Reinhold

THREE MONTH REPORT, JANUARY 1 – MARCH 31, 2014

First Quarter, January – March 2014

- Net sales amounted to 0 Euro (0)
- Operating profit/loss amounted to -42 007 Euro (-12 094)
- Net profit/loss for the period amounted to -91 180 Euro (163 809)
- Net profit/loss per share amounted to -0.01 Euro (0,02)
- Cash flow for the period amounted to -248 Euro (-281)

Highlight events in Reinhold Europe AB (publ) , 3 months 2014

Comments by Mr. Padraic Coll, Managing Director

The board of directors continued its restructuring operations in order for it to be recapitalised and the business of the company to be re-launched. Negotiations were concluded with creditors so as to ensure the company does not go into bankruptcy and to facilitate a future recapitalisation.

In terms of the largest creditor, BZ WBK Bank in Poland,and the PLN 32 000 000 guarantee given by the company, continuous active management of the situation is bringing both sides closer to signing an annex to the agreement which will, in the opinion of the Board, lead to the bank to reduce the guarantee and enable a recapitalisation to take place. As of the date of this report, the Board and the bank are still in negotiations and the Board is optimistic that a conclusion can be reached in the near future.

On March 7, 2014, Mr. Grzegorz Golec and Mr .Waldemar Tevnell replaced Mr. Phillip Cook and Mr. Marek Tarchalski on the Board. 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 This change was officially registered on 25th March 2014.

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

Investments

No new investments were made. On 13 December 2013 Reinhold Polska BV, a holding company for the Polish subsidiaries was sold along with all its assets and liabilities. As no new investments have been made during the first quarter the Company has not owned any projects or subsidiaries during the reporting period.

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
Sales for the period amounts to 0 Euro and net loss for the period is 91 180 Euro.
The equity per closing day amounts to – 13 155 048 Euro.
The company is continued dependent on external sources of financing for their daily business operations.

Financial Risk Management

A company 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. The main purpose with the Company manages its cash based on the principle of maintaining good relationship with the Company's lenders and stable solidity to promote the Company's activities and in particular liquidity together with the overall objective of maximizing shareholder value.

The Company manages its assets based on the changes happening in the market in which the Company operates. In order to maintain or change the structure of equity in order to adapt to the changes that may occur, the Company 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 Comapny's risk-taking activities are governed by appropriate strategies and processes and that financial risks are identified, estimated and managed properly.

Currency
The Company 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 Company has elected not currently hedge any of its currency exposure.

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

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 Company 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 Company 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 Company has as of March 31, 2014 negative equity. The continued existence without the addition of capital and the restructuring of existing loans is not possible.

INCOME STATEMENT

Amounts in Euro	Q1 JAN-MAR 2014	Q1 JAN-MAR 2013	JAN-DEC 2013
Net sales			
Net sales	0	0	0
Other operating income	29 644	0	255 521
Gross operating income	**0**	**0**	**255 521**
Other external expenses	-71 651	-12 094	-144 884
Personnel expenses	0	0	0
Operating profit/loss	**-42 007**	**-12 094**	**110 637**
Financial items, net	-49 173	175 903	-263 968
Profit/loss after financial items	**-91 180**	**163 809**	**-153 331**
Tax	0	0	0
Net profit/loss for the period	**-91 180**	**163 809**	**-153 331**
Other comprehensive income	0	0	0
Total comprehensive income	**-91 180**	**163 809**	**-153 331**
Average number of shares	7 000 000	7 000 000	7 000 000
Earnings per share	-0,01	0,02	-0,02

BALANCE SHEET

Amounts in Euro	2014-03-31	2013-03-31	2013-12-31
Financial assets	0	5 000	0
Total fixed assets	**0**	**5 000**	**0**
Current receivables	35 400	709	104 186
Cash and bank balances	2	265	250
Total current assets	**35 402**	**974**	**104 436**
TOTAL ASSETS	**35 402**	**5 974**	**104 436**
Equity			
Share capital	370 437	370 437	370 437
Retained earnings and other reserves	-13 525 485	-13 117 165	-13 434 305
Total equity	**-13 155 048**	**-12 746 728**	**-13 063 868**
Provisions	**7 674 413**	**7 654 770**	**7 702 862**
Accounts payables	783 875	773 756	762 005
Interest-bearing liabilities	3 987 496	3 824 307	3 951 167
Other current liabilities	366 244	7 196	280 907
Accrued expenses and deferred income	378 422	493 073	471 363
Total current liabilities	**5 516 037**	**5 097 932**	**5 465 442**
TOTAL EQUITY AND LIABILITIES	**35 402**	**5 974**	**104 436**

Change in equity

Amounts in Euro	2014-03-31	2013-03-31	2013-12-31
Opening balance	-13 063 868	-12 910 537	-12 910 537
Total comprehensive income for the period	- 91 180	163 809	- 153 331
Closing balance	-13 155 048	-12 746 728	-13 063 868

CASH FLOW STATEMENT IN SUMMARY

Amounts in Euro	Q1 JAN-MAR 2014	Q1 JAN-MAR 2013	JAN-DEC 2013
Cash flow from operating activities	-248	-281	-5 296
Cash flow from investing activities	-	-	5 000
Cash flow from financing activities	-	-	-
Cash flow for the period	**-248**	**-281**	**-296**
Cash and cash equivalent at the beginning of the period	250	546	546
Cash and cash equivalents at the end of the period	**2**	**265**	**250**

KEY FIGURES

Amounts in Euro	Q1 JAN-MAR 2014	Q1 JAN-MAR 2013	JAN-DEC 2013
Net sales	0	0	0
Operating profit/loss	-42 007	-12 094	110 637
Net profit/loss for the period	-91 180	163 809	-153 331
Equity	-13 155 048	-12 746 728	-12 063 868
Total assets	35 402	5 974	104 436
Equity/assets ratio (%)	-37 159%	-213 370%	-12 509%
Debt/Equity ratio	Neg.	Neg.	Neg.
Equity per share	-1,88	-1,82	-1,87
Net profit/loss per share	-0,01	0,02	-0,02

Accounting principles

This report has been prepared in accordance with the Annual Accounts Act (1995:1554).

The report has been prepared in accordance with the same accounting principles and methods of calculations as the 2013 Annual Report for the parent company

This interim report has not yet been reviewed by the auditor.

Warsaw, 15 May 2014

THE BOARD OF DIRECTORS

If you have any questions, please contact: stockholm@reinholdpolska.com