

Annual report

Reinhold Europe AB publ

556706-3713

The Board of Reinhold Europe AB hereby submit the annual report of the financial year 2015-01-01 - 2015-12-31

Unless specifically stated all amounts are in thousand EUR.

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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.

Annual Report

The Board and the CEO of Reinhold Europe AB (publ.) Org. No. 556706-3713 (The Company), established in Stockholm municipality hereby submit the annual Report for 2015 Numerical data in parentheses in this report refer to comparison with the year 2014 or closing date 2014-12-31. Deviations due to rounding may occur in this annual report.

Operations

Reinhold Europe AB business is in construction and real estate development in the Swedish market. The past two years the company has reconstructed its business and focused on becoming a significant supplier of prefabricated buildings (consisting of modules). The company is since December 2007 listed on the regulated market Warsaw Stock Exchange, WSE, Poland. As of December 31, 2015, there were two classes of shares, A and B, but it's only the company's B shares that are listed on the WSE. The closing price on the closing date December 31, 2015 0.41 (0.68) PLN per share, corresponding to a total market value of 45,069,957 (69,598,258) PLN.

Key events

The company's reorganization and streamlining of operations has continued. Different perceptions led unfortunately to diverting opinions in both board and between the board and the management. The focus going forward is to become a significant supplier of prefabricated building elements. Due to the new focus several ongoing businesses has been divested, which was outside the new main business focus. Since the previous operations have been conducted in discontinued operations, no turnover in the parent company has existed.

The company was in the process of acquiring Dala Building AB for SEK 20 million paid with promissory notes, Dala Bygg then changed its name to Liberg Sweden AB. Liberg Sweden AB acquired then through an asset deal Bilfinger AB for nearly 100 million SEK. it was the responsibility of The Company, since Liberg Sweden was a 100% owned subsidiary of the company, to finance this deal. Since the company was not able to solve the promissory for the acquisition of Liberg Sweden AB nor to finance the net assets of Bilfinger AB, the deal was cancelled and the shares in Liberg Sweden AB was returned to the seller. The company has no further ownership interest in Liberg Sweden AB as of 2015-12-31.

The company received a new board 2015 consisting of Gunvor Engström (Chairman.), Sven Otto Littorin, Lars Malmgren and Bengt Eklund. Gunvor Engström resigned, however, in 2015. On 10 March 2015 The company held an Extraordinary General meeting to issue a balance sheet for liquidation purpose and determined that the share capital was intact.

Comments to the company's sales and earnings

Revenues amounted 2015-to 0 (27) KEUR. Operating loss amounted to 4 038 (6055) KEUR. Earnings is primarily due to reversal of previous reservations. The company's net profit was - 7 197 (4 490), it was heavily impacted by devaluation of Shares in subsidiary Kooperativa Utvecklingsbolaget Sverige AB, which was wholly owned (100.0%), the company went bankrupt by July 14, 2016. It was a so-called loss of business, i.e. there was not any distributable assets to the parent company, Reinhold Europe AB. Underlying values in the subsidiary was mainly goodwill and the value of real estate projects. An important license agreement with Chinese module producers rested in Reinhold Europe AB and was not affected by the bankruptcy, renegotiation and improvement of the agreement took place during 2016. The subsidiary was also actively involved in a construction project in Höganäs in cooperation with Midroc AB, also this project was owned by the parent company via a warrant.

Comments to the company's financial position

The company's position is very precarious, even though that previously made provisions for 5 227 KEUR has been dissolved. The liquid assets per December 31, 2015 was 55 (0) thousand. The equity on closing day was -3 419 (2869) EUR, which were distributed between fixed capital about 5 817 (5 416) KEUR, and accumulated loss and other reserves - 9 237 (-2 548) thousand.

The company's main owners have made written commitments to finance continued operations by continually sell parts of their holdings and then lend the capital to the company, thus securing the Company's capital and finance future activities. The loans are provided with the right to convert all or part of the loan into equity, as separate and individual contracts with the company. In this way, the company has been able to partly finance its reconstruction and even renegotiate and achieve abatement of debts arrangements with several of the creditors. Currently there are also discussions with several prospect investors who see opportunity in the company's license and warrants, and who intend to invest in the Company through convertible loans. The total expected capital requirement for the new business are in the level of 3-4 million EUR.

Comments to the company's cash flow and investments

Cash flow for the period amounted to 54 (105) KEUR, distributed on operating activities -1 196 (-837) KEUR, investments 0 (0) KEUR and financing 1 251 (942) KEUR.

Equity and Ownership

The current Board of Reinhold Europe is of the opinion that the equity was exhausted before their entry into the Board. The current Board has chosen to focus on both restore equity, and find funding for future activities. The current Board believes that it was the obligation of the previous board to establish a balance sheet for liquidation purposes under current law within the statutory time frames.

Another measure that the company is working on, in order to improve equity, is that the company is in negotiations to acquire two businesses in real estate-related services, as subsidiary of Reinhold Europe AB. Each company will be acquired by a new issue of shares and share issue in kind with a share premium. Parts of the share premium fund will be used to absorb the retained losses. The rights issue is planned for the first or second quarter of 2017. The new business areas are expected to generate positive cash flow already during 2017.

The share capital on closing day is 5 817 (5416) KEUR divided to 109,926,724 shares, of which 900,000 Class A and 100 026 724 Class B. Class A has 10 votes and class B 1 vote. Due to the accumulated losses, the equity is expended.

The company uses the euro as its accounting currency and the par value is 0.053 EUR per share.

The main shareowner 31/12 2015 privately and through company was Kenneth Liberg whose number of shares amounted to 55 524 677 (60 524 677) shares, including 44,800,000 shares owned by DXA Stockholm AB. The ownership corresponds to 50.9% (59.13%) of the capital and 47.0% (54.8%) of the votes. The position has largely been disposed of during 2016 and a 31/12 2016 was his holdings reduced to 724,677 shares corresponding to 0.66% of the capital and 0.61% of votes. New principal owner is Joakim Karlsson through DXA in Stockholm AB with a shareholding as of 31/12 2016 of 44.8 million shares, representing 40.75% of the capital and 37.96% of the votes. It is estimated that the company has about 500 (300) shareholders (many nominee, so you cannot see the owners behind, but only holding of depository institution).

Significant events after the end

During 2016, the Board's work was also in much in conflict, which led to that that all members resigned. Differences in both the view of the valuation of, inter alia, license with modular housing providers, but also differences in views on the direction of the business and that they disagreed with the owners on financing, led to both the board and management resigned. This in turn had significant negative consequences for the company, which lost 6-8 months of its reconstruction, it also delayed the start-up of the module-house business. This has also affected the process of finalizing the annual report, which has been substantially delayed, therefore also trading of the shares was halted at the WSE. In early 2016, there were funding commitments from the principal shareholders, including by two different guaranteed new issue of shares, from two different owners. These issues were meant to secure the financing of the company in the medium term. The company failed the new share issue that was supposed to be doing in 2016. The issue was never done, nor fulfilled the two guarantors their promises regarding warranty issues of total 2 million EUR. This was also the main reason for the Board of Directors to resign during the second quarter of 2016. Also, the management, the interim CEO and an interim CFO, resigned during the second quarter in 2016.

During the second and third quarter of 2016 the company was basically in fallow. In the fourth quarter of 2016, the new principal owner saw new possibilities to continue the operation and decided to finance the reconstruction of the business. The reconstruction began in late 2016. Measures since the end of 2016 and during the first quarter of 2017 has primarily been to prepare the 2015 financial statements and annual report and update the 2016 bookkeeping and accounting in Reinhold Europe AB. Work on accounting and preparation of financial statements and annual report for the financial year 2015 and the process of updating current accounts, was carried out by various external consultants. The company has had an unpaid tax from the financial year 2014 and a tax liability from 2015, totalling about 0.3 million which should have been settled in 2015. SKV applied among others. to put the company into bankruptcy. The debt was settled in 2016 by borrowed funds from major shareholders and SKV has withdrawn bankruptcy claim. The company Redwise AB has had a non-performing loan of EUR 0.8 million and requested that the company is declared bankrupt, the parties settled in 2016 by arrangement.

The Company has a stock option issued by Midroc AB. This option means that the company has the right to acquire the company that owns the property Höganäs Lugnet 6. Midroc is in the final stages of building a property with 36

apartments. Occupancy is scheduled for the second half of 2017. The company may exercise the option and acquire the company that owns the property during the period October-December 2017. The property is rented out then through a block lease agreement to a tenant cooperative association.

Expected future developments

The reconstruction of the business is in its final stages. The business model forward will be based on three legs, the core that will be the construction of modules and also the new subsidiaries in property-related services. Furthermore, the Company in Q1 2017 recruited an experienced CFO with an international background from among others Nokia. The new CFO will be responsible for quality-assured and efficient economy and finance function is created and will be responsible for a good economic and quality-assured financial reporting is done, all future opening Group companies.

Corporate governance

As part of the reconstruction work of the Company, corporate governance issues and related questions, are both commented in the Corporate Governance Report which the Board of Reinhold Europe AB will issue later in Q2 2017 and the annual report. The company will publish also simultaneously publish them on the company's website www.reinholdeurope.com.

Information policy

Reinhold Europe AB does not give any profit or sales forecasts. The Company had intended to give financial details on the following dates in 2016.

-Quarterly report for the period January - March May 15

-Half year report for the period January - June August 28

-Nine-month report for the period January - September on 13 November.

The information was supposed to be posted regularly on the WSE (Polish stock exchange) and the company's website.

This was however not disclosed and the reasons as stated

LONG TERM SUMMARY

The amounts in the multi-year summary are stated in thousands of Euro, unless otherwise stated.

	1501-1512	1401-1412	1301-1312	1201-1212	1101-1112
Results / share	-0.07	0.05	-0.02	-2.02	-3.03
Annual profit	-7197	4490	-153	-14,155	-21,196
Equity EUR / share	-0.03	0.03	-1.87	-1.84	0.178
ratio%	neg	30	neg	neg	25

EARNINGS

The amount of profit disposition are in thousands of euro.

Amounts to dispose:

Premium fund	6 904
Retained earnings	-8 944
Net result	-7 197
<i>Amount</i>	<i>-9 237</i>

Proposed allocation:

Carried forward	-9 237
<i>Amount</i>	<i>-9 237</i>

The company's results and financial position shown in the following income statements, balance sheets and additional information.

INCOME STATEMENT 1

		2015-01-01 2015-12-31	2014-01-01 2014-12-31
Operating income, stock change etc.			
Net sales		-	27
Other operating income		-	19
Total operating income, inventory changes, etc.		-	46
Operating expenses			
Other external expenses	2, 3	4 701	6 417
Personnel costs	4	-663	-409
Total operating expenses		4 038	6 009
Operating profit		4 038	6 055
Financial items			
Other interest income and similar items		0	22
Devaluation of financial assets and short-term items	5	- 11 003	-
Interest and similar items	5	-28	-27
Total financial items		-11 031	-5
Profit after financial items		-6 994	6 049
Appropriations			
Change in tax allocation reserve	6	-	-1 559
Total appropriations		-	-1 559
Results before taxes		-6 994	4 490
Taxes			
Income tax expense		- 203	-
Net result		-7 197	4 490

BALANCE SHEET

1

2015-12-31 2014-12-31

ASSETS

Fixed assets

Financial assets

Shares in group companies	7	0	12 629
<i>Total financial assets</i>		0	12 629

Total assets		0	12 629
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Current assets

Receivables

Due from Group Companies		-	749
Other claims		0	49
Prepayments and accrued income	8	-	13
<i>Total current assets</i>		0	872

<i>Cash and bank balances</i>	9		
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Cash and bank balances		55	105
<i>Total cash and cash equivalents</i>		55	105

Total current assets		54	166
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TOTAL ASSETS		54	13 544
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2015-12-31 2014-12-31

EQUITY AND LIABILITIES

Equity	10		
<i>Restricted equity</i>			
Share, 900 000 A shares, 109,026,724 B shares, the quota value 0.053 EUR		5 817	5 001
Not registered capital		-	415
<i>Total restricted equity</i>		5 817	5 416
<i>Unrestricted equity</i>			
Share Premium reserve		6 904	6 396
Retained earnings		-8 944	-13 434
Net result		-7 197	4 490
<i>Total unrestricted equity</i>		-9 237	-2 548
Total equity		-3 419	2 869
Untaxed reserves	11		
Tax allocation reserve 2014	6	1 559	1 559
Total untaxed reserves		1 559	1 559
Provisions	12		
Other provisions		1 113	6 340
Total provisions		1 113	6 340
Long-term liabilities			
Other debts		-	2 102
Total long-term liabilities		-	2 102
Current liabilities			
Accounts payable		65	60
Liabilities to Group companies		-	300
Current tax liabilities		210	-
Other debts		479	207
Accrued expenses and deferred income	13	47	107
Total short-term liabilities		801	674
TOTAL EQUITY AND LIABILITIES		54	13 544
Contingent liabilities			
<i>Other commitments</i>			
Contingent liabilities for group companies		-	420
Collaterals		-	2 102
Total Collaterals		-	2 522

CASH FLOW

	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Operating activities		
Operating profit	4 038	6 055
Adjustments for items not included in cash flow, etc.		
- Reduced long-term provision	-5 251	-1 363
- Earlier non-current liabilities for balance sheet items	-	-5 548
interest received	-	23
interest paid	-54	-28
<i>Cash flow from operating activities before changes in working</i>	<i>-1 267</i>	<i>-861</i>
Changes in working capital		
Increase (-) / decrease (+) of receivables	19	- 706
Increase (+) / decrease (-) of liabilities	52	729
Cash flow from operating activities	-1 196	-837
financing activities		
Borrowings	2 396	942
Repayment of loans	-1 250	-
Cash flow from financing activities	1 246	942
Cash flow	-50	105
Cash and cash equivalents at beginning of year	105	250
Cash and cash equivalents at end of year	55	105

ADDITIONAL INFORMATION

Note 1 GENERAL INFORMATION

Accounting principles

Selected regulations

The annual report has been prepared in accordance with the Annual Accounts Act and BFAR 2012: 1, Accounting and valuation principles is changed from RFR 2. The change has not had any material impact on reported figures.

Assets and liabilities in foreign currency

Receivables and payables in foreign currencies are valued at the closing rate.

Exchange gains and losses on monetary items are recognized in the income the year they are incurred. Exchange rate differences arising on operating receivables and liabilities are recognized in operating income and exchange rate differences on financial receivables and liabilities are reported among financial items.

Employee Benefits

Defined benefit pension plans are recognized as simplifying the rules in BFAR 2012: 1st This means that where a pension is paid as an expense on an ongoing basis.

Pension obligations secured by the signing of an endowment and were in exclusively depending on the value of the insurance valued gains to insurance reported value.

Defined benefit pension plans are based on the statement that the company gets from the PRI.

Income tax

Company tax comprises current tax. Current tax is the income tax (corporate income tax and withholding tax) for the current financial year relating to the taxable income and the part of the previous financial year, income that has not yet been reported.

The company has no temporary differences except those pertaining to untaxed reserves.

Company tax comprises current and deferred tax. Current tax is the income tax (corporate income tax and withholding tax) for the current financial year relating to the taxable income and the part of the previous financial year, income that has not yet been reported.

Deferred tax is the income tax for taxable income relating to future financial years as a result of past transactions or events. Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities. Deferred tax assets for loss carry forwards and other tax deductions are recognized to the extent that it is probable that the deduction can be utilized to meet future tax surpluses. The deferred tax liability on untaxed reserves is part of the untaxed reserves are reported separately and thus not.

Estimates and judgments

Significant effect on the amounts reported

The Board has made the following judgments that have a significant effect on the amounts reported in the financial statements.

The company has decided to write down the value of the shares in the Kooperativa Utvecklingsbolaget AB which represents a very heavy burden for the company's financial costs by 10 526 Kooperativa Utvecklingsbolaget AB has in 2016 been declared bankrupt.

Licenses are key to future contracts, with manufacturing rights, concepts and manufacturing. The licenses are owned by Reinhold Europe AB since 2014, and has been renegotiated and improved in 2016.

Company has a gain of 5 250 KEUR, mainly consisting of successful works with historical problems and guarantee risks sharply reduced (previously 32 000 000 PLN, now 850 000 PLN), which are reserved under provisions.

Assumptions of the future

The Board has made the following assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may involve a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Board opinion is that the company will be able to operate successfully forward. A prerequisite is the successful financing and meet business agreements and implementation of modular operations.

Funding is mainly through deposits of owners selling of shares, which then lend the money to the company. These borrowed funds is not amortized, but converted at a future issue the shares.

The company will regularly publish significant business agreements on its website and to the market.

The company's projects in Höganäs occupancy at the beginning of 2017 with an assessment of the positive effect

Other information

Group relations

On closing date, there are no group relationships.

Disclosures to the income statement

Note 2 operating leases	2015	2014
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Maturities of future lease payments

Within a year	-	28
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More than one year but before five years	-	21
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Leasing charged

Lease payments are expensed in the financial year	66	7
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Note 3 Remuneration to auditors	2015	2014
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R 3 and PWC

Auditing services	40	33
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Amount	40	33
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Note 4 Staff	2015	2014
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Salaries and other remuneration

Board and CEO and similar executives	396	249
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Total salaries and other remuneration	396	249
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Social security costs and pension costs

Social expenses	282	160
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(pension costs to the board and CEO and equivalent)	282	160
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Total salaries, other remunerations and social costs and pensions	679	409
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the average number of employees

Men	2	2
Women	0	0
<i>the average number of employees</i>	2	2

Gender distribution of the company's Board of Directors

men	3	3
Women	0	0

Gender distribution in company management

Men	2	2
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Note 5 Interest expense, interest income, depreciation, and amortization and similar items 2015 2014

Interest income	-	0
Interest expense	-53	-27
Exchange rate differences	25	22
Impairment of shares	-10 527	-
impairment of receivables	-476	-
<i>Total</i>	<i>-11 031</i>	<i>-5</i>

Note 6 Allocations 2015 2014

Timing

Tax allocation reserve	-	-1 559
<i>Total change in allocation</i>	<i>-</i>	<i>-1 559</i>
<i>Total appropriations</i>	<i>-</i>	<i>-1559</i>

Disclosures to the balance sheet

Note 7 Shares in group companies 2015-12-31 2014-12-31

Acquisition values	12 629	0
<i>Changes</i>		
Purchase	-	12 629
Retirements	-2 102	-
Closing value	10 527	12 629

Changes of devaluation

Devaluation	-10 527	-
Closing devaluation	-10 527	-

Reported value 0 12 629

The opening balances consisted of shares in Kooperativa Utvecklingsbolaget AB valued to 10 526 KEUR, the shares was acquired during the previous year and units, and shares in Libergs Sweden AB which also where acquired previous year. Kooperativa Utvecklingsbolaget AB was declared bankrupt in 2016 and thereof, the assets are written down to 0. The investment i Liberg Sweden was not carried out fully and investments were withdrawn.

Note 8 Prepayments and accrued income 2015-12-31 2014-12-31		
Other prepaid expenses	0	12
Total prepaid expenses and accrued income	0	12

Note 9 Cash 2015-12-31 2014-12-31		
Cash and bank balances	55	0
convertible loan	-	105

reported value **55** **105**

Note 10 Changes in Equity

	Share capital	not recorded capital	Premium- reserve	Retained earnings	Net result
Opening Balance	5 001	415	6 396	-13 434	4 490
<i>Appropriation at the AGM</i>					
Carried forward				4 490	- 4 490
Rights issue	816	-415	508		
Net result					-7 197
Balance at end of year	5 817	0	6 904	-8 944	-7 197
Overall					
Opening Balance	2 869				
<i>Appropriation at the AGM:</i>					
Carried forward	0				
Rights issue	909				
Net result	-7 197				
Balance at end of year	-3 419				

Note 11 Untaxed reserves	2015-12-31	2014-12-31
<i>Tax allocation reserv 2014</i>	1 559	1 559
<i>Total allocation reserve</i>	1 559	1 559
<i>Total untaxed reserves</i>	1 559	1 559

Note 12 provisions	2015-12-31	2014-12-31
<i>Risks in financial items</i>		
Opening balance	6 340	7 703
Amounts that have been released during the year	-5 227	-1 363
<i>Reported value at closing</i>	1 113	6 340

The provisions relate to:

WBK Bank Poland	199
Union	471
Finansinspektionen	164
Irlandska Group Deweloperska	186
Redwiss	91

Note 13 Accrued expenses and deferred income	2015-12-31	2014-12-31
Estimated accrued special payroll tax	25	12
Accrued interest expenses	-	26
Other accruals	22	35
Accrued Pension Costs	-	33
Total accrued expenses and deferred income	47	107

SIGNATURES

Stockholm 2017-03-23

Bobby Mandl
Chairman of the Board

Harry Wiktor Rosenberg
Member of the Board

Sven-Gunnar Bodell
Member of the Board

Ingvar Rehbinder
Member of the Board

Joakim Karlsson
CEO

My audit report was submitted 2017- -. This differs from the standard configuration.

Arne Engvall
Chartered Public Accountant