

Annual report

Reinhold Europe AB (publ.)

556706-3713

The Board of Directors and Managing Director of Reinhold Europe AB (publ.) hereby give a statement of the company's development during the financial year 2016-01-01 - 2016-12-31

Unless specified, all amounts are displayed in thousands of Euro.

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In-house translation

The English version is for convenience only and in case of any discrepancy, the Swedish text will prevail.

DIRECTORS REPORT

OPERATIONS

Operations

Reinhold Europe AB has conducted operations in construction and real estate development. Over the last three years, the company has reconstructed its operations and focused on becoming a major supplier of prefabricated properties (consisting of modules). Since December 2007, the company has been listed on the regulated market Warsaw Stock Exchange, WSE, in Poland. As of 31 December 2016, the company had two kinds of shares; classes, A and B shares, but only the company's B shares were listed on the WSE. The closing price at the end of the financial year ended 31 December 2016 was 0.23 (0.41) PLN per share, corresponding to a total market capitalization of 23.1 (45.1) MPLN. The trade in the shares has been stopped from 2016-05-05.

The company has its registered address in Stockholm.

Significant events

The work in the Board was strongly impacted by internal conflicts during the end of 2015 and the beginning of 2016, which led to that all members resigned in early 2016. Differences in the view of the valuation of, among other things, the agreement with the module house supplier, and differences in the view of targeting the business and disagreement with the owners about the financing led to that both board and management resigned. This, in turn, had significant consequences and posed problems for the company, which lost 6-8 months of its reconstruction work, delaying the start of modular activities as a consequence. This has also affected the work to complete the annual report for 2015, which was severely delayed. At the beginning of 2016 there were financing commitments from the principal owners, including through commitment to guarantee a new issue, from two different major owners. The rights issue was intended to secure the financing of the company in the medium term. The rights issue was never carried out, nor did the two different guarantors fulfil their promises on guarantees in the level of EUR 2 million. This was the main reason for the Board's resignation during the second quarter of 2016. The management, an interim CEO and an interim CFO resigned as well during the second quarter of 2016.

In the second and third quarters of 2016, the company was very limited. During the fourth quarter of 2016 the restructuring work of the company was intensified and parts of the ownership circle decided to finance a restructuring of the business. This restructuring started at the end of 2016. Measures since the end of 2016, as well as during the first quarter of 2017, were primarily to complete the 2015 financial statements and the annual report and partly update the current accounting for 2016. The work on accounting and the preparation of financial statements and annual accounts for the fiscal year 2015 and the work on updating the current accounts have been carried out by various external consultants. The company has had an unpaid tax liability from the fiscal year 2014 of approximately EUR 0.3 million which should have been regulated in 2015. Skatteverket applied for, among other things, to put the Company into bankruptcy. The debt was settled in 2017 through borrowed funds from the owners and Skatteverket withdraw its bankruptcy application.

As the company did not submit its annual report for 2015 on time and no interim reports, the trading in the company's shares were stopped from 2016-05-05.

The company's board was incomplete in 2016 despite several changes. The owners has worked to find a long-term solution of the Board and CEO.

Comments on the company's cash flow and investments

The cash flow for the period amounted to -55 (54) KEUR, distributed on current operations -55 (-1 196) KEUR, investment operations 0 (0) KEUR and financing activities 0 (1 251) KEUR.

Comments on the company's sales and earnings

Revenue amounted to 2015 to 35 (0) KEUR. Operating profit amounted to 570 (4,038) KEUR. The company's net profit amounted to 2 121 (-7 197).

Comments on the company's financial position including uncertainty factors

Cash and cash equivalents as at 31 December 2015 amounted to 0 (55) KEUR. Shareholders' equity at the balance sheet date amounted to EUR -1 299 (-3 419), which was divided between share capital 5 817 (5 817) KEUR and accumulated losses and other reserves of -7 716 (-9 237) KEUR.

The company's position is very precarious. Some of the owners of the company has financed the continued reconstruction by lending capital to the Company, as well as supporting the Company's capital needs and financing of future operations. In this way, the company has been able to finance its reconstruction, in addition, arrangement deals

have been concluded with most creditors and the company's survival has been ensured. At the moment, discussions are being held with a number of stakeholders who see business opportunity in the Company's license and option holdings. The total capital requirement for the new business is estimated to be in the range of EUR 3 - 4 million.

Equity and ownership

The current Board of Directors in Reinhold Europe is of the opinion that shareholders' equity was consumed before their entry into the board. The current Board has chosen to focus on partly recovering equity by means of arrangement deals and proposals for an offset issue and partly finding funding for future operations. The current Board believes that it was the responsibility of the last board to draw up a balance of payments account under applicable law within statutory timeframes.

An additional measure that the Company is working with, in order to improve its equity, is that the Company is negotiating to acquire two real estate-related services, as a subsidiary of Reinhold Europe AB. The objective is that each company is acquired through a new issue. Parts of the share premium fund will be used to absorb the balanced losses. The new issue is scheduled for completion in the second quarter of 2017.

The new business areas are expected to generate positive cash flows already in 2017.

The company's share capital at the balance sheet date amounts to 5 817 (5 817) KEUR divided into 109 926 724 shares, of which 900 000 Class A and 109 026 724 Class B. Class A have 10 votes and Class B 1 votes. Due to accumulated losses, equity is consumed.

The company uses EUR as the accounting currency and the quota value is 0.053 per share.

The largest owner 31/12 2016 through the company DXA in Stockholm AB is Joakim Karlsson and the ownership amounts to 44 300 000 (0) shares. The ownership corresponds to 40.7% (0) of the capital and 38.3% (0) of the votes. It is estimated that the company has about 500 (300) shareholders (many trustees registered, so you cannot see the underlying owners, only the custodian institute).

Significant changes after the end of the financial year

During Q1, an extra general meeting resolved to issue a new share issue through instalments, offsets and cash. The measure intends to contribute to restoring equity.

During Q1 DXA i Stockholm AB has sold all of its share in the company to smaller investors. No single owner has more than 10% of the capital or the votes.

Expected future development

The restructuring of the business is in its final phase. The business model ahead will be based on three legs which are property related products, goods and services. Furthermore, during the first quarter of 2017, the Company has recruited an experienced CFO, with an international background from, among other companies, Nokia. The new CFO will be responsible for ensuring that a quality-assured and efficient finance and finance function is created and will be responsible for ensuring that financial and quality-assured financial reporting is done for all future Group companies.

The company has an option issued by Midroc AB. The option means that the Company is entitled to acquire the company that owns the property Höganäs Lugnet 6. Midroc is in the final phase of building a 36-storey property. Relocation will take place in the second half of 2017. The company can exercise the option and acquire the company that owns the property during the period October-December 2017.

Corporate governance

Regarding matters concerning the company's governance and related issues, these are reported in the Corporate Governance Report issued by the Board of Directors of Reinhold Europe AB at the same time as the annual report and publish it simultaneously on the company's website www.reinhold-europe.se.

Information policy

Reinhold Europe AB does not provide earnings or sales forecasts. Reinhold intends to provide financial information throughout 2017.

Quarterly Report 1 22/6

Interim Report 28/8

Nine Month Report 30/11

The information will be announced via the WSE ETSI system (Polish Stock Exchange), Finansinspektionen and the company's website.

LONG TERM COMPARISON

The amounts in the multiannual statement are stated in thousands of euros unless otherwise stated.

	1601-	1501-	1401-	1301-	1201-
	1612	1512	1412	1312	1212
Results / share	0.01	-0.06	0.26	-0.02	-1.52
Profit for the year	1 513	-7 197	9 776	-153	-10 669
Equity EUR / Share	-0.02	-0.03	-0.03	-1.87	-2.16
Equity ratio	neg	neg	30	neg	neg

The figures related to 2016 and 2015 reflects the parent company, earlier years reflects the group.

CHANGES IN EQUITY

	Share capital	Share issue premium	Retained earnings	Result of the Year	Total
Input	5 817	6 904	-8 943	-7 197	-3 419
<i>Resolution of appropriation according to the Annual General Meeting:</i>					
Balanced on new account			-7 197	7 197	0
Result of the year				2 121	2 121
Rate at year-end	5,817	6,904	-16 140	2 120	-1 299

APPROPRIATION OF THE RESULT

The amounts are stated in thousands of Euro.

Amounts available to allocate:

Share issue premium	6 904
Retained earnings	-16 141
The year's result	2 121
Total	-7 116
Proposal of disposition	
Balanced amount	-7 116
Total	-7 116

The Company result and financial position are shown in subsequent Income Statement and Balance sheet with supplementary information.

INCOMESTATEMENT

	1	2016-01-01 2016-12-31	2015-01-01 2015-12-31
Operating income, inventory change etc.			
Turnover		0	0
Other Operating Income		35	0
Total operating income, inventory changes, etc.		35	0
Operating expenses			
Other external expenses	2, 3, 4	571	4 701
Personnel costs	5	19	-663
Other operating costs		-35	-203
Total operating expenses		536	3 835
Operating profit		570	3 835
Financial items	6		
Other interest income and similar income items		22	0
Impairment of financial assets		0	- 11 003
Interest expenses and similar income items		-30	-28
Total financial items		-9	- 11 031
Profit after financial items		561	- 7 197
Allocations	7		
Change of accrual fund		1 559	0
Total appropriations		1 559	0
Profit before tax		2 121	- 7 197
Taxes			
Tax on profit for the year	8	0	0
Profit for the year		2 121	- 7 197

BALANCE SHEET

	1	2016-12-31	2015-12-31
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Shares in Group companies	9	0	0
<i>Total financial assets</i>		0	0
Total non-current assets		0	0
Current assets			
<i>Receivables</i>			
Current tax receivables		45	0
<i>Total current receivables</i>		45	0
<i>Cash and bank</i>			
Cash and bank	10	0	55
<i>Total cash and bank</i>		0	55
Total current assets		45	55
TOTAL ASSETS		45	55

		2016-12-31	2015-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		5,817	5,817
Total restricted equity		5,817	5,817
<i>Unrestricted equity</i>			
Share Issue premium		6 904	6 904
Retained earnings		-16 141	-8 944
Profit for the year		2 121	- 7 197
Total free equity		-7 116	-9 237
Total equity		-1 299	-3 419
Untaxed reserves	11		
Accrual funds		0	1 559
Total untaxed reserves		0	1 559
Provisions	12		
Other provisions		180	1 113
Total provisions		180	1 113
Long-term liabilities	13		
Other liabilities		75	0
Total long-term liabilities		75	0
Current liabilities			
Payable		330	65
Current tax liabilities		0	210
Other liabilities		693	468
Accrued expenses and prepaid income	14	66	58
Total current liabilities		1,088,	802
TOTAL CAPITAL AND LIABILITIES		45	55

CASH FLOW

1

	2016-01-01	2015-01-01
The ongoing business		
Operating profit	-570	4 038
Adjustments for items not included in cash flow, etc.		
- Capital gain, etc	732	-5 251
Interest paid	-30	-54
Exchange's gains	22	
Cash flow from operating activities before changes Of working capital	-170	-1 267
Changes in working capital		
- Increase (-) / Reduction (+) of operating receivables	-	19
- Increase (+) / Reduction (-) of operating liabilities	115	52
Cash flow from operating activities	-55	-1 196
Financing activities		
Loans taken	-	2 396
Amortization of loans	-	-1 250
Cash flow from financing activities	-	1 146
Cash flow for the year	-55	-50
Liquid funds at the beginning of the year	55	105
Liquid funds at year end	-	55

NOTES

Note 1 GENERAL INFORMATION

Accounting and valuation principles

Selected framework

The annual report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012: 1

Income tax

The company's tax consists of current tax. Current tax is income tax (company tax and voucher tax) for current fiscal year relating to the taxable profit for the year and the portion of previous taxable income tax not yet have been reported.

The company has no temporary differences except those of untaxed reserves.

Deferred tax is income tax for taxable income in respect of future financial years as a result of earlier transactions or events. The deferred tax is calculated on temporary differences that occur between reported and taxable values of assets and liabilities. Deferred tax asset for loss carry forwards or other tax deductions are reported to the extent that it is likely that the deduction will be utilized to meet the surplus future fiscal year. The deferred tax liability on untaxed reserves constitutes a part of the Untaxed reserves and thus not separately reported.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency, mainly SEK, have been valued at the closing date.

Exchange gains and losses on monetary items are recognized in the income statement in the years they arise. Exchange rate differences. Arising from operating receivables and operating liabilities are recognized in operating profit and exchange differences on financial items receivables and liabilities are reported among financial items.

Estimates and assessments

Significant effect on reported amounts

The Board of Directors has made the following assessments that have a significant effect on the reported amounts in the annual report.

Previously reported provisions for possible financial risks have been mainly reclassified to long and Current liabilities thanks to successful renegotiations in 2017 The assessment is based on agreements entered into 2017 or the negotiation status at the end of the financial year.

Other information

Group relationships

As of the end of the financial year, no group relationships exist.

Notes to the income statement

Note 2 Other external revenue

In the reported amounts are included effect from voluntary settlements and renewed assumptions with + 772 (5 372).

Note 3 Remuneration to auditors	2016	2015
PWC Audit assignments	29	40
Total	29	40
Mazar's audit assignments	10	0
Total	10	0
Note 4 Operational leasing agreements	2016	2015
Maturity of future leasing fees Within one year	6	0
Cost of leasing fees Leasing fees expensed during the fiscal year	15	66
Leasing fees Refers mainly to rental cost of office space.		
Note 5 Staff	2016	2015

<i>Salary and other remuneration Board and CEO and corresponding executives</i>	0	396
Total salaries and other remuneration	0	396
<i>Social costs and pension costs Social Expenses</i>	0	282
(of which pension costs to the Board and CEO and corresponding)	0	0
<i>Total salaries, other remuneration, social security expenses and pensions</i>	0	678

Average number of employees		
Men	0	2
Average number of employees	0	2

Gender distribution in companies Board of Directors		
Men	3	3

Gender distribution in company management		
Men	2	2

In 2016, former Board members and CEO have invoiced compensation for performed services with 78 KEURO, these costs are included in other external costs.

Note 6 Interest expenses, income and impairment losses and similar items of income	2016	2015
Interest expenses	-30	-53
Exchange rate differences	22	25
Write-downs	0	- 11 003
Total	-9	-11 031

Note 7 Financial appropriations	2016	2015
Tax deferral fund	1 559	0
Total change in deferral fund	1 559	0
Total appropriations	1 559	0

Note 8 Income tax	2016	2015
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Tax expense mainly consists of the following parts:

In the income statement reported tax		
Current tax	0	0
<i>Total reported tax</i>	0	0

<i>Reconciliation of effective tax</i>		
Profit before tax	2 121	- 6 912
Tax at current tax rate 22.00 (22.00)%	467	- 1,521
Tax effect of non-taxable income	+449	-1 374
Tax effect of non-deductible tax Expenses	-8	-2 627
Non-appropriated tax deductions	0	-268
Utilization of previous year's deficit not reported as available.	+26	0
Total reported tax	0	0

Notes to balance sheet

Note 9 Shares in Group companies	2016-12-31	2015-12-31
Opening balances	10,527	12,629
Changes in acquisition values		
Sales / disposals	-10,527	-2,102
Reported acquisition value	0	10 527
Opening write-offs	-10 527	0
Changes in write-offs		
Reversed write-downs on sales or redundancies	10 527	0
Write-offs for the year	0	- 10 527

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Discontinued write-offs	0	- 10 527
Reported amount	0	0

Assets consisted of shares in the Kooperativa utvecklingsbolaget AB which were put into bankruptcy in 2016.

Note 10 Cash and cash equivalents	2016-12-31	2015-12-31
Cash and bank	0	55
Carrying amount	0	55

Note 11 Untaxed reserves	2016-12-31	2015-12-31
Accrual funds Tax year 2014	0	1 559
Total accrual funds	0	1 559
Total untaxed reserves	0	1 559

Note 12 Provisions	2016-12-31	2015-12-31
Risks in Financial items Carrying amount at year-end	1 113	6 340
Provisions for the year (including adjustments due to changes in the present value)	-19	0
Amounts reclassified	-641	-5 227
Amounts returned during the fiscal year	-272	0
Carrying amount at year-end	180	1 113

Provisions concern:

Irlandzka Groupa Deweloprsa Sp. Z.o. 180

Other provisions have either been redeemed due to voluntary arrangements or remaining amounts reclassified as liabilities based on agreements entered.

Note 13 Maturity liabilities	2016-12-31	2015-12-31
Other liabilities Due within 5 years	75	0

Note 14 Accrued expenses and prepaid income 2016-12-31 2015-12-31

Estimated accrued special payroll tax	24	25
Other accrued expenses	41	33
Total accrued expenses and prepaid income	66	58

SIGNATURES

STOCKHOLM 2017-__-__

Joakim Karlsson
CEO

Bobby Mandl
Chairman of the Board

Sven-Gunnar Bodell
Board member

Ingvar Rehbinder
Board member

Harry Wiktor Rosenberg
Board member

My Audit report has been submitted 2017-05-29 and deviates from the standard design

Michael Olsson
Authorized Public Accountant

AUDIT REPORT

To the Annual General Meeting of Reinhold Europe AB (publ) Org. No. 556706-3713.

Report on the Annual Report Statements

Statements

I have carried out an audit of the annual report of Reinhold Europe AB (publ) for the year 2016.

In my opinion, the annual report, due to the significance of the relationship described in the paragraph "Statement of Disclaimer", has not been prepared in accordance with the Annual Accounts Act and does not give a true and fair view of the company's financial position as at 31 December 2016 or by its financial results for the year according to the Annual Accounts Act. The management report is not consistent with the other parts of the annual report.

As a result of the above statement, I do not support the annual general meeting to approve the income statement and balance sheet.

Reason for statements with differing opinions

As stated in the heading "Other disclosures", the audit of the annual report for 2015 has been carried out by another auditor who delivered its audit report on March 27, 2017. From the audit report, it appears that the previous auditor, due to significant limitations in the ability to obtain audit evidence, did not support approval of income statement and balance sheet.

As noted in the above-mentioned audit report, it has been found that previously there were a number of shortcomings in the Board's management, which resulted in significant restrictions on the ability to obtain audit evidence for significant items in both the income statement and the balance sheet. Among the shortcomings, it has been noted that agreements entered into by the company have not been filed or otherwise documented. Due to the lack of such documentation, it has not been possible to establish the accuracy or completeness of the company's accounts. The Company's Board of Directors has also not established system documentation or filing plan in accordance with the Accounting Act, which resulted in further restrictions on the ability to assess the company's business events.

The above deficiencies have not been remedied during the financial year 2016 and although the number of business transactions during the fiscal year has been limited, it has still not been possible to determine the accuracy or completeness of the company's accounts.

I have conducted the audit according to International Standards on Auditing (ISA) and good auditing practice in Sweden. My responsibilities under these standards are described in more detail in the Auditor's section. I am independent of Reinhold Europe AB (publ) according to a

good auditor's report in Sweden and, in addition, has fulfilled my professional ethical responsibility according to these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate as a basis for my statements.

Particularly important areas

Particularly important areas for the audit are those areas that, according to my professional assessment, were the most significant of the audit of the annual report for the current period. These areas were treated in the context of the audit of and in my opinion to the annual report in full, but I do not make any separate formal statements about these areas.

i) Provisions and liabilities linked to previous business relationships

As stated in the Directors' Report, Balance Sheet and Note 12, the Company has made provisions for and raised liabilities to creditors for which the company has historically had business relations. Reporting of provisions and liabilities linked to previous business relationships is deemed to be an important area, as assured completeness and existence in these items is necessary for a material error in the financial reporting should not occur. My audit included, but was not limited to, review of available documents related to reported provisions and liabilities. See also the description in the section "Basis for statements with differing opinions".

ii) Management audit

As stated in the management report and the previous year's audit report, there have been shortcomings in the company's management in 2015 as well as in 2016. Satisfactory management of the company's operations is judged to be an important area as satisfactory management may be necessary to avoid a material error in the financial reporting. My audit included, but was not limited to, review of the documents made available, which were related to the company's management and reviews with the company's board. See also the description in the section "Basis for statements with differing opinions".

Significant uncertainty factors regarding the assumption of continued operation

As stated in the management report, the company is in a very tight financial situation and has a pronounced need for additional funding to ensure its ability to continue operations. The fact that the company's board of directors has not been able to prove that such funding is secured results in one significant uncertainty factor that can lead to significant doubts about the company's ability to continue its business and therefore the company may not realize its assets and pay its debts in the context of normal business operations. The annual report does not provide sufficiently clear information about this relationship.

Other information

The audit of the annual report for the year 2015 has been carried out by another auditor who submitted an audit report dated March 27, 2017 with modified statements in the Report on the Annual Report. The former auditor has did not support approval of the balance sheet and income statement.

Parts of the company's shares are listed on the Warsaw Stock Exchange, a so-called regulated market. According to the Board of Directors' General Council BFNAR 2013: 1, the company is therefore to apply the Council for Financial Reporting Recommendation RFR 2 at preparation of the annual report. Instead, the company has applied the Board of Directors' General Advice BFNAR 2012: 1 when preparing the annual report.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual report and giving a true and fair view according to the Annual Accounts Act. The Board and the Managing Director are also responsible for the internal control they consider necessary for the preparation of an annual report that contains no material errors, whether due to irregularities or errors.

When preparing the annual report, the Board and the Managing Director are responsible for assessing the company's ability to continue the business. They indicate, where appropriate, conditions that may affect the ability to continue the business and use the assumption of continued operation. However, the assumption of continued operation is not applicable if the board and the Managing Director intend to liquidate the company, discontinue operations or have no realistic alternative to doing any of this.

Auditor's responsibility

My goal is to obtain reasonable assurance as to whether the annual report as a whole does not contain any material errors, whether due to irregularities or errors, and to submit an audit report containing my statements. Reasonable security is a high level of security, but is not a guarantee that an audit conducted in accordance with ISA and good auditing practice in Sweden will always detect a significant error if any. Errors may arise due to irregularities or errors and are considered to be material if individually or jointly reasonably expected to affect the financial decisions that users make in the annual report.

As part of an ISA review, I use professional judgment and have a professional sceptical attitude throughout the audit. Also:

- identifies and assesses the risks of material misstatements in the annual report, whether due to irregularities or errors, design and perform audit measures based, inter alia, on these risks and obtaining sufficient audit evidence and Purposeful to provide a

basis for my statements. The risk of not detecting a material misstatement due to irregularities is higher than a material error due to errors, as irregularities may include acts of collusion, forgery, deliberate omissions, incorrect information or breach of internal control.

- I get an understanding of that part of the company's internal controls that are relevant to my audit to design audit measures appropriate to the circumstances, but not to comment on the effectiveness of the internal control.
- I evaluate the appropriateness of the accounting principles that used and reasonableness of the Board and Managing Directors estimates in the accounts and related information.
- I draw a conclusion about the suitability of the Board and the CEO to use the assumption of continued operation when preparing the annual report. I also draw a conclusion, based on the obtained audit evidence, of whether there is any significant uncertainty factor regarding such events or circumstances that can lead to significant doubts about the company's ability to continue the business. If I conclude that there is a significant uncertainty factor, I must in the audit report draw attention to the information in the annual report of the essential uncertainty factor or, if such information is insufficient, modify statement on the annual accounts. My conclusions are based on the audit evidence obtained until the date of the audit report. However, future events or circumstances may mean that a company can no longer carry on business.
- I evaluate the overall presentation, structure and content of the annual report, including the information, and if they present the annual accounts underlying transactions and events in a manner that gives a fair picture.

I have to inform the board about, among other things, the planned scope and focus of the audit as well as the timing of it. I also need to inform about significant observations during the audit, including the significant shortcomings in the internal control that I identified.

Report on other requirements under laws and other regulations

Statements

In addition to my audit of the annual report, I have also carried out a review of the Board of Directors and Managing Director's management of Reinhold Europe AB (publ) for the year 2016 and the proposal for dispositions regarding the company's profit or loss.

As a consequence of the circumstances described in the section "Statement of Opinion with Divergent Opinions", I do not support that the Annual General Meeting addresses the loss as proposed in the Directors' Report.

As a consequence of the circumstances described in the section "Statement of Disclaimers", I disagree that the Annual General Meeting will grant discharge to the Board of Directors, as well as Managing Director Alexander Engström. I recommend that discharge be granted to other Board members and to the former Managing Director.

Reason for statements with differing opinions

I have conducted the audit in accordance with good auditing practice in Sweden. My responsibilities under this are described in more detail in the Auditor's section. I am independent of Reinhold Europe AB (publ) according to a good auditor's report in Sweden and, in addition, has fulfilled my professional ethical responsibility according to these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate as a basis for my statements.

As reported under the heading "Statement of Disclaimers" in my Report on the Annual Report, it has historically existed several shortcomings in the company's management. Among the shortcomings have been deficiencies in the arrangement of contract filing and documentation, which means that there is no required basis for several major business events. There has been no system documentation and archive plan. These deficiencies have not been resolved during the year.

Parts of the current accounts have been created with a significant delay. The Board minutes presented to me have not been prepared and arranged in such a way that I could continuously follow the Board's work throughout the year, thereby obtaining audit evidence in order to grant discharge to all members.

Each member of the Board has individual responsibility and must therefore be assessed separately in respect of liability. In my review, it has been found that Board members Lars-Erik Malmgren, Sven-Otto Littorin and Bengt-Evert Eklund, as well as Managing Director Björn Löjdqvist, have been involved for a limited period of time at the beginning of the financial year and, during that time, have taken reasonable steps in relation to the company precarious situation. Furthermore, it has been found that Board members Anders Stenkrona and Bertil von Goetz have been involved for a limited period of time during the fiscal year and have taken reasonable action in relation to the prevailing conditions. Furthermore, it has been found that Board members Sven-Gunnar Bodell and Harry Rosenberg have been engaged for a short period of time at the end of the fiscal year and the reasonable measures taken in relation to the prevailing conditions.

Responsibility of the Board of Directors and the Managing Director

It is the board that is responsible for the proposal for dispositions regarding the company's profit or loss. In the case of a proposed dividend, this includes an assessment of whether the dividend is justified in view of the

requirements that the company's business scope, scope and risks impose on the size of the company's own capital, consolidation needs, liquidity and other positions.

The Board is responsible for the company's organization and management of the company's affairs. This includes, inter alia, continually assessing the company's financial situation and ensuring that the company's organization is designed so that the accounting, financial management and the company's financial affairs are otherwise controlled in a satisfactory manner. The Managing Director shall manage operating business in accordance with the Board's guidelines and instructions, including taking the necessary measures to ensure that the Company's accounts are complied with in accordance with law and for the proper management of funds.

Auditor's responsibility

My objective regarding the audit of the management, and hence my statement of discharge, is to obtain audit evidence to assess with reasonable certainty whether any board member or the managing director in any material respects:

- have taken any action or owed any negligence that may lead to liability for compensation against the company, or
- in any other way acted in breach of the Companies Act, the Annual Accounts Act or the Articles of Association.

My objective regarding the revision of the proposed disposal of the company's profit or loss, and hence my statement about this, is to reasonably assure whether the proposal is in accordance with the Companies Act.

Fair security is a high level of security, but no guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may cause liability to the company or that a proposal for the disposal of the company's profit or loss is not Compliant with the Companies Act.

As part of a review in accordance with good auditing practice in Sweden, I use professional judgment and have a professional sceptical attitude throughout the audit. The audit of the management and the proposed disposal of the company's profit or loss is mainly based on the audit of the accounts. What additional audit measures are being carried out is based on my professional assessment based on risk and essence. This means that I focus on the review of such actions, areas and conditions that are essential to the business, and where departures and violations would have particular significance for the company's situation. I review and make informed decisions, decisions, actions taken and other conditions relevant to my statement of discharge. As a basis for my statement regarding the Board's proposal for dispositions regarding the company's profit or loss, I have examined whether the proposal is in accordance with the Companies Act.

Remarks

The company's reporting obligation as required by companies with shares listed on a regulated market has not been followed.

Reporting of VAT, deducted tax and social security contributions has been made late on several occasions.

During the year, the company's shareholders' equity has undergone half of the registered share capital, so the Board has had an obligation to establish and allow an audit of a control balance sheet, pursuant to section 25, section 13 of the Companies Act. However, any control balance sheet has not been established in contravention of the above mentioned laws.

Stockholm 16th of June 2017

Michael Olsson

Certified Public Accountant