Reinhold Europe AB (publ)

CIN 556706-3713

In-house translation – unaudited - the English version is for convenience only and in case of any discrepancy, the Swedish text shall prevail.

ANNUAL REPORT FOR THE FINANCIAL YEAR

2013-01-01 – 2013-12-31

The board of Directors and the CEO of Reinhold Europe AB hereby submit the following Annual Report:

Contents

Unless otherwise stated, all amounts are in EUR

Management Report

The business

The management and the managing director of Reinhold Europe AB (publ) hereby submit their management report for the financial year 2013.

Reinhold Europe AB is since December 2007 listed on the Warsaw Stock Exchange, WSE, in Poland. The quotation is a listing on a regulated market in the EU which means that the company is under the supervision of the Swedish Financial Supervisory Authority. On December 31th 2013 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 amount to a total of 7.000.000 of which 900.000 are class A and 6.100.000 are class B. Every class A-share has ten votes per share and every class B-share 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 0,62 PLN (0,28) per share at the end of the accounting period at 31 December 2013. This corresponds to a total market value of 4.340.000 PLN (1.960.000) (on 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. On December 31th 2013, the largest shareholders were as follows:

	Number of shares	Class of shares	% of capital	% of votes
ALMC hf.	1 226 100	B	17,52	8,12
Dormberg Investments Ltd	1 028 731	A+B	14,70	60,45
SEB-Stiftelsen	445 000	B	6,36	2,95
Jesper Lyckéus	700 000	B	10,00	4,64
Parkerhouse Investments Ltd	420 000	B	6,00	2,78

The year began with the resignation of the board due to the failure to put together a plan to inject sufficient capital in the company, to meet its obligations to its creditors. As of 31 January 2013 the Company was without a Board of Directors which remained the situation until a Board was appointed on 3rd October 2013. The primary responsibility of the Group was still the overdue debt to BZ WBK S.A. and the related company guarantee of PLN 32m. In March 2013 an agreed plan that meant that the bank would take over the land and buildings in Katowice associated Reinhold Polska Projekt 4 Sp. z o.o. as the court approved the restructuring. Both parties also agreed to sell the land in Krakow in late 2013. Process continues and the bank is working to conclude a new date for the sale of the land in Krakow by extending the contract to June 30, 2014. The company has also initiated discussions on cooperation in their holdings in Katowice (residential) and Wroclaw, which were mortgaged by Pekao S.A.

A new Board was appointed on 3rd October 2013 with the objective of stabilizing the situation towards the creditors with the aim to put forward a proposal to the AGM in 2014. This has partly been achieved despite the current situation regarding the BZ WBK where the PLN 32m warranty discourages new investors to recapitalize the Company.

On 5 December 2013 it was decided to sell Reinhold Polska BV, a holding company for the Polish subsidiaries along with all its assets and liabilities. This was done to simplify the balance sheet of the Company and, as each of the four assets in the Polish subsidiaries had liabilities greater than the market price, there was no adverse effect, rather a positive effect on the financial situation of the Company. The balance sheet for the end of 2013 reflects the sale as well as the income statement, which has consolidated the results of the Polish subsidiaries to the date of sale.

As the company's equity is depleted at the balance sheet date, the Board commissioned to establish a balance sheet for liquidation purposes per 31/12-2013 presented at the Extraordinary General Meeting on 7 March 2014.

Regarding questions on corporate governance and related issues, these are reported in the Corporate Governance Report of the Board of Reinhold Europe AB delivered concurrently with the Annual Report.

Important events during the financial year

The main events of the year was

a) There was an agreement in March 2013 with BZ WBK SA which means that the bank would take over land and buildings in Katowice associated Reinhold Polska Project 4 Sp. z oo through a court-approved reorganization and to sell land owned in Krakow in late 2013.
b) Sale of Reinhold Polska BV, the holding company for the Polish subsidiaries and all intercompany accounts December 13, 2013.

A new board of directors and a new auditor, Eric Lindahl of R3 Revisionsbyrå was appointed at an Extra General Meeting on October 4th, 2013.

Significant events after the financial years' end

At the EGM the 17 March 2014, two new directors, Waldemar Tevnell and Grzegorz Golec were appointed that replaced Phillip Cook and Marek Tarchalski. Waldemar Tevnell was appointed Chairman. The new Board will continue its mission to reach settlements with creditors to put the company on a solid foundation for a recapitalization in the future.

At the General Meeting also took the decision to adopt new articles of association of the company by changing the Company name to Reinhold Europe AB.

At the same meeting presented a balance sheet for liquidation purposes prepared as of 2013-12-31, which showed that the parent company's equity was consumed

Expected future developments

The company will focus on negotiations with creditors in order to strengthen its financial position and makes it possible for a prospective investor who is interested in an investment vehicle with an IPO in Warsaw to quickly and economically able to get a working platform.

Financial position

The Parent Company's principal activity is to provide management resources to the rest of the group. Revenue amounted to EUR 0 (24 999) and the net loss before tax was EUR – 153 331 (-14,155,691) The number of employees has been 0 (0) and neither any wages or related expenses were paid.

The Parent company had per the closing date liquid assets of EUR 250 (546).
The equity ratio was -12 509 % (-161 888%). The equity of the Parent company amounted to EUR -13 063 868 (-15 098 051), corresponding to -1.87 (-1,84) EUR per share. The Parent company is continued dependent on external sources of financing for their daily business operations.

Result

The net loss before tax of the Group in 2013 amounts to EUR -4 470 573(-10 669 069).

Investments

During the year, the company tried to retain as much value in the projects it took in order to maximize the potential returns that the company could have gotten from the eventual sale of the projects. No new investments were made. On the closing date, the Company has no own projects or subsidiaries.

Staff

The number of employees during the year was 0(1), with 0 (0) women. The employee serve those in Poland. Staff costs for the Group amounted to EUR 0 (3 620).

Annual General Meeting

The next Annual General Meeting of Reinhold Europe is scheduled to be held in Stockholm in June 2014. Notice of the AGM will be published shortly.

Information policy

Reinhold Europe AB will provide financial information during 2014 as follows:

- The quarterly report for the period January through March will be presented on May 15.
- The semi-annual report for the period January Through June will be presented on August 29.
- The 9-month interim report for the period January through September will be presented on November 14.

The company’s press releases are available at www.reinholdeurope.com. The Company’s press releases are also available for download on the website of Finansinspektionen (the Swedish Financial Supervisory Authority), www.fi.se, for market information and at the Polish stock exchange website for market information, www.gpwinfostrefa.pl.

Financial overview

The Group	**2013**	**2012**	**2011**	**2010**	**2009**
Earnings per share, EUR	-0.64	-1.52	-1.02	-2,71	-0.41
Net profit (loss) for the year, EUR	-4 470 573	-10 669 069	-7 134 613	-18 976 944	-2 847 354
Equity per share, EUR	-1.87	-2.16	-0.67	0.27	3.03
Book value of the project properties, EUR	0	16 254 139	18 270 398	24 225 109	56 529 844
Equity ratio, %	n/a	-88.97	-25.25	3.47	24,04
Quick ratio, %	n/a	2.9	1.4	59.9	47.5

Parent company	**2013**	**2012**	**2011**	**2010**	**2009**
Equity ratio, %	-12509	-161888	25.04	71.89	99,08

Equity ratio: Average shareholders’ equity in relation to average total assets.
Quick ratio: Current assets, excluding inventories, as a percentage of current liabilities.

Proposed allocation of the parent company´s result

Accumulated deficit	-13 280 974
Net loss for the year	-153 331
	-13 434 305

The Board proposes that the accumulated deficit, EUR -13 434 305, be carried forward.

Income statement — The Group

EUR	Note	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Net sales	3	1 205 905	1 176 175
Other operating incomes	4	711 071	56 885
		1 916 976	1 233 060
Operating expenses			
Goods for resale		-544 040	-824 056
Other external costs	5,20	-599 541	-801 291
Personnel costs	2	-	-3 620
Depreciation/amortization of propert, plant and equipment and intangible assets	6	-579	-1 724
Other operating expenses	7	-1 915 221	-3 852 428
Total operating expenses		-3 059 381	-5 483 119
Operating profit/loss		-1 142 405	-4 250 059
Financial income and expenses			
Financial income	9	1 861	3 740 821
Financial expenses	10	-3 330 029	-10 159 831
Total financial income and expenses		-3 328 168	-6 419 010
Profit before income tax		-4 470 573	-10 669 069
Income tax	11	0	0
Net profit (loss) for the year attributable to the parent company´s owners		-4 470 573	-10 669 069
Earnings per share, before dilution (Euro)	21	-0,64	-1,52
Earnings per share, after dilution (Euro)	21	-0,64	-1,52
Average number of shares			
-Before dilution		7 000 000	7 000 000
-After dilution		7 000 000	7 000 000

The Group's statement of Comprehensive Income	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Income for the period	-4 470 573	-10 669 069
Other comprehensive income		
-Exchange differences on foreign operations	-	261 675
Total comprehensive income	-4 470 573	-10 407 394
of which attributable to the equity holders of the parent company	-4 470 573	-10 407 394

Income statement

Parent company

EUR	Note	2013-01-01 2013-12-31	2012-01-01 2012-12-31
Net sales	3	-	24 999
Other operating incomes	4	255 521	-
		255 521	24 999
Operating expenses			
Other operating expenses	5,20	-144 884	-720 781
Personnel costs	2	-	-
Depreciation/amortization of property, plant and equipment and intangible assets	6	-	-637
Other operating expenses	7	-	-276 231
Total Operating expenses		-144 884	-997 649
Operating profit/loss		110 637	-972 650
Financial items			
Result from participation in group companies	8	-1 415 852	-10 878 052
Financial income	9	2 016 149	5 815 879
Financial expenses	10	-864 265	-8 120 868
Total financial items		-263 968	-13 183 041
Net loss before income tax		-153 331	-14 155 691
Income tax expenses	11	0	0
Net profit (loss) for the year	21	-153 331	-14 155 691

The parent company's report for the total comprehensive income	2013-12-31	2012-12-31
Net profit (loss) for the year	-153 331	-14 155 691
Other comprehensive income	0	0
Total comprehensive income	-153 331	-14 155 691

Balance sheet — Parent company

EUR *Assets*	Note	2012-12-31	2012-12-31
Fixed assets			
Tangible assets			
Equipment	12	-	-
		0	0
Financial instruments			
Participations in Group companies	13	-	5 000
Other long-term receivables		-	-
		0	5 000
Total fixed assets		**0**	**5 000**
Current assets			
Current receivables			
Other receivables	15	104 186	2 429
		104 186	2 429
Cash and bank balances		250	546
		250	546
Total current assets		**104 436**	**2 975**
Total assets		**104 436**	**7 975**

Balance sheet — Parent company

EUR *Equity and liabilities*	Note	2013-12-31	2012-12-31
Equity			
Restricted equity			
Share capital (7 000 000 shares)	16	370 437	370 437
Non-restricted equity			
Profit carried forward		874 717	874 717
Net loss from previous year		-14 155 691	-
Net loss for the year		-153 331	-14 155 691
		-13 434 305	-13 280 974
Total equity		**-13 063 868**	**-12 910 537**
Provisions			
Other provisions	22	7 702 862	7 854 688
		7 702 862	**7 854 688**
Current liabilities			
Accounts payable		762 005	759 952
Other current liabilities	18	4 232 074	3 831 459
Accrued expenses and prepaid income	17	471 363	472 413
		5 465 442	**5 063 824**
Total equity and liabilities		**104 436**	**7 975**

Provided guarantees and contingent liabilities

Contingent liabilities	19	None	None

Changes in equity

Parent company

Changes in equity

EUR	Share capital	Share premium reserve	Result brought forward	Profit (loss) for the year	Total equity
Equity 2012-01-01	**370 437**	**32 413 194**	**-10 342 793**	**-21 195 684**	**1 245 154**
Allocation of net profit (loss) in accordance with the AGM decision	-	-32 413 194	11 217 510	21 195 684	0
Net profit (loss) for the year	-	-		-14 155 691	-14 155 691
Equity 2012-12-31	**370 437**	**0**	**874 717**	**-14 155 691**	**-12 910 537**
Allocation of net loss in accordance with the AGM decision 2014	-	-	-14 155 691	14 155 691	0
Net profit (loss) for the year	-	-		-153 331	-153 331
Equity 2013-12-31	**370 437**	**0**	**-13 280 974**	**-153 331**	**-13 063 868**

Cash flow statement — Parent company

EUR

	2012-01-01 2012-12-31	2012-01-01 2012-12-31
Cash flow generated from operating activities		
Operating profit/loss	110 637	-972 650
Adjustment for items not included in cash flow		
Depreciation	-	637
Translation differenses	-255 521	276 231
Interest received	1	21
Interest paid	-262 251	-266 180
Cash flow generated from operating activities before changes in working capital	-407 134	-961 941
Cash flow from changes in working capital:		
Increase (-) / Decrease (+) in current receivables	-103 983	7 641
Increase (-) / Decrease (+) in current liabilities	505 821	954 435
Cash flow generated from operating activities	**-5 296**	**135**
Cash flow from investment activities		
Sell of subsidary	5 000	-
Increase (-) / Decrease (+) in long-term receivables	-	-
Cash flow from investment activities	**5 000**	**0**
Cash flow from financing activities	**0**	**0**
Cash flow of the year	-296	135
Cash and cash equivalents at the beginning of the year	546	411
Cash and cash equivalents at the year-end	250	546

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	250	546

Notes to the financial statements

General information

Reinhold Europe AB (the Parent Company) and its subsidiaries (together the Group) are engaged in property development. Business comprises the development and execution of real estate in Poland.

The parent company is a public limited liability company incorporated and domiciled in Stockholm. Head office address in Sweden since February 2011, Gamla Brogatan 32, 2nd floor, 111 20 Stockholm.

The annual report was approved for publication by the Board of Directors on May 14, 2014 . The consolidated income statement and the balance sheet and income statement for the parent company will be brought forth for adoption by the AGM which is expected to be held in Stockholm in June 2014.

The annual report was prepared assuming that the company will be in continued operation (going concern basis).

Note 1 Accounting and valuation principles

Basis of preparation

The annual report has been 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.

The Parent company's accounting principles

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.* The parent company applies the same accounting principles as the Group except when following occasions:

Participation in subsidiaries is accounted for in the parent company to acquisition value less any impairment losses.

Changes in accounting policies

No changes in accounting policies have been made in the financial year, the accounting policies applied are consistent with previous years.

New IFRS and interpretations not yet applied.

New or revised IFRS and IFRIC interpretations applicable from 1 January 2013 IAS 1 Financial Statements, IFRS 7 Financial Instruments and IAS 19 Employee Benefits. These new or revised IFRS and IFRIC interpretations have not affected the group's or parent company's financial position or results.

Reporting according to IFRS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain judgments in applying the Group's accounting policies. These are described below.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the Enlightenment of contingent liabilities at the reporting date. However, uncertainties around these estimates and estimates result in a material adjustment to the carrying amounts of the asset or liability in future periods.

Impairment
Assets are tested for impairment whenever an event or circumstance indicates that the carrying value may not be recoverable. Impairment loss is recognized for the portion of the asset's carrying value exceeds its recoverable amount. The recoverable amount is equal to the asset's fair value less costs to sell or value in use, whichever is higher. When tested for impairment, assets are grouped together at the lowest level at which there are separately identifiable cash flows (cash generating units).

The term impairment is also associated with the revaluation of properties are recorded as current assets. Properties are valued item by item (property per property) the lower of cost, which is the lower of cost and net realizable value. Net realizable value is considered the market value of the applicable operations after deducting g for estimated costs of completion and selling. The net realizable value of development properties is based on the external design calculations which assumptions are made about the project's expected revenues and expenses. The project's future cash flows are discounted using a discount rate. The project (development properties) that have a lower present value than book value is written down.

Machinery and equipment
Machinery and equipment
Machines and equipment are carried at cost less accumulated amortization and any impairment losses. The amortization period is based on the appreciating trade useful life of the asset has. Machinery and equipment is depreciated by 20-35% per year.

At each balance sheet revalued the residual value and useful life and, if necessary, adjust them. An asset is written down immediately to the recoverable amount if the carrying amount exceeds the recoverable amount.

Tax
Current tax is the tax payable or refundable for the current year using the tax rates that have been enacted or substantively enacted at the balance sheet date. This includes adjustment of current tax attributable to previous periods.
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from a transaction which constitutes the initial recognition of an asset or liability that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit, it is not reported. Deferred tax is determined using tax rates (and - laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

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

Provisions and contingent liabilities
Provisions are recognized when the Company has a present obligation as a result of past events and it is probable that payments will be required to settle the obligation. A further condition is that it is possible to make an estimate of the amount to be paid. Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by one or more uncertain future events not wholly within the control of the Company occurring or not occurring. Contingent liabilities are reported also claim that arises from past events but is not recognized as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or because the size can not be determined with sufficient certainty.

Summary of significant accounting policies

The principal accounting policies used to prepare the consolidated financial statements are presented below. Unless otherwise stated, these principles have applied to all the years that are presented in the reports.

Consolidated financial statements

Subsidiaries are all entities over which the parent company has control and thus the power to govern the financial and operating policies in a way that usually accompanies a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method is used to report the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or övertagn a date of exchange. Costs that are directly attributable to the acquisition are recognized in profit or loss as incurred. Identifiable assets acquired and liabilities assumed and contingent liabilities in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of k he Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition below the fair value of the acquired subsidiary's net assets, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Segment Reporting

Management has determined the operating segments based on the reports reviewed by the strategic steering committee and used to make strategic decisions. Reinhold Europe operates in one operating segment, exploitation of real estate, and a geographical region, Poland.

Translation of subsidiaries in foreign currency

(A) Functional and presentation currency
Items included in the financial statements for the various units of k roup are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in EUR, which is the company's functional currency. Presentation currency is EUR.

(B) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Foreign exchange gains - and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognized in the income statement.

(C) Group companies
The results and financial position of all Group entities that have a functional currency other than the presentation currency are translated into the presentation currency as follows:

1) assets and liabilities in the balance sheet are translated at the closing rate;

2) income and expenses in the income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at transaction date), and

3) all exchange differences that arise from this are reported as a separate component of shareholders' equity over the other for overall performance.

On consolidation, exchange differences arising from the translation of net investments in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. On disposal of a foreign operation, exchange differences in the income statement as part of the gain / loss.

In the preparation of these financial statements generate the following exchange rates have been used:
Average rate 0, 2384 EUR / PLN

Financial instruments

The Group classifies its financial assets in the following categories: loans and receivables, trade receivables, financial assets at fair value through profit or loss and financial assets available for sale. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and Receivables
Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Their distinguishing feature is that they arise when the company provides money, goods or services directly to a customer with no intention of trading the receivable. Loans and receivables are included under the receivables balance sheet.

Loan and receivables are recognized initially at fair value and subsequently at amortized cost using the effective interest method, less any impairment of doubtful debts. An impairment of doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Provisions are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognized in the income statement.

Financial assets available for sale
Financial assets available for sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the balance sheet date.

Purchases and sales of financial instruments are recognized on the trade date, the date when k he Group commits to purchase or sell the asset. Financial instruments are measured initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial instruments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and k he Group has transferred substantially all risks and rewards of ownership. Financial assets available for sale and financial assets at fair value through profit or loss are subsequently carried at fair value. When securities classified as available-for-sale are sold or impairment exists for, the accumulated fair value adjustments to the income statement as income from financial instruments.

Financial liabilities

This category includes interest-bearing and interest-bearing financial liabilities not held for trading purposes. They are measured at amortized cost.
Long-term debt has a maturity exceeding one year, while debt with shorter maturity are reported as current. Accounts payable have a short expected term and are therefore valued at a nominal amount without discounting.

Development properties

The Group will in the long term not own properties for management. The properties to be sold upon completion and are therefore classified as current assets and are valued in accordance with IAS 2 Inventories. Production costs for completed developments include both direct and an appropriate proportion of overheads.

Cash and cash equivalents

Cash and cash equivalents includes cash and bank deposits.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognized, net of tax, in equity as a deduction from the proceeds.

Revenues

Other operating income consists primarily of the Group in Poland recovered VAT and income from rental of space for advertising on the Group's construction sites.

Revenue is recognized as follows:

Sale of project
Revenues from the sale of the company's project properties is recognized when the significant risk has been transferred to the buyer and associated binding contracts signed.

Sales of services
Sales of services are recognized in the accounting period in which the services are performed.

Interest income
Interest income is recognized on a time proportion basis using the effective interest method.

Borrowing costs

The consolidated financial statements included borrowing costs in the cost of development properties. In general, borrowing costs added to the cost limited to assets that take a substantial period of time for completion. Interest expense included in cost until the time the building is complete. If separate borrowing has occurred for the project the average borrowing cost. In other cases, the borrowing cost is based on the Group's average borrowing costs.

Standards issued but not yet effective

A number of new standards and interpretations will be effective for annual periods beginning after 1 January 2013 and have not been applied in preparing this financial report. Below, a brief explanation of the standards and interpretations that will be needed to get the effect on the consolidated financial statements.

IFRS 10 "Consolidated Financial Statements" builds on already exist n the principles by identifying the concept of control as the determining factor for determining whether an entity should be included in the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group will apply IFRS 10 for the financial year beginning 1 January 2014 and estimates that it will not have any effect on the financial statements.

IFRS 11 "collaborative arrangements", focuses on the rights and obligations of the parties in a joint activity has rather than the legal form of the arrangement. There are two types of joint arrangements, joint operations and joint ventures in which standard governs the way to account for the respective joint arrangement. The Group will apply IFRS 11 for the financial year beginning 1 January 2014 and estimates that it will not have any effect on the financial statements.

IFRS 12 "Disclosure of interests in other companies" includes disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured companies. The Group will apply IFRS 12 for the financial year beginning 1 January 2014 and has not yet assessed the full impact on the financial statements.

IFRS 9 "Financial instruments' addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 replaces those parts of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 states that financial assets are classified into two different categories; measurement at fair value or at amortized cost. The Group has not yet assessed the impact, which will be made when the remaining parts of IFRS 9 have been completed by the IASB.

Financial Risk Management

A group usually exposed through its operations to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Board believes that capital includes net debt and equity equivalent equity in the parent company. The main purpose with the Group manages its cash based on the principle of maintaining good relationship with the Group's lenders and stable solidity to promote the Group's activities and in particular liquidity together with the overall objective of maximizing shareholder value.

The Group manages its assets based on the changes happening in the market in which the Group operates. In order to maintain or change the structure of equity in order to adapt to the changes that may occur, the Group may change the dividend policy, repurchase shares, issue new shares, corporate bonds or convertible debentures or otherwise adjust the capital structure, the prevailing requirements.

The Board supervises the management of these risks to ensure that the Group's risk-taking activities are governed by appropriate strategies and processes and that financial risks are identified, estimated and managed properly.

Currency
The Group operates internationally and is exposed to various currency exposures, primarily with respect to Polish Zloty (PLN) Euro (EUR) and Swedish krona (SEK). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group has elected not currently hedge any of its currency exposure.

The Parent company´s investments in the foreign subsidiaries, amounts due from subsidiaries and cash equivalents are exposed to currency translation differences.

Interest rate risk
Interest rate risk is the risk that changes in market disturbances affect the Group's net interest income and cash flow.

The Group manages interest rate risk by maintaining a portfolio of loans with different interest periods. A change in interest rates of + / - 1% affect consolidated net income of + / - 450 000Euro. But this effect affects the income statement only upon sale or impairment of projects, since the Group capitalizes its borrowing costs.

Credit risk
Credit risk means that a counterpart will not fulfill its obligations under a financial instrument or customer contract, leading to financial loss. The Group is exposed to credit risk from its rental operations including deposits and deposits with banks and financial institutions.

Credit risks known handled by requiring that tenants pay in advance. The creditworthiness of the tenant is assessed based on management's initial credit evaluation and public information available at the time of the beginning of the lease. Unpaid rent receivables are continuously monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Refinancing risk
Refinancing risk is the risk that the refinancing of loans more difficult and more expensive. Currently, the Group is working with management to restructure their loans by extending maturities and ensure loan repayment.

Liquidity Risk
Liquidity risk is the risk of not having sufficient cash and marketable securities to meet the liquidity needs of the business creates. Currently missing the opportunity to meet the current liquidity requirement if not capital is obtained from the owners.

From February 2011, the company is dependent on loans from external parties for its daily operation and if this funding opportunity is terminated, the company does not fulfill its obligations.

The parent company has as of December 31, 2013 negative equity. The continued existence without the addition of capital and the restructuring of existing loans is not possible.

Note 2 Personnel

Average number of employees	2013	2012
Parent company		
Men	0	0
Women	0	0
Total parent company	0	0
Subsidiaries		
Men	0	1
Women	0	0
Total subsidiaries	0	1
Total Group	0	1

Gender distribution, senior management	2013	2012
	Proportion of women %	Proportion of women i %
The Group		
Proportion of women		
The Board of Directors	0%	0%
Senior management	0%	0%
Parent company		
Proportion of women		
The Board of Directors	0%	0%
Senior management	0%	0%

Salaries, other remuneration and payroll overheads	2013	2012
The Group		
Board, CEO and senior management	0	0
(of which variable remuneration)	0	(0)
Other employees	0	3 620
Total	**0**	**3 620**
Social security charges	0	0
Pension expenses	0	0
Total	**0**	**0**
Parent company		
Board, CEO and senior management	0	0
Other employees	0	0
Summa	**0**	**0**
Social security charges	0	0
Pension expenses	0	0
Total	**0**	**0**

2013

Amount in EUR	**Salary/remuneration 2013**	**Other benefits and compensations**	**Pension expenses**	**Total remuneration**
Patrick Coll, CEO	0	0	0	0
Michael Scully, Board member until 2013-03-26	0	0	0	0
Phillip Cook , Board member until 2013-10-04	0	0	0	0
Marek Tarchalski, Board member	0	0	0	0
Other senior management	0	0	0	0
Total	**0**	**0**	**0**	**0**

2012

Amount in EUR	**Salary/remuneration 2012**	**Other benefits and compensations**	**Pension expenses**	**Total remuneration**
Waldemar Tevnell, Chairman of the board Until 2012-12-14	28 784	0	0	28 784
Patrick Coll, CEO	11 947	0	0	11 947
Stanislav Dudzik, Board member until 2012-11-26	11 947	0	0	11 947
Ryszard Danielewicz, Board member until 2012-07-04	0	0	0	0
Torgny Krook, Board member until 2012-04-13	8 328	0	0	8 328
Michael Scully Board member	11 947	0	0	11 947
Marek Tarchalski, Board member	11 947	0	0	11 947
Other senior management	0	0	0	0
Total	**84 900**	**0**	**0**	**84 900**

Benefits for senior executives

Remuneration and benefits for Board members
The amount accrued for renumeration payable to Board members (excluding the CEO) is in accordance with the AGM decision regarding remuneration.

Severance
The company has not committed itself to any severance packages.

Note 3 Net sales

Amount in EUR	**2013**	**2012**
The Group		
Sale of services	1 205 905	1 176 175
Sale of projects	0	0
Total	**1 205 905**	**1 176 175**

Amount in EUR	**2013**	**2012**
Parent company		
Sale of services	0	24 999
Total	**0**	**24 999**

Note 4 Other operating income

Amount in EUR	**2013**	**2012**
The Group		
Other operating income	711 071	56 885
Total	**711 071**	**56 885**

Amount in EUR	**2013**	**2012**
Parent company		
Other operating income	255 521	0
Total	**255 521**	**0**

Other operating income consists in the parent company of exchange rate profits, and in the group also of written off liabilities due to time-barred commitments.

Note 5 Audit fees

Amount in EUR	**2013**	**2012**
The Group		
R3		
Audit assignment	37 513	25 000
Other assignments	0	0
Total	**37 513**	**25 000**
Ernst & Young		
Audit assignment	0	14 298
Other assignments	0	0
Total	**0**	**14 298**
PwC		
Audit assignment	0	15 206
Total	**0**	**15 206**

Parent company

R3		
Audit assignment	37 513	25 000
Other assignments	0	0
Total	**37 513**	**25 000**
Ernst & Young		
Audit assignment	0	14 298
Other assignments	0	0
Total	**0**	**14 298**
PwC		
Audit assignment	0	15 206
Total	**0**	**15 206**

Note 6 Depreciation/amortizationof property, plant and equipment and intangible assets

Amount in EUR	**2013**	**2012**
The Group		
Amortization intangible assets	0	312
Depreciation property, plant and equipment	579	1 412
Total depreciation/amortization	579	1 724
Parent company		
Depreciation property, plant and equipment	0	637
Total depreciation/amortization	0	637

Note 7 Other operating expenses

Belopp i EUR	**2013**	**2012**
The Group		
Impairment of development properties	1 896 874	1 953 482
Other operating expenses	18 347	1 898 946
Total other operating expenses	1 915 221	3 852 428

Note 8 Result from participation in group companies

Amount in EUR	**2013**	**2012**
Parent company		
Result from disposal of subsidiaries	- 12 906 991	0
Result from disposal of intercompany receivables	- 25 434 957	0
Reversal of impairment of intercompany receivables	24 019 105	0
Impairment of intercompany receivables	0	-8 854 107
Reversal of impairment loss on receivables converted to participations in group companies	0	10 883 048
Reversal of impairment of shares in group companies	12 906 991	0
Impairment of shares in group companies	0	-12 906 993
Total result from participation in group companies	**- 1 415 852**	**-10 878 052**

Note 9 Financial income

Amount in EUR	**2013**	**201**
The Group		
Interest income	1 861	8 494
Received waiver interest expense	-	3 720 638
Exchange rate differences	-	11 689
Total financial income	**1 861**	**3 740 821**
Parent company		
Interest income intercompany	2 016 148	3 370 122
Interest income , other	1	21
Exchange rate differences intercompany	-	2 445 736
Total financial income	**2 016 149**	**5 815 879**

Note 10 Financial expenses

Amount in EUR	**2013**	**2012**
The Group		
Interest expenses	1 292 765	2 305 143
Exchange rate differences	621 412	-
Result from disposal of group companies	1 415 852	-
Fulfilment of provided guarantees	-	7 854 688
Total financial expenses	**3 330 029**	**10 159 831**
Parent company		
Interest expenses	263 970	266 180
Exchange rate differences	600 295	-
Fulfilment of provided guarantees	-	7 854 688
Total financial expenses	**864 265**	**8 120 868**

Note 11 Income tax

Amount in EUR		**2013**		**2012**
The Group				
Profit before income tax		-4 470 573		-10 669 069
Tax according to the applicable tax rate for the group	22%	983 526	26,3%	2 805 965
Tax effect of				
Differences in tax rate in abroad business		-12 127		-357 411
Non-deductible expenses		-730 237		-643 821
Non-taxable income		0		0
Tax effect of net loss that is not accounted for as deferred tax asset		-241 162		-1 804 733
Accounted tax	**0,0%**	**0**	**0,0%**	**0**

The applicable tax rate for Poland is 19%, for Sweden 22%, and 20% 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 and all subsidiaries have been sold during December 2013.

Amount in EUR	*%*	**2013**	*%*	**2012**
Parent company				
Profit before income tax		-153 331		-14 155 691
Tax according to the applicable tax rate for the parent company	22%	33 733	26,3%	3 722 946
Tax effect of				
Non-deductible expenses		-312 925		-2 860 925
Reversal of tax losses		279 192		0
Tax effect of net loss that is not accounted for as deferred tax asset		0		-862 021
Accounted tax	**0,0%**	**0**	**0,0%**	**0**

Idle fiscal deficit amount on 31 December 2013 in the parent company to Euro 3 190 059.

Not 12 Machinery and equipment

Amount in EUR	**2013**	**2012**
Parent Company		
Accumulated acquisition costs		
At the beginning of the year	8 478	8 478
New acquisitions	0	0
Sales and Disposals	0	0
Closing accumulated acquisition costs	**8 478**	**8 478**
Accumulated depreciations		
At the beginning of the year	-8 478	-7 841
Sales and Disposals	0	0
Year's depreciations	0	-637
Closing accumulated depreciations	**-8 478**	**-8 478**
Closing book value of machinery and equipment	**0**	**637**

Note 13 Participations in Group companies

Amount in EUR	**2013**	**2012**
Parent company		
Accumulated acquisition costs		
At the beginning of the year	12 911 993	17 510
Disposal of shares during the year	-12 911 993	-
Conversion of debt into shares during the year	-	12 894 481
Closing accumulated acquisition costs	**0**	**12 911 991**
Accumulated impairment		
At the beginning of the year	-12 906 991	0
Reversal of impairment	12 906 991	0
Impairment	-	-12 906 991
Closing accumulated impairment	**0**	**0**

Note 14 Financial instruments

All financial assets are classified as loans and receivables, which include deposits, blocked bank balances and cash and bank. All financial liabilities classified as other financial liabilities are measured at amortized cost, which includes deposits, accounts payable, liabilities to financial institutions, included in other current liabilities and part of accruals. The fair value of financial assets and liabilities are in all material consistent with book value as financial assets and liabilities with longer maturities carry market interest rates.

Note 15 Other receivables

Amount in EUR	**2013**	**2012**
Parent company		
Advance payments to suppliers	69 887	0
VAT recoverable	29 299	2 358
Other items	5 000	79
Total	104 186	2 429

Note 16 Share Capital

The table below shows the changes in Reinhold Europe'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. All shares are fully paid.

Amount in EUR	**Transaction**	**Increase of numbers of shares**	**Total numbers of shares**	**Increase of the share capital**	**Share capital**	**Quota value**
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	
Total 2013-12-31			**7 000 000**		**370 437**	**0,053**

Note 17 Accrued expenses and prepaid income

Amount in EUR	**2013-12-31**	**2012-12-31**
Parent company		
Accrued board member fees	150 229	155 920
Accrued interest expense	212 914	156 112
Accrued legal fees	33 322	124 381
Annual accounts and audit	74 898	36 000
Total	**471 363**	**472 413**

Note 18 Other current liabilities

Amount in EUR	**2013-12-31**	**2012-12-31**
Parent company		
Loan from Gösta Gustafsson	2 828 714	2 787 906
Liabilities to Viap Technologies	275 013	0
Loan from IDG Sp.z.o.o	240 252	223 756
Loan from IGI Sp z.o.o.	216 054	201 909
Loan from Alterco S.A	294 138	273 119
Loan from Galley Head	205 831	194 586
Other items	172 072	150 183
Total	**4 232 074**	**3 831 459**

Note 19 Contingent liabilities and provided guarantees

Amount in EUR	**2013-12-31**	**2012-12-31**
Parent company		
Contingent liabilities	None	None
Provided guarantees		
Parent company´s guarantee to DNB Bank	28 878	33 591
Total	28 878	33 591
Total contingent liabilities and provided guarantees	**28 878**	**33 591**

Note 20 Transactions with related parties

The following counterparties in transactions related to Reinhold Europe AB (publ). A separate disclosure for the Group is in the note below. All the transactions have been made on market terms.

The Group

	2013		**2012**	
	Sales	Purchases	Sales	Purchases
Related parties				
Rubicon Partners, consultancy services		50 000		0
WTC Waldemar Tevnell, consultancy services		0		15 000
Total	**0**	**0**	**0**	**15 000**

Parent Company

	2013		2012	
	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
Related parties				
IGD Sp. z.o.o., 11,5% interest	240 252		223 756	
IGI Sp. z.o.o., 11,5% interest	216 054		201 909	
IGI Torun Sp. z.o.o., 11,5% interest	30 498		10 866	
Alterco S.A, 11,5% interest	294 138		273 119	
Castle Carberry Prop. Ltd, 11,5% interest	24 001		17 306	
Derwent Sp. z.o.o., 15% interest	79 864		72 234	
Galley Head Inv. Ltd, 6% interest	205 831		194 586	
Total	**1 090 638**	**0**	**993 776**	**0**

	2013		2012	
	Sales	Purchases	Sales	Purchases
Related parties				
Rubicon Partners, consultancy services		50 000		0
WTC Waldemar Tevnell, consultancy services		0		15 000
Total	**0**	**50 000**	**0**	**15 000**

Note 21 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	2013	2012
Parent company		
Net loss for the year attributable to the parent company's owners	-153 331	-14 155 691
Weighted average number of outstanding shares	7 000 000	7 000 000
Result per share, before and after dilution	**-0,02**	**-2,02**

Note 22 Provisions

The provision relates to a claim for payment received from BZ WBK S.A issued February 27, 2013 to fulfil the parent company guarantee amounting PLN 32 000 000 regarding RPP4.

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

The Board and the CEO certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the financial position and results.

The Management Report for the Group and Parent Company provides a fair review of the development of the Group and the Parent Company's financial position and results and describes material risks and uncertainties facing the Parent Company and the companies which have been included in the Group face.

Stockholm den

Waldemar Tevnell	Grzegorz Golec	Patrick Coll
Chairman of the Board		CEO

My audit report, that differs from the standard text, has been submitted

Eric Lindahl
Authorized public accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Reinhold Europe AB (publ),
Corporate identity number 556706-3713

Report on the annual accounts and consolidated accounts
I have audited the annual accounts and consolidated accounts of Reinhold Europe AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
My responsibility is to express an opinion on these annual accounts and consolidated accounts based on my audit. I conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Because of the circumstances described under the heading “Basis for disclaimer of opinion” I have not been able to collect enough audit evidence as a basis to express an audit opinion.

Basis for disclaimer of opinion
In December 2013, the company divested all subsidiaries and due to that only made a consolidated group income statement that include the time to the sale.
As is stated at page 11 in the Annual report and the consolidated group accounts, and thereby the valuation of assets and liabilities, have been prepared upon the assumption of going concern. Going concern presumes financing is being provided to the company. During our audit I have not been able to collect enough audit evidence verifying that additional financing can be provided and that the annual accounts and consolidated accounts thereby can be prepared on the assumption of going concern. Nor have I collected audited reports regarding the subsidiaries.

Disclaimer of opinion
Because of the circumstances described under the heading “Basis for disclaimer of opinion” I am not able to express an audit opinion on whether or not the annual report has been made in accordance with Annual report Act or if it gives a fair view of the parent company’s financial standing as of 31 December 2013 or of its financial result or cash flows for the year according to the Annual report Act or if the consolidated group accounts has been made in accordance with the same act and gives a, in all, a fair and accurate view of the group’s financial position as per 31 December 2013. The Management’s report is consistent with the other sections of the annual reports and consolidated accounts.
Because of the circumstances described under the heading “Basis for disclaimer of opinion” I am not able to neither recommend, nor not recommend that the annual general meeting adopt the income statement and balance sheet for the parent company and consolidated income statement for the group of companies.

Disclosures of particular importance
Without affecting our opinions expressed above we would like to draw attention to that the Board of Directors has prepared the annual accounts under the assumption of going concern. This assumes that the company’s financing needs of financing for business purposes can be met as described by the Board of Directors and the managing director on page 11 in the annual report. If funding cannot be obtained, there is a material uncertainty which raises substantial doubt about the ability to continue operations.

Report on other legal and regulatory requirements
In addition to my audit of the annual accounts and consolidated accounts, I have had the assignment to audit of the proposed appropriations of the company´s profit or loss and the administration of the Board of Directors and the Managing Director of Reinhold Europe AB for the year 2013.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company´s profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
My responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on my audit. Besides the below mentioned exemptions, I conducted the audit in accordance with generally accepted auditing standards in Sweden.
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on discharge.

Basis for disclaimer of opinion
As stated in the Director’s report section, page 11, of the annual report and the consolidated group accounts and thereby the valuation of assets and liabilities, have been prepared under the assumption of going concern. Going concern presumes financing is being provided to the company. During our audit I have not been able to collect enough audit evidence verifying that additional financing can be provided and that the annual accounts thereby can be prepared on the assumption of going concern.

Opinion and disclaimer for opinion
Following the circumstance described in the paragraph "Basis of disclaimer of opinion" I can neither recommend nor reject to the annual meeting of the shareholders that the loss is appropriated in accordance with the proposal in the statutory administration report.

2013-05-12 has the company been notified about a fine from the Finance Inspection of 1 500 000 SEK. This circumstance has not been mentioned in the annual report. Because of the damage that the Board mismanagement regarding reporting to the Finance Inspection have caused the company, I would advise against discharge of the board and the Managing Director in this part. Otherwise I can recommend that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Remarks
As can be seen in the balance sheet section of the annual report the equity of the company is below half of the registered share capital and the Board of Directors therefore have a duty to, due to the Companies Act 25 chapter 13 §, provide a control balance sheet for liquidation purposes. The company has provided a control balance sheet, but it has not been reviewed by the company´s auditor, which gives a remark. Since the control balance sheet has not been reviewed by the company´s auditor, the Board of Directors and the managing director can be held liable for the liabilities of the company for the period of time stated in the Companies Act 25 chapter §§ 18 and 20. The annual meeting of the shareholders have to decide upon the matter of winding up (liquidation).
Due to the Annual report Act 6 chapter 6 §, the company will issue a Corporate Governance Report. Due to the annual report the company has issued a Corporate Governance Report along with the annual report. This report has not been provided to me.

Stockholm 15 May 2014

Eric Lindahl
Authorized Public Accountant