



NINE MONTHS REPORT, JANUARY 1 – SEPTEMBER 30, 2011

Third quarter, July - September 2011

- Net sales amounted to 475 325 Euro
- Operating income amounted to 196 473 Euro
- Losses after taxes amounted to 310 909 Euro
- Losses per share amounted to 0.04 Euro
- Cash flow for the period amounted to -908 806 Euro

January - September 2011

- Net sales amounted to 983 511 Euro
- Operating loss amounted to – 153 573 Euro
- Losses after taxes amounted to 1 322 273 Euro
- Losses per share amounted to 0.19 Euro
- Cash flow for the period amounted to -1 332 404 Euro

Highlight events in Reinhold Polska AB Group, first nine months 2011

Comments by Mr. Padraic Coll, Managing Director

The third quarter continued the focus of the first 6 months in successfully eliminating the high fixed cost level in the company and preparing it for its recapitalization and refocusing on commercial projects. As reported in the half year report, an agreement was signed with PKP Cargo S.A. for the sale of the office building in Katowice. The agreement anticipated the closing of the transaction by the end of September 2011. As there was a delay in meeting some of the conditions precedent, the agreement was subsequently extended to the end of October 2011 and again until the 23rd December 2011. This is mainly due to the time required to obtain the approval of the General Meeting of Shareholders of PKP Cargo S.A. As was previously noted, the main indebtedness of the Group is with BZ WBK S.A. bank and the sale is critical to reduce this overdue loan. The Group is hopeful of the conclusion of the transaction however it must be noted that the successful completion of the transaction is substantially outside of the control of the Group at this stage.

The group is in negotiations with the other creditor bank Pekao S.A. to look for a satisfactory solution to the overdue loan on the Wrocław Przyjazni land. Reinhold is in discussions with other banks to repay the loan as well as with Pekao S.A. itself to extend the loan to the end of 2012 to enable the company to either sell the land, develop the land by itself or to conclude a joint Venture on the land. I would draw your attention to the Financial Risks section of this report.

The cost control program is coming to an end where the Group sees that the costs have practically come to a level where they are sustainable. In terms of employees, the staff numbers have decreased to 4 by the end of September 2011 and will drop further by the end of the year.

At the Annual General Meeting of the company in June 2011, the shareholders voted to appoint a special investigator to examine various transactions and business decisions made by the company over previous years. At the time of writing, the investigation is ongoing and the management are in contact and in the process of providing the information that the investigator requires. The report of the investigator will be presented at a general meeting of shareholders in 2012.

The Board of Directors in August 2011 formally decided to audit the 3rd quarter results instead of the results for the first half of the year. This process has not concluded yet, however as the financial calendar requires the results to be reported within 45 days of the quarter end, the results are being published unaudited by Ernst & Young. The audit review of the first 9 months of the company is expected to conclude by 5th December 2011 at which point a supplementary report will be published by the company.

Investments

The Group had no investments in I – III Q 2011. During the period the Groups two subsidiaries RPP 11 and RPP 13 has been winded up. This has affected the result on group level with – 20 406 EUR. Notwithstanding the above, the Group has returned to the market and examining several projects in the retail sector, both in development and standing investments. The goal is to take advantage of the low interest in foreign funds in PLN income earning assets and underperforming projects where asset management potential exists.

Project portfolio

The strategy of the company is to concentrate on the development on its commercial assets and look for disposal or joint venture opportunities for the residential assets. The company is actively monitoring the various local markets for opportunities of leasing, disposal or joint venture.

Organization

As previously announced the offices in Wroclaw and Katowice have been closed in addition to a change of offices in Warsaw. The cost reducing programme is continuing and the savings will be more clear in the second half of the year.

The Polish real estate market

The Polish real estate market is on a good path of recovery with more and more investment funds re-entering the market in 2011. Most of the concentration has been on the Warsaw core market with less interest in the regional markets so far. There is some recovery in residential land prices as buyers return, however there is no possibility that the land prices in the sector will return to the pre boom prices in the short to medium term. In the case of purchasers of land, even more than in previous years, buyers require all planning and sales risk to be practically eliminated before a purchase is executed. Therefore building permits must be in place, the design (especially with respect to residential projects) must reflect the current market conditions and all other risks must be completely eliminated.

Future plans

The board of directors in April 2011 recommended that a proposal from Handuk Consulting Limited, a company closely tied to Alterco S.A. to contribute certain assets into the Company be voted upon at the Annual General meeting of the Company. These three assets consist of retail and logistics, both completed and under development. As previously mentioned this is the first step in the strategy of the company to transform itself into an investment holding company with development capabilities rather than just a development company. The company believes that this change of strategy will provide for a more stable growth path to recovery for the company. In addition to the above, the Company has already identified a number of income generating assets that it wishes to acquire and it is in discussions with interested sellers at the present time. The proposal was successfully voted upon at an Extraordinary General Meeting of the Shareholders on 5th August 2011. As of the date of this report, the transaction has not been formally completed and therefore the results and balance sheet of the Group do not yet reflect the financial effects of the three assets.

Operations

Operations according to the strategy have started on all projects, although the work has reached different levels. The following table reflects the situation of each project

Project	Site	Type of project	Status
Reinhold Przyjaźni	Wrocław	Residential/ commercial	Design phase, negotiations with a tenant for the commercial building
Reinhold Center	Katowice	Office	Phase 1 substantially leased and to be sold to PKP Cargo S.A. Second phase on hold until tenant(s) can be found
Reinhold Pułaskiego	Katowice	Residential	Building permit obtained
Reinhold Plaza	Kraków	Office / Retail	Building permit pending

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

Financial position - Group

Group sales amounts to 983 511 (45 901 643) Euro and the net result is -1 322 273 (4 215 691) Euro. Liquid assets amounts to 46 431 (1 068 893) Euro.

The equity ratio is 2.82% (34,0%). The effective solidity is higher on group level since a major part of all long-term loans are backed up with liquid funds in the parent company.

For the day to day operations the company is dependent on loans from third parties in order to secure going concern principles. This situation is expected to continue until at least the Annual General Meeting of the company.

Financial position - Parent company

Sales in the parent company amounts to 197 152 Euro and net loss for the period is 20 750 224 Euro. The loss comes from a provision of expected future losses on intercompany receivables, which will come from payment of DNB loans from Reinhold Polska AB cash deposit. This result is at the parent company only because this actual result was already indirectly incorporated into the 2010 consolidated balance sheet of the Group through the consolidated losses of these subsidiaries.

For the day to day operations the company is dependent on loans from third parties.

Significant risks and uncertainty factors

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

Operational risks

For a building contractor the risk-limitation-phase is during the contract-tendering process. The strategy of Reinhold is to adopt a selective approach to tendering in order to reduce unprofitable projects. When selecting suitable contracts, Reinhold prefers projects whose risks are identified, and thus manageable and calculable.

Development risks

Proprietary project development in commercial properties includes a contract risk and a development risk. Every project concept must be adapted to local market preferences and the planning requirements imposed

by public authorities. State-of-the-art skills are required to optimize the timing of projects that have to be processed by local municipalities and possibly have to pass an appeals process. To reduce these risks, Reinhold is developing primarily in large growth communities in Poland. Reinhold has consciously decided to refrain from excessively niche-oriented projects intended for narrow target groups.

Financial risks

Through its business operations Reinhold is exposed to financial risks. The principal risks are interest-rate, currency risks and financing risk. The company is in discussions with its banks in order to extend various loan agreements so that there is no risk of default on any project. At the end of September 2011 a total of 16 402 428 EUR from banks was overdue.

As mentioned above, the Group is dependent on third party loans from the expected new shareholder to carry on its business. These loans are to be repaid when the transaction with Handuk Consulting Limited is completed. These loans have been used to repay the significant liabilities built up in the company from quarter 4 2010 to date. While these loans have not cleared all liabilities due from the running costs, these liabilities are being successively reduced. Without these loans or without similar support in the future, the Group has significant risk of insolvency.

Interest-rate risk

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

Currency risks

The currency risk is the risk that changes in exchange rates will affect the consolidated income statement, balance sheet and cash flow statement. The functional currency of Reinhold Polska Group is euro while the operating currency in projects in Poland is zloty.

Financing risk

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

Legal risk

Other than the normal business risks of the operations and what is mentioned in the Financial Risks section of this report, Reinhold Polska is not facing any significant legal risk since the resolution of the dispute with Union Investment GmbH has been settled.

CONSOLIDATED INCOME STATEMENT

		Q3	Q3			
		JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	JAN-DEC
Amounts in Euro		2011	2010	2011	2010	2010
Net sales						
Net sales	1	475 325	3 106 852	983 511	45 901 643	31 199 169
Gross operating income		475 325	3 106 852	983 511	45 901 643	31 199 169
Cost of goods sold		-153 475	-3 340 301	-600 488	-40 864 222	-45 581 538
Other external costs		-119 452	-195 437	-509 215	-1 776 595	-3 441 414
Personnel costs		-5 291	-105 046	-24 254	-373 063	-462 469
Depreciation and write-downs of tangible and intangible assets		-635	-3 121	-3 127	-11 172	-14 299
Operating income		196 473	-537 053	-153 573	2 876 591	-19 300 551
Financial items, net		-507 382	1 324 339	-1 168 700	1 339 100	323 607
Income after financial items		-310 909	787 286	-1 322 273	4 215 691	-18 976 944
Tax		0	0	0	0	0
Income for the period		-310 909	787 286	-1 322 273	4 215 691	-18 976 944
Exchange differences on translation of foreign operations		-156 751	-297 312	107 779	-169 000	-345 186
Other comprehensive income		-156 751	-297 312	107 779	-169 000	-345 186
Total comprehensive income		-467 660	489 974	-1 214 494	4 046 691	-19 322 130
Attributable to the equity holders of the parent company						
-Income for the period		-310 909	787 286	-1 322 273	4 215 691	-18 976 944
-Other comprehensive income		-156 751	-297 312	107 779	-169 000	-345 186
Average number of shares		7 000 000	7 000 000	7 000 000	7 000 000	7 000 000
Earnings per share		-0.04	0.11	-0.19	0.60	-2.71

CONSOLIDATED BALANCE SHEET

Amounts in Euro		2011-09-30	2010-09-30	2010-12-31
Intangible assets		584	1 946	1 629
Tangible assets		952	20 850	14 284
Financial assets		0	977 357	0
Total fixed assets		1 536	1 000 153	15 913
Properties reported as current assets	2	22 394 540	37 643 121	24 225 109
Short term receivables		696 613	42 625 240	28 941 698
Cash and bank balances		46 431	1 068 893	648 639
Total current assets		23 199 770	81 337 254	53 815 446
TOTAL ASSETS		23 201 307	82 337 407	53 831 359
Equity				
Share capital		370 437	370 437	370 437
Other additional capital		32 413 283	32 413 283	32 413 283
Retained earnings and other reserves		-32 128 288	-7 544 974	-30 913 794
Total equity		655 432	25 238 746	1 869 926
Provision		300 000	0	400 000
Long term liabilities	3	1 963 280	27 783 490	2 133 312
Current liabilities		18 562 196	18 644 480	46 765 431
Accrued expenses and deferred income		1 720 399	10 670 691	2 662 690
Total current liabilities		20 282 595	29 315 171	49 428 121
TOTAL EQUITY AND LIABILITIES		23 201 307	82 337 407	53 831 359

Change in consolidated equity

Amounts in Euro	2011-09-30	2010-09-30	2010-12-31
Opening balance	1 869 926	21 192 055	21 192 055
Total comprehensive income for the period	-1 214 494	4 046 691	-19 322 130
Total transactions with equity holders	0	0	0
Closing balance	655 432	25 238 746	1 869 926

CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Q3	Q3	JAN-SEP	JAN-SEP	JAN-DEC
	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	JAN-DEC
	2011	2010	2011	2010	2010
Operating profit/loss	196 473	-537 053	153 573	2 876 591	-19 300 551
Adjustments for non-cash items	155 669	-294 191	-194 483	-157 828	13 684 875
Interest received	1 131 679	373 648	1 152 478	873 659	1 052 526
Interest paid	-804 193	-126 443	-1 941 885	-568 493	-1 880 937
Income tax paid	0	0	0	0	0
Cash flow from operating activities before working capital changes	679 628	-584 039	-1 137 463	3 023 929	-6 444 047
Changes in properties reported as current assets	-189 465	-3 034 401	-205 049	18 886 723	19 034 159
Changes in receivables	71 284	25 646	711 075	-15 363 982	-1 383 269
Changes in liabilities	4 -412 420	-24 796 639	-2 703 550	-36 645 239	-16 532 289
Cash flow after working capital changes	149 027	-28 389 433	-3 334 987	-30 098 569	-1 709 136
Purchase of/changes in equipment and property	0	-649 946	-0	-684 536	-594
Cash flow after investing activities	149 027	-29 039 379	-3 334 987	-30 783 105	-5 326 080
Borrowings/repayment of debt	4 -1 057 833	27 940 660	2 002 583	26 779 843	1 129 665
Cash flow for the period	-908 806	-1 098 719	-1 332 404	-4 003 262	-4 196 415
Cash and cash equivalent at the beginning of the period	50 347	1 090 478	648 639	4 038 221	4 038 221
Exchange rate differences	904 890	1 077 134	730 196	1 033 934	806 833
Cash and cash equivalents at the end of the period	46 431	1 068 893	46 431	1 068 893	648 639

CONSOLIDATED KEY FIGURES

	Q3 2011 Jul-Sep	Q2 2011 Apr-Jun	Q1 2011 Jan-Mar	Q3 2010 Jul-Sep	2010 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec	2007 Jan-Dec
Amounts in Euro								
Income statement								
Net sales	475 325	264 757	243 429	3 106 852	31 199 169	2 436 731	405 871	89 117
Operating profit/loss	196 473	-163 689	-186 357	-537 053	-19 300 551	-3 445 552	-2 095 766	-1 714 488
Net profit/loss for the period	-310 909	-485 667	-525 697	787 286	-18 976 944	-2 847 354	-8 133 039	-593 863
Balance sheet								
Fixed assets	1 536	2 268	11 039	1 000 153	15 913	326 789	91 376	292 222
Current assets	23 199 770	50 637 666	50 202 136	81 337 254	53 815 446	87 829 323	69 379 568	70 230 835
Equity	655 432	1 123 092	1 697 940	25 238 746	1 869 926	21 192 055	24 191 493	31 977 287
Interest bearing liabilities	18 889 244	46 110 214	44 390 470	43 409 201	46 437 860	57 992 363	43 403 516	33 931 607
Non-interest bearing liabilities	3 374 631	3 406 628	4 126 162	13 689 451	5 423 573	7 968 047	1 875 936	4 508 218
Total assets	23 201 307	50 639 934	50 214 573	82 337 407	53 831 359	88 156 112	69 470 945	70 523 057
Financial ratios								
Equity/assets ratio. %	2,82%	2,22%	3,38%	34,01%	3,47%	24,04%	34,8%	45,3%
Debt/equity ratio	33,9	44,1	28,6	2,3	2,5	3,1	1,9	1,2
Profitability ratios								
Return on shareholder's equity. %	Neg.	Neg.	Neg.	3,1	Neg.	Neg.	Neg.	Neg.

Accounting principles, group

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

The report has been prepared in accordance with the same accounting principles and methods of calculations as the 2010 Annual Report.

Note 1 Segment reporting

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

Note 2 Properties reported as current assets
Below is table listing of all on-going projects (Euro).

2011-09-31

	Purchase price	Capitalized interest	Other costs	Total
All projects	9 185 869 EUR	4 874 343 EUR	8 334 328 EUR	22 394 540 EUR

The capitalized interest consists of the interest on the Groups interest bearing liabilities assigned to each project. During Q3 2011, 118 021 EUR has been capitalized.

Note 3 Long term liabilities

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

Due date	Amount
Within 12 months	16 952 203 EUR
After 12 months	1 963 280 EUR
Total	18 915 483 EUR

Overdue 16 402 428 EUR

Note 4 Cash flow statement

Payment of debts has been financed by new borrowings.

The company auditors have not audited this report

Warsaw, 14 November 2011

THE BOARD OF DIRECTORS

If you have any questions, please contact:

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