>			
Share capital (7 000 000)	18	370 437	370 437
Other contributed capital		32 413 283	32 413 283
Non-restricted reserves		-11 936 850	-8 744 311
Net profit (loss) for the year		-18 976 944	-2 847 354
<b>Total equity</b>		<b>1 869 926</b>	<b>21 192 055</b>
<b>Allocations</b>			
Other allocation	25	400 000	0
		400 000	0
<b>Long-term liabilities</b>			
Loan to Reinhold Group BV		2 133 312	1 003 647
		2 133 312	1 003 647
<b>Current liabilities</b>			
Accounts payable- trade		1 191 983	2 792 972
Liabilities to credit institutions	16	44 304 548	56 988 716
Other current liabilities	16, 20	1 268 900	1 531 363
Accrued expenses and prepaid income	19	2 662 690	4 647 359
<b>Total current liabilities</b>		<b>49 428 121</b>	<b>65 960 410</b>
<b>Total equity and liabilities</b>		<b>53 831 359</b>	<b>88 156 112</b>

Changes in equity	Attributable to the parent company's shareholders				
	Restricted equity	Unrestricted equity			
EUR					
The Group	Share capital	Other contributed capital	Reserves	This year's result	Total Equity
Equity 2009-01-01	370 437	32 413 283	265 358	-8 857 585	24 191 493
Net profit (loss) for the year				-2 847 354	-2 847 354
Other comprehensive income					
Exchange differences			-152 084		-152 084
Total other comprehensive income			-152 084		-152 084
Total comprehensive income			-152 084	-2 847 354	-2 999 438
Equity 2009-12-31	370 437	32 413 283	113 274	-11 704 939	21 192 055
Net profit (loss) for the year				-18 976 944	-18 976 944
Other comprehensive income					
Exchange differences			-345 185		-345 185
Total other comprehensive income			-345185		-345 185
Total comprehensive income			-345 185	-18 976 944	-19 322 129
Equity 2010-12-31	370 437	32 413 283	-231 911	-30 681 883	1 869 926

Reserves consists of exchange rate differences.

## Cash flow statement

EUR

## The Group

	2010-01-01 2010-12-31	2009-01-01 2009-12-31
<b>Cash flow generated from operating activities</b>		
Operating profit	-19 300 551	-3 445 552
Adjustments for items not included in cash flow		
Depreciation	14 299	-131 423
Write-down of projects	13 270 576	0
Translation difference	806 833	79 657
Interest received	1 052 526	709 692
Interest paid	-1 880 937	-191 151
Changes in allocations	400 000	0
Tax paid	0	0
<b>Cash flow generated from operating activities before changes in working capital</b>	<b>-5 637 254</b>	<b>-3 058 434</b>
<i>Cash flow from changes in working capital:</i>		
Increase (-) / Decrease (+) in development property	19 034 159	-17 422 428
Increase (-) / Decrease (+) in current receivables	-1 383 269	1 534 558
Increase (+) / Decrease (-) in current liabilities	-16 532 289	7 395 758
<b>Cash flow from operating activities</b>	<b>-4 518 653</b>	<b>-11 470 889</b>
<b>Cash flow from investment activities</b>		
Amortization of liability	-594	-256 074
<b>Cash flow from investment activities</b>	<b>-594</b>	<b>-256 074</b>
<b>Cash flow from financing activities</b>		
Assumed loans	2 107 073	14 288 847
Amortization of liability	-977 408	
<b>Cash flow from financing activities</b>	<b>1 129 665</b>	<b>14 288 847</b>
Cash flow for the year	-3 389 582	2 561 884
Cash and cash equivalents at the beginning of the year	4 038 221	1 476 337
Cash and cash equivalents at the year-end	648 639	4 038 221

## Supplementary disclosure to the cash flow statement - Group

### Cash and cash equivalents

The following components are included in cash and cash equivalents:

Cash and bank balances	648 639	4 038 221
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Total amount of interest paid in the Group amounts to 2 757 644 EUR (3 389 742) of which 876 707 EUR (3 389 742 EUR) is connected to the development of real estate projects

## Income statement

## Parent company

EUR			2010-01-01 2010-12-31	2009-01-01 2009-12-31
	Note			
Net sales	3		0	0
Other operating incomes	4		22 731	84 799
			22 731	84 799
<b>Operating expenses</b>				
Other operating expenses	5,22		-358 657	-304 399
Personnel costs	2		-80 025	-73 236
Depreciation/amortization of property, plant and equipment and intangible assets	6		-1 695	-1 696
Operating expenses			-440 377	-379 331
<b>Operating profit/loss</b>			-417 646	-294 532
<b>Financial items</b>				
Allocation uncertain receivable	21		-5 691 973	0
Financial income	7		1 694 402	733 149
Financial expenses	8		-37 886	-3 248
Total financial items			-4 035 457	729 901
<b>Profit before income tax</b>			-4 453 103	435 369
Income tax expenses	9		0	0
<b>Net profit (loss) for the year</b>			-4 453 103	435 369

## The parent compan'ys report for the total comprehensive income

	2010-12-31	2009-12-31
Net profit (loss) for the year	-4 453 103	435 369
<b>Other comprehensive income</b>		
-Exchange rate differences	0	0
<b>Total comprehensive income</b>	-4 453 103	435 369

## Balance sheet

EUR

Assets

## Parent company

	Note	2010-12-31	2009-12-31
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Machinery and equipment	11	<u>1 898</u>	<u>3 593</u>
		1 898	3 593
<b>Financial instruments</b>			
Participations in Group companies	12	17 510	17 510
Other long-term receivables	14	<u>717 071</u>	<u>1 041 240</u>
		734 581	1 058 750
<b>Total fixed assets</b>		<b>736 479</b>	<b>1 062 343</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Blocked bank deposits		27 584 240	25 901 857
Other receivables	17	23 614	26 705
Receivables from Group companies		2 865 232	120 118
Prepaid expenses and accrued income		<u>2 575</u>	<u>3 850</u>
		30 475 661	26 052 530
Cash and bank balances		<u>587</u>	<u>28 310</u>
		587	28 310
<b>Total current assets</b>		<b>30 476 248</b>	<b>26 080 840</b>
<b>Total assets</b>		<b>31 212 727</b>	<b>27 143 183</b>

**Balance sheet**

**Parent company**

EUR

**Equity and liabilities**

**Note      2010-12-31      2009-12-31**

**Equity**

Restricted capital			
Share capital (7 000 000)	18	370 437	370 437
Unrestricted capital			
Share premium reserve		32 413 194	32 413 194
Profit (loss) brought forward		-5 889 689	-6 325 059
Net profit (loss) for the year		-4 453 103	435 369
<b>Total equity</b>		<b>22 440 839</b>	<b>26 893 941</b>

**Allocations**

Other allocation	21	5 691 973	0
<b>Total allocation</b>		<b>5 691 973</b>	<b>0</b>

**Long-term liabilities**

Loan to Reinhold Group BV		2 107 073	0
<b>Total long term liabilities</b>		<b>2 107 073</b>	

**Current liabilities**

Accounts payable - trade		217 735	35 371
Liabilities to group companies		87 878	141 913
Other current liabilities	20	517 386	4 940
Accrued expenses and prepaid income	19	149 843	67 018
<b>Total current liabilities</b>		<b>972 842</b>	<b>249 242</b>

**Total equity and liabilities      31 212 727      27 143 183**

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**Provided guarantees and contingent liabilities**

Contingent liabilities	21	4 756 600	None
Provided guarantees	21	27 584 240	25 901 857

## Changes in equity

EUR

	Share capital	Share premium reserve	Result brought forward	Profit (loss) for the year	Total equity
<b>Equity 2006-12-31</b>	<b>370 437</b>	<b>32 413 194</b>		<b>-119 871</b>	<b>32 663 760</b>
					0
Allocation of net profit (loss) in accordance with the AGM decision			-119 871	119 871	0
Net profit (loss) for the year				280 326	280 326
<b>Equity 2007-12-31</b>	<b>370 437</b>	<b>32 413 194</b>	<b>-119 871</b>	<b>280 326</b>	<b>32 944 086</b>
Allocation of net profit (loss) in accordance with the AGM decision	-	-	280 326	-280 326	0
Net profit (loss) for the year	-	-		-6 485 514	-6 485 514
<b>Equity 2008-12-31</b>	<b>370 437</b>	<b>32 413 194</b>	<b>160 455</b>	<b>-6 485 514</b>	<b>26 458 572</b>
Allocation of net profit (loss) in accordance with the AGM decision	-	-	-6 485 514	6 485 514	0
Net profit (loss) for the year	-	-		435 369	435 369
<b>Equity 2009-12-31</b>	<b>370 437</b>	<b>32 413 194</b>	<b>-6 325 059</b>	<b>435 369</b>	<b>26 893 941</b>
Allocation of net profit (loss) in accordance with the AGM decision	-	-	435 369	-435 369	0
Net profit (loss) for the year	-	-		-4 453 103	-4 453 103
<b>Equity 2010-12-31</b>	<b>370 437</b>	<b>32 413 194</b>	<b>-5 889 690</b>	<b>-4 453 103</b>	<b>22 440 838</b>

## Cash flow statement

EUR

## Parent company

	2010-01-01 2010-12-31	2009-01-01 2009-12-31
<b>Cash flow generated from operating activities</b>		
Operating profit/loss	-417 646	-294 532
Adjustment for items not included in cash flow		
Depreciation	1 695	1 696
Translation differences	1 152 020	81 373
Interest received	542 382	651 776
Interest paid	-37 886	-3 248
Tax paid	0	0
<b>Cash flow generated from operating activities before changes in working capital</b>	<b>1 240 565</b>	<b>437 065</b>
<i>Cash flow from changes in working capital:</i>		
Increase (-) / Decrease (+) in current receivables	-4 396 402	-570 253
Increase (-) / Decrease (+) in current liabilities	723 600	49 804
<b>Cash flow generated from operating activities</b>	<b>-3 672 802</b>	<b>-83 384</b>
<b>Cash flow from investment activities</b>		
Acquisition of subsidiary		
Increase (-) / Decrease (+) in long-term receivables	324 169	-28 857
Acquisition of property plant and equipment	0	0
<b>Cash flow from investment activities</b>	<b>324 169</b>	<b>-28 857</b>
<b>Cash flow from financing activities</b>		
Formation of limited company		
New issue of shares and shareholders' contribution		
Assumed loans	2 107 073	0
<b>Cash flow from financing activities</b>	<b>797 898</b>	<b>0</b>
Cash flow of the year	-995	-112 241
Cash and cash equivalents at the beginning of the year	1 582	140 551
Cash and cash equivalents at the year-end	587	28 310

## Supplementary disclosure to the cash flow statement - Group

### Cash and cash equivalents

The following components are included in cash and cash equivalents:

Cash and bank balances	587	28 310
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## Notes to the financial statements

### General information

Reinhold Polska AB (the parent company) and its subsidiaries (together forming the Group) are in the business of real estate development. The business consists of developing and managing real estates projects in Poland.

The parent company is a public limited liability company with its registered office in Stockholm. The address of the head office is, since February 2011, Gamla Brogatan 32, 2 tr, 111 20 Stockholm.

The annual report was approved for publication by the Board of Directors on 30 April 2011. The consolidated income statement and consolidated balance sheet will be brought forth for adoption by the AGM which are planned to be held in Stockholm in the beginning of June 2011

The annual report was prepared under the assumption that the company will continue to operate.

### Note 1 Accounting and valuation principles

The most important accounting principles that were applied in preparing the consolidated financial statements are presented below. Unless otherwise stated, these principles have been applied consistently for all years presented in the reports.

#### Opinion regarding conformance with the applied rules and regulations

The annual report was prepared in accordance with IFRS, *International Financial Reporting Standards*, as adopted by the EU as well as in accordance with the Annual Accounts Act (ÅRL) and the recommendation from the Swedish Financial Reporting Board, RFR 1, *Supplementary Accounting Rules for Groups*.

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the recommendation from the Swedish Financial Reporting Board RFR 2 *Reporting for Legal Entities*. RFR 2 requires the parent company, as the legal entity, to apply all the EU approved IFRS and statements, to the extent that this is possible within the framework of the Annual Accounts Act, and take into account the correlation between accounting and taxation. This recommendation specifies the exceptions from and additions to IFRS that may be applied. The accounts have been prepared using acquisition values for all items.

The consolidated financial statements have been prepared in accordance with the purchase method.

#### Reporting in accordance with IFRS

In order to prepare reports in accordance with IFRS, it is necessary to use some important estimates for reporting purposes. In addition, management must make certain assessments when applying the accounting principles used for the Group. These are described in more detail below.

#### New and revised accounting principles 2010

IFRS 3R Business acquisitions and IAS 27R Consolidated accounts and separate financial reports  
IFRS 3R initiate a number of amendments in the accounting of business acquisitions which influences the size of accounted goodwill, reported result for the period when the acquisition was made as well as future reported results.

IAS 27R requires that changes in participating interest in subsidiaries, where the majority owner doesn't lose influence, is accounted for as equity – transactions. This implies that these transactions no longer are a cause to goodwill, or leads to any profits or losses. Further IAS 27R changes the accounting for losses which arises from partly owned subsidiaries and the accounting when the determining influence terminate.

The amendments in IFRS 3 haven't had any effect on the accounting for 2010.

#### Future amendments of accounting principles

No new accounting standards which influence the financial reports for 2011 will come into force.

#### Consolidated financial statements

Subsidiaries are all the companies in which the Group has a controlling interest and is thereby entitled to formulate the financial strategies and operating strategies in a manner that is typically associated with a shareholding of more than half of the voting rights. Subsidiaries are included in the consolidated financial statements as of the date when a controlling

influence was transferred to the Group. They are excluded from the consolidated financial statements as of the day when a controlling influence no longer exists.

The Group's acquisitions of subsidiaries are reported in accordance with the purchase accounting method. Acquisition costs are comprised of the fair value of assets provided as payment, newly issued equity instruments and assumed or taken over liabilities as of the date of transfer. Costs that are directly related to the acquisition are accounted for in the result when it arises. Identifiable acquired assets and assumed liabilities, as well as contingent liabilities from the acquisition of a company are initially valued at fair value on the date of acquisition, regardless of the scale of any minority interests. Whenever there is a difference between the cost of acquisition and fair value of the Group's share of identifiable acquired net assets, it is reported as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognized directly in the income statement.

Inter-company transactions and balance sheet items, as well as unrealized gains on transactions between group companies, are eliminated. Unrealized losses are also eliminated, unless the transaction is proof that there is a write-down requirement for the transferred asset.

### **Segment reporting**

The management has determined the segments in which the company operates based on the information that is processed by its directors and used to make strategic decisions. Reinhold Polska is active in one segment, the development of real estate and within one geographical area, Poland.

### **Translation of subsidiaries in foreign currencies**

#### **(a) Functional currency and reporting currency**

Items included in the financial statements for the different units belonging to the Group are valued in the currency used in the economic environment where each company has its main operations (functional currency). The Euro, which is the parent company's functional currency, is used to prepare the consolidated financial statements. The reporting currencies are Polish Zloty (PLN) and Euros.

#### **(b) Transactions and balance sheet items**

Transactions in foreign currencies are converted to the functional currency using the exchange rate that was applicable on the transaction date. Exchange gains and losses that arise in conjunction with the payment of such transactions and when restating monetary assets and liabilities in foreign currencies at the closing day rate are reported in the income statement.

#### **(c) Group companies**

The profit (loss) and financial position for all Group companies that have a different functional currency than performance currency are translated to the Group's performance currency as follows:

- 1) Assets and liabilities in the balance sheet are translated using the closing day rate,
- 2) Income and expenses in the income statement are translated using the average exchange rate (provided that the average exchange rate gives a reasonable approximation of the accumulated effect of the rates that were in effect on the transaction dates), and
- 3) All exchange rate differences that arise from this are reported as a separate part of equity, above other comprehensive income.

Upon consolidation, any exchange rate differences that arise as a consequence of restating net investments in foreign operations, and borrowing transactions and other currency instruments that have been identified as hedges for such investments are transferred to equity. Upon the disposal of foreign operations, any such exchange rate differences are reported in the income statement as part of capital gains/losses.

The following exchange rates have been used when preparing these financial statements:

Average rate 0,2506 EUR/PLN

Closing day rate 0,2522 EUR/PLN

## **Property, plant and equipment**

### *Machinery and equipment*

Property, plant and equipment are reported at acquisition cost less accumulated depreciation and any impairment losses. Depreciation is based upon the estimated useful life of the asset. Machinery and equipment is depreciated 20 - 35% per year.

At each balance sheet date, the residual values and estimated useful lives of assets are reassessed and, if necessary, they are adjusted. An asset's reported value is immediately written down to its recoverable amount whenever the reported value exceeds the estimated recoverable amount.

### **Write-downs**

Assets are tested for write-downs whenever events or circumstances indicate that the carrying amount may not be recoverable. A write-down is made for the amount that the assets reported value exceeds its recoverable amount. The recoverable amount is equal to the asset's fair value less selling costs, or its value in use, depending on which amount is higher. When testing for impairment, assets are grouped together at the lowest level where there are separate, identifiable cash flows (cash generating units).

The term write-downs are also used in connection to revaluations of real estates which is accounted for as current asset. These real estates are valued post by post (real estate by real estate) in accordance with lower of cost or market, which is the lowest of acquisition price or net realizable value. Net realizable value is the appreciated market value in the current business after deductions for appreciated cost for completion and sales costs. Net realizable values for real estate developments are based on external created project estimations where assumptions are made of the projects expected incomes and costs. The projects future cash flows is discounted with a discount factor. Those projects (real estate developments) which shows a negative present value from the discounting becomes an object for write-downs.

## **Financial instruments**

The Group classifies its financial instruments according to the following categories: loan receivables, accounts receivable and available-for-sale financial assets. Classification is based on the purpose for which the instrument was acquired. Management determines how to classify such instruments when they are initially reported. The classification is reassessed at each reporting occasion.

### *Loan receivables and accounts receivable*

Accounts receivable are non-derivative financial assets with fixed or ascertainable payments that are not listed on an active market. A distinguishing feature is that they arise when the Group provides money, goods or services directly to a customer, without the intention of trading with the receivable that is thus created. Loan receivables and accounts receivable are included in the item "Accounts receivable" in the balance sheet.

Loan receivables and customer receivables are initially recorded at fair value. Afterwards, they are recorded at accrued acquisition cost using the effective interest rate method, less any provision for a decline in value. A provision for a reduction in the value of accounts receivable is made when there is objective evidence that the Group will not be able to collect all amounts that have fallen due in accordance with the original terms. The size of the provision is determined by calculating the difference between the asset's carrying amount and the present value of expected future cash flows, discounted by the effective interest rate. The amount of the provision is reported in the income statement.

### *Available-for-sale financial instruments*

Available-for-sale financial instruments are non-derivative assets which have either been assigned to this category or have not been classified as belonging to any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Purchases and sales of financial instruments are recorded on the transaction date, which is the date when the Group commits itself to purchasing or selling the asset. Financial instruments are initially valued at fair value plus any transaction costs. This applies to all financial assets that are not valued at fair value via the income statement. Financial instruments are removed from the balance sheet when the right to receive the cash flows from the instrument has expired or been transferred and the Group has transferred essentially all of the risks and benefits associated with ownership of the asset. Following the initial valuation at acquisition, available-for-sale financial assets and financial assets valued at fair value via the income statement are reported at fair value. Upon the sale of available-for-sale financial assets, or when the value of such assets has become impaired, the accumulated adjustment of fair value is reported in the income statement, as well as all income from the sale of the financial instrument.

## **Financial liabilities**

In this category it is accounted for interest-bearing and non-interest-bearing liabilities which cannot be held for trade. Valuations are made of accrued acquisition costs.

Long-term liabilities have a remaining duration of more than one year, while liabilities with shorter duration is accounted for as current. Accounts payable – trade has short expected duration and is therefore valued to nominal amount without discounting.

### **Real estate developments**

The Group's intention is to develop properties, not to own or manage them long-term. Real estate developments shall be sold upon completion and as such, they are classified as current assets and valued in accordance with IAS 2, Inventories. The production costs for completed developments include both direct costs as well as a reasonable proportion of indirect costs. Interest expenses related to real estate developments are recognized by each respective legal entity. In the consolidated financial statements, the corresponding amounts have been reversed and included in the cost of acquisition. As a rule, real estate developments are reported as assets during the accounting period when a binding agreement regarding acquisition has been made.

### **Cash and cash equivalents**

Cash and cash equivalents includes both cash and bank deposits.

### **Share capital**

Ordinary shares are classified as equity. Any transaction costs that are directly related to the new issue of shares or options are reported (net, after tax) as part of equity. This is shown as a deduction from the proceeds of the issue.

### **Tax**

Immediate tax is tax that is to be paid or received in reference to present year, with application of the tax rates which are decided or nearly decided upon on the accounting year-end. It includes possible adjustments of tax assignable to earlier periods.

Deferred tax is reported in full in the consolidated financial statements in accordance with the balance sheet method for all temporary differences that arise between the tax base of assets and liabilities and their carrying amounts. However, deferred tax is not reported if it is the result of a transaction which represents the first time that the asset or liability is recorded, given that the asset/liability is not the result of a business acquisition. Deferred tax is calculated using tax rates (and tax statutes) that have been established or announced as per the balance sheet date. Furthermore, there must be an expectation that such rates will apply when the deferred tax asset in question is realized or when the deferred tax liability is settled.

Deferred tax assets are reported to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

### **Employee benefits**

#### *Pension obligations*

During 2007, the companies belonging to the Group entered into a defined benefit pension plan for employees, which have continued according to the plan. Once the pension contributions have been paid, the Group has no further obligations. Pension contributions are reported as employee benefit expenses when payment is due.

### **Revenue**

Other operating income consists in the parent company primarily of service charges invoiced to subsidiaries, and in the group primarily of VAT reclaimed in Poland, as well as income from hiring out advertising space on the group's building sites. Revenue is recognized as follows:

#### *Sale of projects*

Revenue from the sale of the company's project properties is recognized when the material risk has been transferred to the purchaser and a binding contract to that effect has been signed.

#### Sale of services

For the sale of services, revenue is recognized in the period when the service is rendered.

#### Interest income

For interest income, revenue recognition is split over the duration using the effective interest rate method.

### Leases

A lease is classified as an operating lease whenever substantially all of the risks and benefits associated with ownership are retained by the lesser. Leasing payments are recognized in the income statement on a straight-line basis over the course of the leasing period. The Group's leasing agreements relate to renting offices and company cars. All leasing agreements are operational.

### Borrowing costs

In the consolidated accounts borrowing costs are included in the acquisition cost for the real estates. Normally the borrowing cost which is added to the acquisition cost is limited to assets which take considerable time to complete. Interest costs are included in the acquisition cost as to the point where the real estate is completed. If special borrowings have been made for the projects the actual borrowing cost is used. In other cases the borrowing cost is calculated out of the Groups average borrowing costs.

### Allocations and contingent liabilities

Allocations are accounted for when the company has an obligation as a result of an incident and it is probable that payments have to be made to fulfill the obligation. A condition is that it is possible to do an appreciation of the amount being paid. Contingent liabilities is possible obligations which derive from occurred incidents and which existence will be confirmed through one or more uncertain future incidents, which is not totally inside the company's control, occurs or not. As contingent liabilities it is accounted for claims deriving from occurred incidents, which is not accounted for as liabilities or allocations since it's not likely that a payment will be needed to adjust the claim or the size of the amount can't be calculated with sufficient accuracy.

### The Parent company's accounting principles

In creating the parent company's financial reports the Council of financial reporting RFR 2 (*Reporting for Legal Entities*) has been applied. The parent company applies the same accounting principles as the Group except for the events stated below.

#### Participation in associated companies

Participation in subsidiaries is accounted for in the parent company to acquisition value with deduction for possible accrued write-downs.

### Financial risk management

Typically, a Group is exposed to many different types of financial risks as part of doing business: market risk (including currency risk, interest rate risk, and price risk), credit risk, liquidity risk and risk for bankruptcy.

The Board considers that the liquidity includes net liabilities and equity corresponding to equity in the parent company. The foremost purpose with the Groups handling of liquid resources emanates from the principle of maintaining good relations to the Group's credit granters and stable solidity to promote the Group's business and particularly the liquidity together with the overall purpose of maximize the shareholders' value.

The Group handles its assets from the changes that occur on the market at which the Group is active. To retain or change the structure of equity in purpose of adapting to the new changes which may occur the Group may change dividend principles, repurchase shares, issue shares, company bonds or convertible debt instrument or in other way adjust capital structure after existing need.

The Board considers that the Groups liquidity and solidity aren't persistent and that powerful measures must be made during 2011 to reduce the Groups net equity ratio within a short-term period.

#### Currency risk

The Group has international business activities. As such, there is currency exposure primarily in the following currencies: Polish Zloty (PLN), Euros (EUR) and Swedish Crowns (SEK). Currency risk arises through future business transactions,

reported assets and liabilities and from net investments in foreign operations. At present, the Group has decided not to hedge its currency exposure.

The parent company's holdings in foreign subsidiaries, receivables and liabilities from/to Group companies and cash equivalents are exposed to exchange rate differences.

For a Group profit of EUR +/- 100,000, a change in the exchange rate between EUR and PLN of +/- 10% would impact profit by EUR +/- 10,000. However, the profit reported by the Group and the currency exposure vary, depending on when projects are completed and sold.

#### *Interest rate risk*

Interest rate risk is the risk that fluctuations in market interest rates will negatively impact the Group's net interest income/expense and cash flow. The Group manages interest rate risk by maintaining a loan portfolio with varying fixed-interest terms. A change in the interest rate by +/- 1 % impacts the Group's net profit by EUR +/- 450,000. However, such an impact only arises upon the sale of a project, since that is when the Group capitalizes its borrowing costs (in accordance with IAS 23).

#### *Refinancing risk*

Credit risk is the risk that it will be difficult or more expensive to refinance a loan. At the moment the Group management is working with restructure the loans by prolonging the duration and secure the repayment of the loans.

A table for current loans with expiration dates, see not 16. Loans at DnB Nord are guaranteed through blocked bank deposits at the Parent company. From these blocked deposits the loans are amortized on the expiration dates. The management is negotiating with BZ WBK for the possibilities of prolonging a loan.

#### *Liquidity risk*

Liquidity risk means that cash equivalents and marketable securities are insufficient for meeting the liquidity needs created by the business. At the moment the company is without options to answer to the current liquidity need. In case of no obtained funds from the owners the subsidiaries won't be able to go through with their payments.

Another option to obtain funds is to a sale of projects. However the time from identification of buyer to obtaining receiving the purchase sum is considerable.

Since, at the latest february 2011 the company is depending on loans from external parties outside the existing ägarkrets for the daily operations and if this financial option ceases the company won't be able to fulfill its commitments.

At 31 December 2010 all of the polish subsidiaries in the Group had negative equity amounting to a total of 23 mEUR. A continously exists without contribution of capital and a restructuring of existing loans is not possible for the polish subsidiaries.

### **Important estimates and assessments for reporting purposes**

In order to prepare the financial statements, estimates and assessments have to be made which affect the amounts reported for assets, liabilities, income and expenses, as well as other information that is provided. The actual outcome may differ from these assessments. This applies particularly to revenue recognition and accounting for the results of operations for real estate development projects still in progress. One of the Group's main risks concerning the valuation of projects-in-progress is whether the carrying amount exceeds the expected future revenue from the sale of the project. In order to manage such risks, contracting services are procured at fixed prices.

In February 2011 the management of Reinhold Polska assigned Polish Properties Sp. Z o o. o., which is a well-reputed valuation institute on the polish market, to prepare a valuation of the Group's real estates. These valuations were used as a base for the values in the annual accounts as of December 2010. These valuations consist of estimations based on assumptions which in the future may vary from the real result. Above all, the valuations have been made from the starting point that all real estates will be exploited until completion. The management can however decide that some of the real estates need to be sold before a completion. The result of a sale before completion is most likely lower in relation to the book value. At the time of creating the annual report decisions have been made of selling one of the real estates and the value has been adjusted to estimated market value.

Besides from assigning an external valuation company for the valuations the outcome of this process has been closely examined by The Board. Through attaching confidence to the valuations received as well as comparing these with the Boards own acquaintance and knowledge of local conditions and type of real estate, general market pricing and a realistic view of the conditions the Board considers that the accounted values mentioned gives a fair view of real conditions.

**Considerable events after the expiration of the financial year**

Account for considerable events after the expiration of the financial year is represented in the management report.

## Note 2 Personnel

Average number of employees	2010	2009
<b>Parent company</b>		
Men	1	1
Women	0	0
Total parent company	1	1
<b>Subsidiaries</b>		
Men	8	12
Women	10	9
Total subsidiaries	18	21
<b>Total Group</b>	19	22

Gender distribution, senior management	2010	2009
	Proportion of women %	Proportion of women i %
<b>The Group</b>		
<i>Proportion of women</i>		
The Board of Directors	0%	0%
Senior management	33%	0%
<b>Parent company</b>		
<i>Proportion of women</i>		
The Board of Directors	0%	0%
Senior management	0%	0%

Salaries, other remuneration and payroll overheads	2010	2009
<b>The Group</b>		
Board, CEO and senior management	392 697	378 976
(of which variable remuneration)	(14840)	0
Other employees	348 450	450 058
<b>Total</b>	<b>741 147</b>	<b>829 034</b>
Social security charges	33 186	45 287
Pension expenses	55 429	83 414
<b>Total</b>	<b>88 615</b>	<b>128 701</b>
<b>Parent company</b>		
Board, CEO and senior management	65 326	84 321
Other employees	0	0
<b>Summa</b>	<b>65 326</b>	<b>84 321</b>
Social security charges	16 971	26 196
Pension expenses	0	0
<b>Total</b>	<b>16 971</b>	<b>26 196</b>



**2010**

<i>Amount in EUR</i>	<b>Salary/remuneration 2010</b>	<b>Other benefits and compensations</b>	<b>Pension expenses</b>	<b>Total remuneration</b>
Tevnell Waldemar, Chairman of the board	30 105	0	0	30 105
Patrick Coll, CEO	0	0	0	0
Stanislav Dudzik, Board member	2 000	0	0	2 000
Anders Lettström, Board member	7 296	0	0	7 296
Torgny Krook, Board member	2 000	0	0	2 000
André Rosberg, Board member	82 698	0	0	82 698
Gösta Gustafsson, Board member	54 030	0	0	54 030
Michal Borowski, Ex - Board member	81 194	0	0	81 194
Other senior management	133 374	0	13 086	146 460
<b>Total</b>	<b>392 697</b>	<b>0</b>	<b>13 086</b>	<b>405 783</b>

**2009**

<i>Amount in EUR</i>	<b>Salary/remuneration 2009</b>	<b>Other benefits and compensations</b>	<b>Pension expenses</b>	<b>Total remuneration</b>
Tevnell Waldemar, Chairman of the board	20 304	0	0	20 304
Patrick Coll, CEO	0	0	0	0
Stanislav Dudzik, Board member	10 532	0	0	10 532
Anders Lettström, Board member	10 532	0	0	10 532
Torgny Krook, Board member	10 532	0	0	10 532
André Rosberg, Board member	38 165	0	0	38 165
Gösta Gustafsson, Board member	47 074	0	0	47 074
Michal Borowski, Ex- Board member	104 678	0	0	104 678
Other senior management	137 159	0	15 551	152 710
<b>Summa</b>	<b>378 976</b>	<b>0</b>	<b>15 551</b>	<b>394 527</b>

Benefits for senior executives

*Principles*

Remuneration to the CEO and other officers of the company is in the form of a fixed salary.

*Remuneration and benefits for Board members*

The amount paid to Board members (excluding the CEO) in accordance with the AGM decision regarding remuneration.

*Pension plans*

The company has an established pension plan for employees, the pension charge is limited.

*Severance*

The company has not committed itself to any severance packages. Both the CEO and company are required to give 3 months notice for the termination of employment.

**Note 3 Net sales**

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Sale of services	790 698	306 985
Sale of projects	29 971 792	2 055 203
<b>Total</b>	<b>30 762 490</b>	<b>2 362 188</b>

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>Parent company</b>		
Sale of services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Note 4 Other operating income**

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Other operating income	436 679	74 543
<b>Total</b>	<b>436 679</b>	<b>74 543</b>

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>Parent company</b>		
Other operating income	22 731	84 799
<b>Total</b>	<b>22 731</b>	<b>84 799</b>

Other operating income consists in the parent company primarily of service charges invoiced to subsidiaries, and in the group primarily of moms (VAT) reclaimed in Poland, as well as income from hiring out advertising space on the group's building sites.

**Note 5 Audit fees**

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
<i>Ernst &amp; Young</i>		
Audit assignment	101 142	81 921
Other accounting services	15 720	12 640
Tax consultancy	0	0
Other assignments	5 240	0
<b>Total</b>	<b>122 102</b>	<b>94 561</b>
 <i>AT Audit Sp.z.o.o</i>		
Audit assignment	59 222	29 336
Other accounting services	0	0
Tax consultancy	0	0
Other assignments	0	0
<b>Total</b>	<b>59 222</b>	<b>29 336</b>
 <b>Parent company</b>		
<i>Ernst &amp; Young</i>		
Audit assignment	41 920	52 585
Other accounting services	15 720	12 640
Tax consultancy	0	0
Other assignments	5 240	0
<b>Total</b>	<b>62 880</b>	<b>65 225</b>

**Note 6 Depreciation/amortization of property, plant and equipment and intangible assets**

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Amortization intangible assets	3 728	9 960
Depreciation property, plant and equipment	10 571	10 136
<b>Total depreciation/amortization</b>	<b>14 299</b>	<b>20 096</b>
 <b>Parent company</b>		
Depreciation property, plant and equipment	1 695	1 696
<b>Total depreciation/amortization</b>	<b>1 695</b>	<b>1 696</b>

## Note 7 Financial income

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Interest income	937 407	709 692
Exchange rate differences	1 267 137	79 657
<b>Total financial income</b>	<b>2 204 544</b>	<b>789 349</b>
<b>Parent company</b>		
Interest income	491 059	651 776
Exchange rate differences	1 203 343	81 373
<b>Total financial income</b>	<b>1 694 402</b>	<b>733 149</b>

## Note 8 Financial expenses

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Interest income	1 880 937	191 151
<b>Total financial expenses</b>	<b>1 880 937</b>	<b>191 151</b>
<b>Parent company</b>		
Interest income	37 886	3 248
<b>Total financial expenses</b>	<b>37 886</b>	<b>3 248</b>

During the financial year, the Group capitalized interest expenses related to real estate development projects in accordance with IAS 23. The amount capitalized was EUR 876 707 (3 198 591).

## Note 9 Income tax expenses

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Profit before income tax	-18 976 944	-2 847 354
Tax according to the applicable tax rate for the group	26,3% 4 990 936	26,3% 748 854
<i>Tax effect of</i>		
Differences in tax rate in abroad business	-1 462 014	-212 469
Non-deductible expenses	-2 559 299	-251
Non-taxable income	150 007	3
Tax effect of net loss that is not accounted for as deferred tax asset	-1 119 630	-536 137
<b>Accounted tax</b>	<b>0,0% 0</b>	<b>0,0% 0</b>

The applicable tax rate for Poland is 19%, for Sweden 26.3%, and 29.6% for the Netherlands. The Group and the parent company have elected not to report deferred tax assets on tax loss carry-forwards, as it is not deemed likely that these can be utilized in the foreseeable future.

Idle fiscal deficit amount on 31 December 2009 in the Group to Euro 11 266 761 of which EUR 6 413 700 is assignable to the Swedish parent company. Idle deficit can, in Poland, be used within five years to 50 percent of the nominal value.

<i>Amount in EUR</i>	<i>%</i>	<b>2010</b>	<i>%</i>	<b>2009</b>
<b>Parent company</b>				
Profit before income tax		-4 453 103		435 369
Tax according to the applicable tax rate for the parent company	26,3%	1 171 166	26,3%	-114 502
<i>Tax effect of</i>				
Non-deductible expenses		-497		-251
Non-taxable income		0		3
Tax effect of net loss that is not accounted for as deferred tax asset		-1 170 669		114 750
<b>Accounted tax</b>	<b>0,0%</b>	<b>0</b>	<b>0,0%</b>	<b>0</b>

Idle fiscal deficit amount on 31 December 2009 in the parent company to Euro 6 412 295.

## Note 10 Intangible assets

### Licenses for utilization of computer programs

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
<b>Accumulated acquisition costs</b>		
At the beginning of the year	55 215	51 444
New acquisitions	0	3 771
Sales and Disposals	-22 186	0
Translation difference	1 463	0
<b>Closing accumulated acquisition costs</b>	<b>34 492</b>	<b>55 215</b>
<b>Accumulated amortizations</b>		
At the beginning of the year	-50 062	-40 102
Year's amortizations	-3 728	-9 960
Sales and Disposals	22 186	0
Translation difference	-1 259	0
<b>Closing accumulated amortizations</b>	<b>-32 863</b>	<b>-50 062</b>
<b>Carrying amount at year-end</b>	<b>1 629</b>	<b>5 153</b>

## Not 11 Machines and equipment

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
<b>Accumulated acquisition costs</b>		
At the beginning of the year	122 357	126 693
New acquisitions	594	0
Sales and Disposals	-26 147	-4 336
Translation difference	4 101	0
<b>Closing accumulated acquisition costs</b>	<b>100 905</b>	<b>122 357</b>
<b>Accumulated depreciations</b>		
At the beginning of the year	-95 351	-85 215
Year's depreciations	-10 571	-10 136
Sales and Disposals	22 375	0
Translation difference	-3 074	0
<b>Closing accumulated depreciations</b>	<b>-86 621</b>	<b>-95 351</b>
<b>Carrying amount at year-end</b>	<b>14 284</b>	<b>27 006</b>
<b>Parent Company</b>		
<b>Accumulated acquisition costs</b>		
At the beginning of the year	8 478	8 478
New acquisitions	0	0
Sales and Disposals	0	0
<b>Closing accumulated acquisition costs</b>	<b>8 478</b>	<b>8 478</b>
<b>Accumulated depreciations</b>		
At the beginning of the year	-4 885	-3 189
Sales and Disposals	0	0
Year's depreciations	-1 695	-1 696
<b>Closing accumulated depreciations</b>	<b>-6 580</b>	<b>-4 885</b>
<b>Carrying amount at year-end</b>	<b>1 898</b>	<b>3 593</b>

**Note 12 Participations in Group companies**

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>Parent company</b>		
<b>Accumulated acquisition costs</b>		
At the beginning of the year	17 510	17 510
Year's acquisitions	0	0
<b>Closing accumulated acquisition costs</b>	<b>17 510</b>	<b>17 510</b>

The table below provides a specification of the company's shareholdings and shares in Group companies as of 2010-12-31.

<b>Subsidiary/ CIN /Regd Office</b>	<b>Number of shares</b>	<b>Proportion in %</b>	<b>Equity EUR</b>	<b>Book value EUR</b>
Reinhold Polska BV 60586035, the Netherlands	100	100	-472 228	17 510

**The Group also consists of the following subsidiaries to till Reinhold Polska BV:**

<b>Subsidiary/ CIN /Regd Office</b>	<b>Number of shares</b>	<b>Proportion in %</b>	<b>Equity EUR</b>	<b>Book value EUR</b>
Reinhold Polska Services Sp. z.o.o. 000027008, Poland	100	100	-2 831 626	10 203
Reinhold Polska Projekt 1 Sp. z.o.o. 0000269860, Poland	100	100	-2 577 699	10 203
Reinhold Polska Projekt 2 Sp. z.o.o. 0000269837, Poland	100	100	-1 793 900	10 203
Reinhold Polska Projekt 3 Sp. z.o.o. 0000268926, Poland	100	100	-3 111 229	10 203
Reinhold Polska Projekt 4 Sp. z.o.o. 0000268865, Poland	100	100	-11 103 167	10 203
Reinhold Polska Projekt 5 Sp. z.o.o. 0000274418, Poland	100	100	-2 160 106	10 203
Reinhold Polska Projekt 6 Sp. z.o.o. 0000275235, Poland	100	100	-210 052	10 203
Reinhold Polska Projekt 7 Sp. z.o.o. 000027497, Poland	100	100	-246 273	10 203
Reinhold Polska Projekt 8 Sp. z.o.o. 0000273715, Poland	100	100	-301 890	10 203
Reinhold Polska Projekt 9 Sp. z.o.o. 0000274260, Poland	100	100	-165 888	10 203
Reinhold Polska Projekt 10 Sp. z.o.o. 0000284950, Poland	100	100	-930 305	10 203
Reinhold Polska Projekt 11 Sp.z.o.o. Poland	100	100	0	10 203
Reinhold Polska Projekt 12 Sp. z.o.o. 0000287696, Poland	100	100	6 933	10 203
Reinhold Polska Projekt 13 Sp.z.o.o. Poland	100	100	0	10 203

### Not 13 Financial instruments

All financial assets has been classified as receivables, which includes depositions blocked bank deposits, cash and bank balances. All financial liabilities have been classified as other financial liabilities valued to accrued acquisition value, which include depositions, accounts payable – trade, liabilities to credit institutes, part of other short-term liabilities and parts of accrued expenses. Det fair value of the financial assets and liabilities is being considered correspond to the book values since the financial assets and liabilities with long durations leaps with market conditions.

### Note 14 Depositions

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Accounted value at the beginning of the year	0	38 556
		256 074
Newly added	0	
<b>Accounted value at year-end</b>	<b>0</b>	<b>294 630</b>

The Group's receivables consist of depositions made and are without interest. The receivables mature during 2011, see note 26.

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>Parent company</b>		
Accounted value at the beginning of the year	1 041 240	1 003 680
Newly added / re-paid	-324 169	37 560
<b>Accounted value at year-end</b>	<b>717 071</b>	<b>1 041 240</b>

All of the parent company's receivables are with inter-group companies and have an interest of 3,5 % and are payable on demand.

### Note 15 Real estate developments

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
<b>Accumulated acquisition costs</b>		
At the beginning of the year	56 529 844	39 107 416
Capitalized interest expenses	876 707	3 198 591
New acquisitions	336 044	17 628 732
Disposals	-20 246 910	-3 404 895
Write-down after valuation	-13 270 576	0
<b>Closing accumulated acquisition costs</b>	<b>24 225 109</b>	<b>56 529 844</b>
<b>Carrying amount at year-end</b>	<b>24 225 109</b>	<b>56 529 844</b>

<i>Amount in EUR</i>	<b>Purchase price</b>	<b>Write-downs</b>	<b>Capitalized income</b>	<b>Other expenses</b>	<b>Total</b>
<b>All projects</b>					
<b>Total at 2010-12-31</b>	<b>7 784 975</b>	<b>13 270 576</b>	<b>2 151 641</b>	<b>3 461 986</b>	<b>13 398 602</b>



## Note 16 Interest-bearing loans

The Groups interest-bearing loans at credit institutes had as of 2010-12-31 the following amounts in nominal value and with the following maturity schedules;

2010

<i>Amount in EUR</i>	<b>1-3 months</b>	<b>4-6 months</b>	<b>7-9 months</b>	<b>10-12 months</b>	<b>Total</b>
Short-term borrowing at credit institute	8 881 082	4 567 353	16 546 618	15 312 596	45 307 649
<b>Total</b>	<b>8 881 082</b>	<b>4 567 353</b>	<b>16 546 618</b>	<b>15 312 596</b>	<b>45 307 649</b>

2009

<i>Amount in EUR</i>	<b>1-3 months</b>	<b>4-6 months</b>	<b>7-9 months</b>	<b>10-12 months</b>	<b>Total</b>
Short-term borrowing at credit institute	15 727 439	8 459 709	23 630 742	9 170 826	56 988 716
<b>Total</b>	<b>15 727 439</b>	<b>8 459 709</b>	<b>23 630 742</b>	<b>9 170 826</b>	<b>56 988 716</b>

<b>Interest rate</b>	
DNB	WIBOR + 1,85%
PEKAO S.A.	19,50%
DANSKE	6M WIBOR + 0,25%
BZ WBK	WIBOR 1M+2%

### The Group

	<b>Bank</b>	<b>Loan amount incl. accrued interest at 31 December 2010</b>		<b>Maturity date</b>
		<b>PLN</b>	<b>EUR</b>	
Reinhold Polska Services	DnB Nord	4 613 229	1 163 456	31.08.2011
Reinhold Polska Projekt 1	DnB Nord	15 690 056	3 957 032	31.08.2011
Reinhold Polska Projekt 1	Pekao S.A.	3 650 765	920 723	30.06.2011
Reinhold Polska Projekt 2	DnB Nord	8 608 654	2 171 103	31.08.2011
Reinhold Polska Projekt 3	Danske Bank	13 139 263	3 313 722	Paid 18.03.2011
Reinhold Polska Projekt 4	DnB Nord	33 229 779	8 380 550	31.08.2011
Reinhold Polska Projekt 4	BZ WBK	60 716 083	15 312 596	30.10.2010 Matured
Reinhold Polska Projekt 5	DnB Nord	11 205 303	2 825 977	31.08.2011
Reinhold Polska Projekt 6	DnB Nord	8 206 441	2 069 664	31.08.2011
Reinhold Polska Projekt 7	DnB Nord	2 371 799	598 168	31.08.2011
Reinhold Polska Projekt 8	DnB Nord	6 754 229	1 703 417	31.08.2011
Reinhold Polska Projekt 9	DnB Nord	750 982	189 398	31.08.2011
Reinhold Polska Projekt 10	DnB Nord	6 645 362	1 675 960	31.08.2011
<b>TOTAL</b>			<b>44 281 766</b>	

For further information about matured loans read the management report.

## Note 17 Other receivables

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
VAT recoverable	206 261	438 620
Other items	804 628	870 329
<b>Total</b>	<b>1 010 889</b>	<b>1 308 949</b>
<b>Parent company</b>		
VAT recoverable	23 614	6 958
Other items	0	19 747
<b>Total</b>	<b>23 614</b>	<b>26 705</b>

## Note 18 Share Capital

The table below shows the changes in Reinhold Polska's share capital. Of the total number of shares, 900,000 are Class A shares entitled to 10 votes each and 6,100,000 are Class B shares, which are entitled to 1 vote each.

<i>Amount in EUR</i>	<b>Transaction</b>	<b>Increase of numbers of shares</b>	<b>Total numbers of shares</b>	<b>Increase of the share capital</b>	<b>Share capital</b>	<b>Quota value</b>
IB 2006		1 000 000	1 000 000		52 920	
2006	New issue of shares	6 000 000	7 000 000	317 517	370 437	0,0529
<b>Total 2010-12-31</b>			<b>7 000 000</b>		<b>370 437</b>	<b>0,053</b>

## Note 19 Accrued expenses and prepaid expenses

<i>Amount in EUR</i>	<b>2010-12-31</b>	<b>2009-12-31</b>
<b>The Group</b>		
Accrued salaries and social security charges	39 226	4 829
Accrued construction costs	0	48 300
Prepaid income for completed projects	676 165	4 460 804
Accrued expenses Cushmann case	522 911	0
Accrued expenses Enel Med. Case	353 080	0
Accrued expenses City Office, Krakow	126 100	0
Accrued architectural expenses	226 980	0
Other items	718 228	133 426
<b>Total</b>	<b>2 662 690</b>	<b>4 647 359</b>

<i>Amount in EUR</i>	<b>2010-12-31</b>	<b>2009-12-31</b>
<b>Parent company</b>		
Accrued salaries and social security charges	39 226	6 347
Accrued interest	24 596	0
Annual accounts and audit	55 000	55 000
Other items	31 021	5 671
<b>Total</b>	<b>149 843</b>	<b>67 018</b>

## Note 20 Other current liabilities

<i>Amount in EUR</i>	<b>2010-12-31</b>	<b>2009-12-31</b>
<b>The Group</b>		
Social security charges	273 033	20 946
Pension premium	27 008	0
Loan to Reinhold Group BV	308 566	276 740
Loan from R Gustafsson Byggnads AB	333 240	0
Loan from RG Byggnadsfirma	184 146	0
Other items	142 907	1 233 677
<b>Total</b>	<b>1 268 900</b>	<b>1 531 363</b>

<i>Amount in EUR</i>	<b>2010-12-31</b>	<b>2009-12-31</b>
<b>Parent company</b>		
Loan from R Gustafsson Byggnads AB	333 240	0
Loan from RG Byggnadsfirma	184 146	0
Other items	0	4 940
<b>Total</b>	<b>517 386</b>	<b>4 940</b>

## Note 21 Contingent liabilities and provided guarantees

<i>Amount in EUR</i>	<b>2010-12-31</b>	<b>2009-12-31</b>
<b>The Group</b>		
<i>Contingent liabilities</i>		
Union Investment Fund GmbH	4 000 000	0
PekaoBank	756 600	0
<b>Total</b>	<b>4 756 600</b>	<b>0</b>
<i>Provided guarantees</i>		
Blocked deposits as security for projects	27 584 240	25 901 857
<b>Total contingent liabilities and provided guarantees</b>	<b>32 340 840</b>	<b>25 901 857</b>

<i>Amount in EUR</i>	<b>2010-12-31</b>	<b>2009-12-31</b>
<b>Parent company</b>		
<i>Contingent liabilities</i>		
Union Investment Fund GmbH	4 000 000	0
PekaoBank	756 600	0
<b>Total</b>	<b>4 756 600</b>	<b>0</b>
<i>Provided guarantees</i>		
Blocked deposits as security for projects	27 584 240	25 901 857
<b>Total</b>	<b>27 584 240</b>	<b>25 901 857</b>
<b>Total contingent liabilities and provided guarantees</b>	<b>32 340 840</b>	<b>25 901 857</b>

The provided guarantees consist of liabilities to DnBNor regarding project Reinhold Polska services and Reinhold Polska project 1-10.

As stated in above mentioned report the Parent company has mortgaged almost all of its cash as a benefit to the different polish subsidiaries' liabilities in banks. All of these mortgages and liabilities mature in August 2011. Since the subsidiaries' loans are maturing the bank, DnBNor, require the mortgaged cash as a payment for their receivables on the subsidiaries. The parent company will by that receive a corresponding receivable on its subsidiaries. Certain subsidiaries are without assets to pay their liability to the parent company. The parent company's income statement and balance sheet has therefore an amount of 5.691.973 Euro been reserved consisting of the amount which may be deposited as a established loss because of lack of capacity of repaying.

## Note 22 Operational leasing

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Within 1 year	20 324	85 346
Within 2-5 years	0	18 759
After 5 years	0	0
	<u>20 324</u>	<u>104 105</u>

Leasing fees during 2010 amounted to EUR 92 468 (180 955).

## Note 23 Transactions with closely related parties

The transaction parties below are closely related to Reinhold Polska AB (publ). Separate information about the Group in the note below. All the transactions are considered to have been carried out on prevailing market terms.

### The Group

	<b>2010</b>		<b>2009</b>
	Liability to closely related parties at 31 December	Receivable from closely related parties at 31 December	Liability to closely related parties at 31 December
<b>Closely related parties</b>			Receivable from closely related parties at 31 December
Reinhold Sp. z.o.o., payable on demand		13 120	
Reinhold Group BV, 12% interest, Maturity date 31 march 2011	2 415 879		13 996
Reinhold Gustafsson Byggnads AB, 12% interest, Maturity date 31 march 2011	333 240		
Byggnadsfirma Reinhold Gustafsson, payable on demand	184 146		
Reinhold Investment, payable on demand	83 522		
Sven Gösta Gustafsson, payable on demand	2 065		
<b>Total</b>	<b>3 018 852</b>	<b>13 120</b>	<b>13 996</b>

	<b>2010</b>		<b>2009</b>
	Sales at 31 December	Purchases at 31 December	Sales at 31 December
<b>Closely related parties</b>			Purchases at 31 December
Byggnadsfirma Reinhold Gustafsson, administrative services		0	63 366
Reinhold Sp. z.o.o., Building consultant services		0	3 028
Reinhold Investment Sp. z o.o., rent work space		2 063	20 298
Yellow Crocodiles Sp. z o.o., advertising and IT- services		6 123	55 328
<b>Total</b>	<b>0</b>	<b>8 186</b>	<b>0</b>

## Parent Company

	2010		2009	
	Liability to closely related parties as of 31 December	Receivable from closely related parties as of 31 December	Liability to closely related parties as of 31 December	Receivable from closely related parties as of 31 December
<b>Closely related parties</b>				
Reinhold Group BV, 12% interest, payable on demand	2 107 073			
Reinhold Gustafsson Byggnads AB, 12% interest, payable on demand	333 240			
Byggnadsfirma Reinhold Gustafsson, payable on demand	184 146			
<b>Total</b>	<b>2 624 459</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2010		2009	
	Sales at 31 December	Purchases at 31 December	Sales at 31 December	Purchases at 31 December
<b>Closely related parties</b>				
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

See also Note 2 personnel, consisting other remunerations to closely related parties.

## Note 24 Result per share, before and after dilution

Result per share is calculated by dividing the result attributable to the parent company shareholders with a weighted average of number of outstanding ordinary shares during the period.

Amount in EUR	2010	2009
<b>The Group</b>		
Net profit (loss) for the year attributable to the parent company's owners	-18 976 944	-2 847 354
Weighted average number of outstanding shares	7 000 000	7 000 000
<b>Result per share, before and after dilution</b>	<b>-2,71</b>	<b>-0,41</b>

Amount in EUR	2010	2009
<b>Parent company</b>		
Net profit (loss) for the year attributable to the parent company's owners	-4 453 103	435 369
Weighted average number of outstanding shares	7 000 000	7 000 000
<b>Result per share, before and after dilution</b>	<b>-0,64</b>	<b>0,06</b>

## Not 25 Allocations

An allocation has been made of EUR 400 000 for the litigation with Union. The amount intends mainly lawyer- and consultants fees. For further information see the management report.

**Not 26 Depositions current receivables**

<i>Amount in EUR</i>	<b>2010</b>	<b>2009</b>
<b>The Group</b>		
Accounted value beginning of the year	294 630	0
Investments	47 005	0
<b>Accounted value at year-end</b>	<b>341 635</b>	<b>0</b>

The receivable will mature during 2011, see, note 14.

The income statements and balance sheets will be submitted for adoption at the Annual General Meeting.

Reinhold Polska AB (publ)  
CIN 556706-3713

*The Board of Directors and the CEO hereby affirm that, to the best of their knowledge, the consolidated annual report has been prepared in accordance with IFRS (the international financial reporting standards), as adopted by the EU, and gives a true and fair view of the Group's position and results. The annual report has been prepared in accordance with generally accepted accounting principles in Sweden, and gives a true and fair view of the parent company's position and results.*

*The Management Report for the Group and the parent company gives a true and fair view of developments in the Group's and the parent company's business, position, and results, and describes material risks and uncertainties facing the parent company and the companies in the Group.*

Stockholm den 29 april 2011

Tevnell Waldemar  
Chairman of the Board

Gösta Gustafsson

André Rosberg

Torgny Krook

Patrick Coll  
CEO

Stanislav Dudzik

Our audit report, that differs from the standard text, has been submitted      April 2011

Ernst & Young AB

Mikael Ikonen  
Authorized public accountant

## Audit Report

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### To the annual meeting of the shareholders of Reinhold Polska AB (publ)

Corporate identity number 556706-3713

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We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Reinhold Polska AB (publ) for the year 2010. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the income statement of financial position for the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

*Without affecting our statements above we would like to draw attention to the information in the director's report regarding uncertainties relating to financing. According to the directors report is the groups short and long term financing is dependent on a planned new shares issue. In addition the director's report includes information regarding a dispute in connection with a real estate transaction. The final outcome of this dispute can not be assessed at this moment, and there are no provisions set in the financial report for any obligations that a future settlement or court order can result in.*

Stockholm April 29, 2011  
Ernst & Young AB

Mikael Ikonen  
Authorized Public Accountant