



**SEMI-ANNUAL REPORT, JANUARY 1 – JUNE 30, 2014**

### *Second Quarter, April – June 2014*

- Net sales amounted to 0 Euro
- Operating loss amounted to 261 921 Euro
- Net loss for the period amounted to 312 913 Euro
- Loss per share amounted to 0.04 Euro
- Cash flow for the period amounted to 16 568 Euro

### *January – June 2014*

- Net sales amounted to 0 Euro
- Operating loss amounted to 303 928 Euro
- Net loss for the amount to 404 093 Euro
- Loss per share amounted to 0.06 Euro
- Cash flow for the period amounted to 16 420 Euro

### *Highlight events in Reinhold Europe AB Group, first half 2014*

#### **Comments by Mr. Kenneth Liberg, CFO**

Negotiate with creditors continued during the second quarter in order to restore the company's own capital. My and the Board's assessment is that these negotiations will be concluded and settled in Q3. The focus will now be on developing the company's new business idea. Reinhold Europe is in a first steep growing in to the business of industrially produced flats, build housing for young people / students, elderly, and recent immigrants. This will be done partly through project development for own property, and by building for external clients.

A first acquisitions was carried out in connection with the Extraordinary General Meeting on 29/8, the Cooperative development company Sweden AB. This will enable Reinhold to Establish More than 170 new senior housing in attractive locations in cities like Höganäs, Helsingborg, Lund, Gävle and Simrishamn. The total production value is estimated to approximately 3 millions of euros.

The acquisition also ensures Reinhold a unique licensing agreement with a major supplier of prefabricated apartments which can be built in up to six floors and constructed in less than half the production time compared to conventional on-site construction. The fast and economic construction process makes it possible for municipalities with a shortage of housing for both the young, the elderly and the new arrivals to quickly provide appropriate and sustainable housing solutions.

Demand for housing for students and young people, newcomers and elderly where Reinhold's system of building would make homes more economically accessible is gigantic. We expect a total requirement of 200 000 new apartments by 2017 and where we have the capacity to be the supplier for a large part of this need. We have the ambition to grow fast on the Swedish market.

On August 29, 2014, Mr. Grzegorz Golec and Mr. Patrick Coll was replaced. We welcome Mrs Katarina Lif Burren to the Board.

**Investments**

No new investments were made.

**Expected future developments**

The Company expects to achieve a positive equity whit in Q3.

**Financial position**

Sales for the period amounts to 0 Euro and net loss for the period is 312 913 Euro.

The equity per closing day amounts to – 13 467 961 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 Company'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 June 30, 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	Q2	Q2	JAN-JUN 2014	JAN-JUN 2013	JAN-DEC 2013
	APR-JUN 2014	APR-JUN 2013			
<b>Net sales</b>					
Net sales	0	0	0	0	0
Other operating income	-2 129	306 077	27 515	500 660	255 521
<b>Gross operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>255 521</b>
Other external expenses	-206 597	-2 677	-278 248	-14 771	-144 884
Personnel expenses	-53 195	0	-53 195	0	0
<b>Operating profit/loss</b>	<b>-261 921</b>	<b>303 400</b>	<b>-303 928</b>	<b>485 889</b>	<b>110 637</b>
Financial items, net	-50 992	81 618	-100 165	62 939	-263 968
<b>Profit/loss after financial items</b>	<b>-312 913</b>	<b>385 018</b>	<b>-404 093</b>	<b>548 828</b>	<b>-153 331</b>
Tax	0	0	0	0	0
<b>Net profit/loss for the period</b>	<b>-312 913</b>	<b>385 018</b>	<b>-404 093</b>	<b>548 828</b>	<b>-153 331</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>-312 913</b>	<b>385 018</b>	<b>-404 093</b>	<b>548 828</b>	<b>-153 331</b>
Average number of shares	7 000 000	7 000 000	7 000 000	7 000 000	7 000 000
Earnings per share	-0,04	0,06	-0,06	0,08	-0,02

## BALANCE SHEET

Amounts in Euro	2014-06-30	2013-06-30	2013-12-31
Intangible assets	165 964	0	0
Financial assets	0	5 000	0
<b>Total fixed assets</b>	<b>165 964</b>	<b>5 000</b>	<b>0</b>
Current receivables	53 817	33 240	104 186
Cash and bank balances	16 570	252	250
<b>Total current assets</b>	<b>70 387</b>	<b>33 492</b>	<b>104 436</b>
<b>TOTAL ASSETS</b>	<b>236 351</b>	<b>38 492</b>	<b>104 436</b>
<b>Equity</b>			
Share capital	370 437	370 437	370 437
Retained earnings and other reserves	-13 838 398	-12 732 147	-13 434 305
<b>Total equity</b>	<b>-13 467 961</b>	<b>-12 361 710</b>	<b>-13 063 868</b>
<b>Provisions</b>	<b>7 701 750</b>	<b>7 377 352</b>	<b>7 702 862</b>
Accounts payables	739 466	907 316	762 005
Interest-bearing liabilities	4 026 431	3 735 298	3 951 167
Other current liabilities	833 431	6 965	280 907
Accrued expenses and deferred income	403 234	373 271	471 363
<b>Total current liabilities</b>	<b>6 002 562</b>	<b>5 022 850</b>	<b>5 465 442</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236 351</b>	<b>38 492</b>	<b>104 436</b>

## Change in equity

Amounts in Euro	2014-04-01 2014-06-30	2014-01-01 2014-03-31	2013-01-01 2013-12-31
<b>Opening balance</b>	-13 155 048	-13 063 868	-12 910 537
Total comprehensive income for the period	- 312 913	-91 180	- 153 331
<b>Closing balance</b>	<b>-13 467 961</b>	<b>-13 155 048</b>	<b>-13 063 868</b>

**CASH FLOW STATEMENT IN SUMMARY**

<b>Amounts in Euro</b>	<b>Q2</b>	<b>Q2</b>	<b>JAN-JUN</b>	<b>JAN-JUN</b>	<b>JAN-DEC</b>
	<b>APR-JUN</b>	<b>APR-JUN</b>	<b>JAN-JUN</b>	<b>JAN-JUN</b>	<b>JAN-DEC</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
Cash flow from operating activities	-34 942	-13	-35 190	-294	-5 296
Cash flow from investing activities	- 165 964	-	-165 964	-	5 000
Cash flow from financing activities	217 474	-	217 474	-	-
<b>Cash flow for the period</b>	<b>16 568</b>	<b>-13</b>	<b>16 320</b>	<b>-294</b>	<b>-296</b>
Cash and cash equivalent at the beginning of the period	2	265	250	546	546
<b>Cash and cash equivalents at the end of the period</b>	<b>16 570</b>	<b>252</b>	<b>16 570</b>	<b>252</b>	<b>250</b>

**KEY FIGURES**

<b>Amounts in Euro</b>	<b>Q2</b>	<b>Q2</b>	<b>JAN-JUN</b>	<b>JAN-JUN</b>	<b>JAN-DEC</b>
	<b>APR-JUN</b>	<b>APR-JUN</b>	<b>JAN-JUN</b>	<b>JAN-JUN</b>	<b>JAN-DEC</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
Net sales	<b>0</b>	0	0	0	0
Operating profit/loss	-261 921	303 400	-303 928	485 889	110-637
Net profit/loss for the period	-312 913	385 018	-404 093	548 828	-153 331
Equity	-13 467 961	-12 361 710	-13 467 961	-12 361 710	-13 063 868
Total assets	236 351	38 492	236 351	38 492	104 436
Equity/assets ratio (%)	-5 698%	-32 115%	-5 698%	-32 115%	-12 509%
Debt/Equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.
Equity per share	-1,92	-1,77	-1,92	-1,77	-1,87
Net profit/loss per share	-0,04	0,06	-0,06	0,08	-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 been reviewed by the auditor (not been audited).

Warsaw, 29 August 2014

## ***THE BOARD OF DIRECTORS***

If you have any questions, please contact:

Email: [lars.wikstrom@reinholdint.com](mailto:lars.wikstrom@reinholdint.com)

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