

Savo-Solar Oy  
2309682-6  
Insinöörinkatu 7  
50100 Mikkeli

**SAVO-SOLAR OY**

**FINANCIAL REPORT**

**1.1.2013 – 31.12.2013**

**Unofficial translation from the Finnish original**

Savo-Solar Oy  
2309682-6  
Insinöörinkatu 7  
50100 Mikkeli

**Financial statement 1.1.2013 – 31.12.2013**

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**Unofficial translation from the Finnish original**

## Income statement

EURth	01.01.2013- 31.12.2013	01.01.2012- 31.12.2012
	(Audited)	(Audited)
REVENUE	544.3	331.5
Other operating income	101.6	397.3
<i>Materials and services</i>		
Material, supplies and goods		
Purchases	-324.3	-217.9
Inventory increase / decrease	24.6	-49.3
External services	-47.6	-119.1
<b>Total materials and services</b>	<b>-347.3</b>	<b>-386.2</b>
<i>Personnel costs</i>		
Wages and salaries	-670.8	-856.9
Social security costs		
Pension costs	-137.8	-153.2
Other personnel expenses	-33.7	-37.7
<b>Total personnel costs</b>	<b>-842.4</b>	<b>-1,047.8</b>
Depreciation, amortization and write-downs	-323.8	-346.5
Other operating expenses	-802.4	-786.6
<b>PROFIT (LOSS)</b>	<b>-1 670.0</b>	<b>-1,838.4</b>
<i>Financial income and expenses</i>		
Interest and other financial income	0.6	0.3
Interest and other financial expenses	-172.0	-143.0
<b>Total financial income and expense</b>	<b>-171.4</b>	<b>-142.7</b>
<b>PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS</b>	<b>-1 841.4</b>	<b>-1,981.1</b>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-1 841.4</b>	<b>-1,981.1</b>
<b>NET PROFIT (LOSS)</b>	<b>-1 841.4</b>	<b>-1,981.1</b>

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## Balance sheet

EURth	31.12.2013	31.12.2012
	(Audited)	(Audited)
<b>ASSETS</b>		
<i>FIXED ASSETS</i>		
<i>Intangible assets</i>		
Development costs	1,598.6	1,288.6
Intangible rights	53.5	35.9
<b>Total intangible assets</b>	<b>1,652.1</b>	<b>1,324.4</b>
<i>Property, plant and equipment</i>		
Machinery and equipment	537.1	716.1
Advanced payments and work in progress	25.5	25.5
<b>Total tangible assets</b>	<b>562.6</b>	<b>741.7</b>
<i>Investments</i>		
Shares in group companies	1.7	1.7
<b>TOTAL FIXED ASSETS</b>	<b>2,216.4</b>	<b>2,067.8</b>
<i>CURRENT ASSETS</i>		
<i>Inventories</i>		
Materials and supplies	156.1	131.5
<b>Total inventories</b>	<b>156.1</b>	<b>131.5</b>
<i>Long-term receivables</i>		
Other receivables	2.2	2.6
<b>Total long-term receivables</b>	<b>2.2</b>	<b>2.6</b>
<i>Short-term receivables</i>		
Accounts receivable	117.7	15.4
Other receivables	3.0	16.6
Prepayments and accrued income	1.1	2.8
<b>Total current receivables</b>	<b>121.7</b>	<b>34.8</b>
<b>Total receivables</b>	<b>123.9</b>	<b>37.4</b>
Cash and cash equivalents	408.1	22.7
<b>TOTAL CURRENT ASSETS</b>	<b>688.0</b>	<b>191.6</b>
<b>TOTAL ASSETS</b>	<b>2,904.4</b>	<b>2,259.3</b>

## Balance sheet

EURth	31.12.2013	31.12.2012
	(Audited)	(Audited)
<b>EQUITY AND LIABILITIES</b>		
<i>EQUITY</i>		
Share capital	189.3	52.6
Unrestricted equity fund	3,221.4	529.0
Retained earnings	-3,279.3	-1,193.6
Net profit (loss)	-1,841.4	-1,981.2
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>-1,710.0</b>	<b>-2,593.2</b>
<i>LIABILITIES</i>		
<i>Long-term liabilities</i>		
Capital loans	0.0	370.0
Loans from financial institutions	2,249.1	1,302.2
Other long-term liabilities	0.0	600.0
<b>Total long-term liabilities</b>	<b>2,249.1</b>	<b>2,272.2</b>
<i>Short-term liabilities</i>		
Loans from financial institutions	990.6	1,722.5
Trade payables	825.2	420.4
Other liabilities	227.9	121.0
Accrued liabilities	321.6	316.4
<b>Total short-term liabilities</b>	<b>2,365.4</b>	<b>2,580.3</b>
<b>TOTAL LIABILITIES</b>	<b>4,614.4</b>	<b>4,852.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,904.4</b>	<b>2,259.3</b>

## **NOTES 31.12.2013**

### **Accounting principles**

#### **Comparability of financial statements**

When comparing the financial years it should be noted that in 2013 interest for previous periods amounting to 104,547.94 € has been paid, and included in retained earnings accounts.

#### **Explanation of capitalised development costs**

Solarco-project no. 1 has been capitalised as development costs and is amortised over 10 years starting from the financial year 2011 in May.

Solarco-project no.2 has been capitalised as development costs and is amortised over 10 years starting from the financial year 2012 in July.

During 2013 the following projects have been capitalised as development costs: Roll-Bond collector, Ruukki Classic Solar collector, PVT absorbers, and 10 m2 large area collector, capitalised sum 457,748.28 €. Amortised over 10 years starting from the financial year 2014 in January.

#### **Measurement of non-current assets**

Depreciations according to plan have been calculated as follows:

- Development Expenses: straight-line depreciation from the original acquisition cost
- Other non-current assets: expenditure depreciation from the residue

Depreciation according to plan	<b>2013</b>	<b>2012</b>
Development expenses	10 years depreciation	10 years depreciation
Machinery and equipment	25%	-

#### **Measurement of current assets**

The acquisition cost includes the variable costs. Inventories are valued at acquisition cost or the lower probable selling price.

#### **Measurement of receivables and liabilities**

Trade and other receivables are valued at their nominal value or if lower to the probable value. Liabilities are valued at name value or if higher, based on the comparison value.

#### **Foreign currency items**

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. Foreign currency receivables and liabilities have been transferred to Euros according to the exchange rate of the Balance Sheet date.

#### **Notes to the profit and loss account**

##### **Obligatory reserves**

No obligatory reserves were made during the year ended or the previous periods.

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## NOTES 31.12.2013

### Notes concerning personnel organs and governing bodies

#### Staff costs

	2013	2012
Wages and salaries	946,141.16	1,014,571.24
Pension expenses	185,218.23	181,697.14
Other social security expenses	43,801.71	45,601.06
Activated as development costs	-332,788.10	-194,020.74
	842,373.00	1,047,848.70

#### Average personnel employed

The company employed on average during the period	19	15
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#### Other operating expenses

	2013	2012
Other operating expenses		
Voluntary social security expenses	5,124.26	6,546.64
Rental expenses	418,583.71	433,219.35
Computer and software expenses	19,628.66	34,632.43
Other machinery and equipment expenses	51,405.52	35,891.73
Travelling expenses	69,937.41	60,540.17
Representation expenses	491.31	881.20
Marketing expenses	76,895.71	46,740.24
Development expenses	25,874.91	43,839.38
Financial management expenses	89,483.28	85,583.71
Other operating expenses	45,018.27	38,731.54
In total	802,443.04	786,606.39

#### Balance sheet notes

##### Changes in current assets

INTANGIBLE ASSETS	2013	2012
Development expenses		
Acquisition cost 1.1.	1,288,585.46	1,067,194.95
Increase 1.1 - 31.12	454,748.28	329,226.89
Acquisition cost 31.12	1,743,333.74	1,396,421.84
Depreciation in year 2013	-144,722.52	-107,836.38
Bookkeeping value 31.12	1,598,611.22	1,288,585.46

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**NOTES 31.12.2013**

Intangible rights		
Acquisition cost 1.1.	35,852.54	22,586.71
Increase 1.1 - 31.12	17,605.72	13,265.83
Acquisition cost 31.12	53,458.26	35,852.54
Depreciation in year 2013	0.00	0.00
Bookkeeping value 31.12	<u>53,458.26</u>	<u>35,852.54</u>

Tangible assets	<b>2013</b>	<b>2012</b>
Machinery and equipment		
Acquisition cost 1.1.	716,130.50	954,840.67
Increase 1.1 - 31.12	0.00	0.00
Acquisition cost 31.12	716,130.50	954,840.67
Depreciation in year 2014	-179,032.68	-238,710.17
Bookkeeping value 31.12	<u>537,097.82</u>	<u>716,130.50</u>

**ADVANCE PAYMENTS**

Bookkeeping value 1.1	25 539.85	25 539.85
Increase 1.1 - 31.12	0.00	0.00
Bookkeeping value 31.12	<u>25 539.85</u>	<u>25 539.85</u>

**INVESTMENTS**

Bookkeeping value 1.1	1,650.00	0.00
Increase 1.1 - 31.12	0.00	1 650.00
Bookkeeping value 31.12	<u>1 650.00</u>	<u>1 650.00</u>



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**NOTES 31.12.2013**

**Equity and reserves**

	<b>2013</b>	<b>2012</b>
Restricted equity		
Subscribed capital 1.1.	52,580.00	52,550.00
Subscribed capital 31.12.	189,290.00	52,550.00
Restricted equity in total	189,290.00	52,550.00
Other reserves		
Free invested equity reserve 1.1	529,000.00	529,000.00
Free invested equity reserve 31.12	3,221,426.84	529,000.00
Retained earnings / loss 1.1.	-3,174,788.36	-1,193,634.13
Previous financial years to be allocated to expenses.	-104,547.94	0.00
Retained earnings / loss 31.12.	-3,279,336.30	-1,193,634.13
<b>PROFIT/LOSS FOR THE FINANCIAL YEAR</b>	<b>-1,841,414.65</b>	<b>-1,981,154.23</b>
Unrestricted equity in total	-1,899,324.11	-2,645,788.36
Equity and reserves in total 31.12	-1,710,034.11	-2,593,238.36

**Equity 31.12 taking into account the capital loan**

Subscribed capital 31.12.	189,290.00	52,550.00
Free invested equity reserve 31.12	3,221,426.84	529,000.00
Previous financial years to be allocated to expenses	-3,279,336.30	-1,193,634.13
Profit / loss for the year	-1,841,414.65	-1,981,154.23
Capital loans 31.12	0.00	370,000.00
Equity including capital loans total 31,12	-1,710,034.11	-2,223,238.36

**Distributable funds**

Free invested equity reserve 31.12	3,221,426.84	529,000.00
Retained earnings / loss 31.12.	-3,279,336.30	-1,193,634.13
Loss for financial year	-1,841,414.65	-1,981,154.23
Distributable funds 31.12	-1,899,324.11	-2,645,788.36

The company does not have any distributable funds.

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**NOTES 31.12.2013**

**Guarantees and contingent liabilities**

**Liabilities for which the company has given real estate mortgages as a guarantee**

	<b>2013</b>	<b>2012</b>
Loans from credit institutions	1,574,842.10	1,310,000.00
Bank debt secured by the mortgage business	1,100,000.00	1,100,000.00

**Pledged bank accounts**

Etelä-Savon Osuuspankki FI2152710420264096	359.00	359.00
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**Pledged assets**

Sales orders	101,110.00	0.00
Order confirmations	58,050.00	0.00

**Notes relating to/replacing the report of operations required by the Limited Liability Companies' Act by the Limited Liability Companies' Act**

**The Board's proposal for procedures concerning the company's result and a presentation of possible distribution of equity**

Loss for the financial year 2013 is 1 841 414.65 euros. The Board of Directors proposes to the Annual General Meeting that the loss for the period 1 841 414.65 euros be transferred to the Retained profit / loss account and that no dividend be paid.

**Restructuring programme**

Pohjois-Savo district court has the 09/02/2013 decided restructuring proceedings to commence. A presentation of the restructuring programme is pending.

**Shares of the company**

	<b>2013</b>	<b>2012</b>
Shares, A-series (1 vote/share), pcs	33 527	224
Shares, B-series (1 vote/share), pcs	23 307	0.00

**Capital loans**

	<b>2013</b>	<b>2012</b>
Capital loans 1.1.	370,000.00	0.00
Capital loans 31.07/31.12	0.00	370,000.00

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### Signatures to the financial statements

In Mikkeli 7 February 2014

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Aminoff Johan Feodor  
Chairman of the Board

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Varjotie Jari  
Managing Director

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Tuhkanen Sami  
Member of the Board

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Seppälä Arto  
Member of the Board

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Rintamäki Teuvo  
Member of the Board

### Auditor's Note

An auditor's report based on the audit performed as been issued

In Mikkeli 18 February 2014

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Inkeröinen Auno  
KHT-auditor

### List of the ledgers, types of vouchers and their storage methods

#### ACCOUNTING BOOKS

General ledger	electronic archive
Journal	electronic archive
Balance book	paper/cd etc.
Balance specifications	paper/cd etc.

#### Voucher serials and storage

Sales invoices	electronic archive
Salaries	electronic archive
Purchase invoices	electronic archive
Verkkolaskut (ostolaskut)	electronic archive
Travelling and expense invoices, memorials	electronic archive
Bank statements	electronic archive

The original paper received purchase invoices are kept by the reporting entity paper. If a paper invoice is scanned, stored in an electronic invoice only paperless archive. Travel and expense invoices voucher attached to the originals stored the reporting entity by the paper. If a paper invoice or its annexes are scanned, they are kept only in electronic paperless archive.

## **AUDITOR'S REPORT (unofficial translation from Finnish report)**

### **For the Annual General Meeting of Savo-Solar Oy**

I have audited Savo-Solar's accounting, financial statements and administration for the period 2013-01-01 – 2013-12-31. The financial statements include the balance sheet, income statement and notes.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the CEO are responsible for the preparation of the financial statements that give a true and fair representation in accordance with the laws and regulations governing the preparation of financial statements in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### **Auditor's Responsibility**

My responsibility is to express an opinion on the financial statements based on my audit. The Auditing Act requires that I comply with the requirements of professional ethics. I conducted the audit in accordance with good auditing practice in Finland. Good auditing practice requires that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether the members of the Board of Directors or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making these risk assessments, the auditor considers internal control, which is relevant to the company's preparation of financial statements that give a true and fair view. The auditor considers internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position and financial performance of the company in accordance with the Finnish Accounting Act.

### **Emphasis of Matter**

Without qualifying my opinion, I draw attention to the following information. The Company has made a notable loss and the Company's equity is negative EUR 1,710,034.11. The notification regarding loss of the share capital in accordance with the Companies Act, chapter 20, Section 23, made by the Board of Directors of the Company, has been entered into the trade register on 30 April 2012. The District Court of Pohjois-Savo has on 13 February 2014 approved the proposal for supplemented restructuring programme from 28 January 2014 as the restructuring programme for the Company. The restructuring arrangements regarding the restructuring debts presented in the restructuring programme lead to the Company's equity turning positive. The Company's management shall, however, continue to take measures to improve profitability and capital adequacy.

In Mikkeli 18 February 2014

Auno Inkeröinen  
Authorized Public Accountant

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