

**Savo Solar Oy**  
2309682-6

**SAVO-SOLAR OY**

**FINANCIAL REPORT**  
**1.1.2014 - 31.12.2014**

**Unofficial translation from the Finnish original**

**SAVO-SOLAR OY**  
2309682-6  
Insinöörinkatu 7  
50100 Mikkeli

Financial statements 1.1.2014-31.12.2014

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**Unofficial translation from the Finnish original**

|  | 01.01.2014-31.12.2014       | 01.01.2013-31.12.2013       |
|--|-----------------------------|-----------------------------|
| NET TURNOVER                                       | 1 033 400,27                | 544 261,40                  |
| Other operating income                             | 129 714,54                  | 101 614,95                  |
| Materials and supplies                             |                             |                             |
| Raw materials and consumables                      |                             |                             |
| Purchases during the financial year                | -1 014 631,60               | -324 307,41                 |
| Increase (-) or decrease (+) in stocks             | 399 781,43                  | 24 610,13                   |
| External services                                  | -333 628,69                 | -47 632,89                  |
| Materials and supplies totally                     | <u>-948 478,86</u>          | <u>-347 330,17</u>          |
| Staff expenses                                     |                             |                             |
| Wages and salaries                                 | -1 030 690,49               | -670 846,36                 |
| Social security expenses                           |                             |                             |
| Pension expenses                                   | -176 332,31                 | -137 800,13                 |
| Other social security expenses                     | -48 564,07                  | -33 726,51                  |
| Staff expenses totally                             | <u>-1 255 586,87</u>        | <u>-842 373,00</u>          |
| Depreciation, amortisation and impairment          | -342 617,26                 | -323 755,20                 |
| Other operating expenses                           | <u>-695 977,42</u>          | <u>-802 443,04</u>          |
| <b>OPERATING PROFIT/LOSS</b>                       | <b>-2 079 545,60</b>        | <b>-1 670 025,06</b>        |
| Financial income and expenses                      |                             |                             |
| Interest income and other financial income         | 654,33                      | 563,91                      |
| Interest expense and other financial expenses      | -124 774,02                 | -171 953,50                 |
| Financial income and expenses in total             | -124 119,69                 | -171 389,59                 |
| <b>PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS</b>      | <b>-2 203 665,29</b>        | <b>-1 841 414,65</b>        |
| Extraordinary items                                |                             |                             |
| Extraordinary income                               | <u>1 011 025,11</u>         | <u>0,00</u>                 |
| Extraordinary items in total                       | 1 011 025,11                | 0,00                        |
| <b>PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES</b> | <b>-1 192 640,18</b>        | <b>-1 841 414,65</b>        |
| <b>PROFIT/LOSS FOR THE FINANCIAL YEAR</b>          | <b><u>-1 192 640,18</u></b> | <b><u>-1 841 414,65</u></b> |

| <b>ASSETS</b>                                | 31.12.2014          | 31.12.2013          |
|--|---------------------|---------------------|
| <b>NON-CURRENT ASSETS</b>                    |                     |                     |
| Intangible assets                            |                     |                     |
| Development expenses                         | 1 588 473,47        | 1 598 611,22        |
| Intangible rights                            | 82 579,53           | 53 458,26           |
|  | <hr/>               | <hr/>               |
| Intangible assets in total                   | 1 671 053,00        | 1 652 069,48        |
| Tangible assets                              |                     |                     |
| Machinery and equipment                      | 602 653,60          | 537 097,82          |
| Advance payments and construction in process | 25 539,85           | 25 539,85           |
|  | <hr/>               | <hr/>               |
| Tangible assets in total                     | 628 193,45          | 562 637,67          |
| Investments                                  |                     |                     |
| Holding in group undertakings                | 8 352,41            | 1 650,00            |
| <b>NON-CURRENT ASSETS</b>                    | 2 307 598,86        | 2 216 357,15        |
| <b>CURRENT ASSETS</b>                        |                     |                     |
| Stocks                                       |                     |                     |
| Raw materials and consumables                | 182 084,88          | 156 065,88          |
| Work in progress                             | 373 762,43          | 0,00                |
|  | <hr/>               | <hr/>               |
| Stocks in total                              | 555 847,31          | 156 065,88          |
| Receivables                                  |                     |                     |
| Long-term                                    |                     |                     |
| Other receivables                            | 2 820,00            | 2 200,00            |
|  | <hr/>               | <hr/>               |
| Long-term receivables in total               | 2 820,00            | 2 200,00            |
| Short-term                                   |                     |                     |
| Sales receivables                            | 349 521,40          | 117 667,23          |
| Amounts owed by group undertakings           | 101 784,78          | 0,00                |
| Other receivables                            | 79 723,97           | 2 960,76            |
| Prepayments and accrued income               | 295 720,49          | 1 084,41            |
|  | <hr/>               | <hr/>               |
| Short-term receivables in total              | 826 750,64          | 121 712,40          |
| Total receivables                            | 829 570,64          | 123 912,40          |
| Cash in hand and in banks                    | 139 959,94          | 408 056,89          |
|  | <hr/>               | <hr/>               |
| <b>CURRENT ASSETS IN TOTAL</b>               | 1 525 377,89        | 688 035,17          |
| <b>ASSETS IN TOTAL</b>                       | <b>3 832 976,75</b> | <b>2 904 392,32</b> |
|  | <hr/> <hr/>         | <hr/> <hr/>         |

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BALANCE SHEET

| <b>LIABILITIES</b>                   | 31.12.2014           | 31.12.2013           |
|--------------------------------------|----------------------|----------------------|
| <b>Capital and reserves</b>          |                      |                      |
| Share capital                        | 472 610,00           | 189 290,00           |
| Other reserves                       | 4 416 506,84         | 3 221 426,84         |
| Retained earnings (Cumulative loss)  | -5 120 750,95        | -3 279 336,30        |
| Profit (loss) for the financial year | -1 192 640,18        | -1 841 414,65        |
| <b>CAPITAL AND RESERVES IN TOTAL</b> | <b>-1 424 274,29</b> | <b>-1 710 034,11</b> |
| <b>CREDITORS</b>                     |                      |                      |
| Long-term liabilities                |                      |                      |
| Capital loans                        | 1 431 275,17         | 0,00                 |
| Loans from credit institutions       | 844 467,22           | 2 249 072,84         |
| Other creditors                      | 466 626,94           | 0,00                 |
| Total Long-term liabilities          | 2 742 369,33         | 2 249 072,84         |
| Short-term liabilities               |                      |                      |
| Loans from credit institutions       | 727 744,07           | 990 567,70           |
| Advances received                    | 913 969,79           | 0,00                 |
| Trade creditors                      | 500 133,40           | 825 189,35           |
| Other creditors                      | 35 490,46            | 227 946,92           |
| Accruals and deferred income         | 337 543,99           | 321 649,62           |
| Total Short-term liabilities         | 2 514 881,71         | 2 365 353,59         |
| <b>CREDITORS IN TOTAL</b>            | <b>5 257 251,04</b>  | <b>4 614 426,43</b>  |
| <b>LIABILITIES IN TOTAL</b>          | <b>3 832 976,75</b>  | <b>2 904 392,32</b>  |

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| <b>CASH FLOW STATEMENT</b>  | <b>2014</b>          | <b>2013</b>          |
|---|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                         |                      |                      |
| Profit / Loss before extraordinary items                            | -2 203 665,29        | -1 841 414,65        |
| Oikaisut:   |                      |                      |
| Depreciation, amortisation and impairment                           | 342 617,26           | 323 755,20           |
| Financial income and expenses                                       | 124 119,69           | 171 389,59           |
| Cash flow before change in working capital                          | -1 736 928,34        | -1 346 269,86        |
| Change in working capital:  |                      |                      |
| Short-term interest-free receivables, increase/decrease             | -600 601,28          | -86 500,12           |
| Inventories Increase (-) / decrease (+)                             | -399 781,43          | -24 610,13           |
| Short-term interest-bearing liabilities, increase (+) / decrease    | 1 010 537,44         | 587 679,68           |
| Cash flow from operations before financial items and taxes          | -1 726 773,61        | -869 700,43          |
| Interest paid and other financial expenses                          | -90 905,63           | -131 980,94          |
| Interest received and other financial business                      | 654,33               | 563,91               |
| Cash flow before extraordinary items                                | -1 817 024,91        | -1 001 117,46        |
| <b>NET CASHFLOW FROM OPERATING ACTIVITIES</b>                       | <b>-1 817 024,91</b> | <b>-1 001 117,46</b> |
| <b>Cash flow from investing activities:</b>                         |                      |                      |
| Purchase of tangible and intangible items (-)                       | -427 156,56          | -472 354,00          |
| Investments in subsidiary shares                                    | -6 702,41            | 0,00                 |
| Loans granted (-)   | -101 784,78          | 0,00                 |
| <b>Cash flow from investing activities</b>                          | <b>-535 643,75</b>   | <b>-472 354,00</b>   |
| <b>Cash flows from financing activities</b>                         |                      |                      |
| Proceeds from issuance of share capital                             | 1 446 000,00         | 636 690,00           |
| Proceeds from long-term borrowings                                  | 750 000,00           | 2 358 690,44         |
| Repayment of long-term borrowings (-)                               | -111 428,29          | -1 136 557,90        |
| <b>Cash flows from financing activities</b>                         | <b>2 084 571,71</b>  | <b>1 858 822,54</b>  |
| <b>Net increase (+) / decrease (-) in cash and cash equivalents</b> | <b>-268 096,95</b>   | <b>385 351,08</b>    |
| <b>Cash and cash equivalents at beginning of period</b>             | <b>408 056,89</b>    | <b>22 705,81</b>     |
| <b>Cash and cash equivalents at end of period</b>                   | <b>139 959,94</b>    | <b>408 056,89</b>    |
|   | -268 096,95          | 385 351,08           |

## NOTES 31.12.2014

### Accounting principles

#### General principles

The company's turnover has grown substantially from the previous year. Although the result is still a loss, the operating profit is relatively improved, indicating when the volume of the business increases, the company will be able to operate profitably. The Corporate Restructuring Program, decided by the court on February 2014 effected positively in the Net result and at the same time the Program gave to the company opportunity to continue its operations and growth with strengthened financial structure.

The two large orders from the Danish energy company Logumkloster Fjernvarme have had significant effect in the revenue growth. These projects consist of delivery of large area solar thermal collectors including full installation of the collector fields. Orders of similar projects are expected from Denmark still during the first months of 2015. With these projects the Percentage of Completion method in revenue recognition will be used as stated in the Notes of this document.

There has been delays in the Logumkloster project realization due to changes in the plans and schedules both on the customer's as well as on the company's side. This has created challenges in the company's cash flow management. As can be seen from the report, the company's own equity, calculated with the capital loans, remains positive, but just with a rather small margin. The business of the company is expected to grow rapidly and to finance it the company clarifies possibility to list itself in the Nasdaq First North stock exchange in Stockholm. The sought financing is altogether 4-6 million euro. Preliminary schedule for the listing is planned to be during March 2015. In addition to the equity increase through the listing, company has agreed with the major owners of bridge funding to improve the short term cash situation as well as strengthen the balance sheet.

The Company's financial statements have been prepared on a going concern basis.

#### Notes regarding group

The parent company of this Group is Savo-Solar Oy domiciled in Mikkeli, Finland. The company has two subsidiaries, Savo-Solar ApS, domiciled in Denmark, and Savo Laser Ltd, domiciled in Mikkeli. Since this is a small Group no consolidation of Financial Statements has been made in accordance with Bookkeeping Act § 6:1. If the Consolidated Financial Statements had been made, it would not have had a substantive effect to get the true and fair value of the Group's result of operations and financial position.

#### Measurement of non-current assets

Depreciations according to plan have been calculated as follow:

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

|                                |                       |                       |
|--------------------------------|-----------------------|-----------------------|
| Depreciation according to plan | <b>2014</b>           | <b>2013</b>           |
| Development expenses           | 10 years depreciation | 10 years depreciation |
| Machinery and equipments       | 25 %                  | 25 %                  |

#### Measurement of current assets

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

## NOTES 31.12.2014

### 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.

### Comparability of the figures from previous financial years

Accounting periods are not comparable, since in 2014 extraordinary income includes capital adjustments of 1.011.025,11 € according to the Redevelopment Program.

Renovation Liabilities have been reclassified in balance sheet, current and non-current liabilities.

### Adjustments made to the figures for the previous accounting period

During comparison accounting period 2013 the company booked interest expenses of 105.547,94 € to Retained earnings. This amount should have been directed to year 2012.

### 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 Balance Sheet date.

### Notes to the profit and loss account

#### Net turnover

Products requiring long-term production have been booked as income according to the grade of completeness.

The grade of completeness has been defined based on the number of products being produced. The percentage of net sales of EUR 292 448.00 euros which is 28.3% for the full year of net sales.

#### Other operating incomes

|                  | <b>2014</b>      | <b>2013</b> |
|------------------|------------------|-------------|
| Support received | 122 106,90       | 100 000,00  |
| Insurance Claims | 1 965,44         | 1 614,95    |
| Recycling income | 5 642,20         | 0,00        |
|                  | <hr/> 129 714,54 | 101 614,95  |

#### Obligatory reserves

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

#### Extraordinary incomes

Extraordinary income includes the capital adjustment of 1.011.025,11 € according to the Restructuring Program verified by the Court.



**NOTES 31.12.2014**

| <b>Notes concerning personnel organs and governing bodies</b> | <b>2014</b>         | <b>2013</b>       |
|---|---------------------|-------------------|
| <b>Staff costs</b>  |                     |                   |
| Wages and salaries  | 1 142 228,73        | 946 141,16        |
| Pension expenses  | 196 109,42          | 185 218,23        |
| Other social security expenses                                | 53 561,80           | 43 801,71         |
| Activated as development costs                                | -136 313,08         | -332 788,10       |
|   | <u>1 255 586,87</u> | <u>842 373,00</u> |
| <br>The average staff   |                     |                   |
| <br>The company employed on average during the period         | <br>24              | <br>19            |

| <b>Other operating expenses</b>     | <b>2014</b>       | <b>2013</b>       |
|-------------------------------------|-------------------|-------------------|
| Administration expenses             | 482 662,34        | 513 191,25        |
| Telephones-, IT- ja office expenses | 44 781,54         | 71 034,18         |
| Travelling expenses                 | 68 960,22         | 69 937,41         |
| Representation expenses             | 828,50            | 491,31            |
| Marketing expenses                  | 64 704,83         | 76 895,71         |
| Development expenses                | 1 138,53          | 25 874,91         |
| Other operating expenses            | 32 901,46         | 45 018,27         |
| In total                            | <u>695 977,42</u> | <u>802 443,04</u> |

**Balance sheet notes**

**Statement regarding activated developments costs**

SolarCo Project No. 1 has been booked in Balance Sheet as development costs and will be depreciated over 10 years starting from May 2011.

The expenditure residue of these costs is 449.351,03 € at Dec 31st 2014.

SolarCo Project No. 2 has been booked in Balance Sheet as development costs and will be depreciated over 10 years starting from July 2012.

The expenditure residue of these cost is 549.489,39 € at Dec 31st 2014.

During 2013 have been activated as development costs, the following projects:

Roll Bond collectors, Ruukki Classic Solar collectors, Pvt absorbers, and 10m<sup>2</sup> suurkeräin, activated the sum of EUR 454 748.28. Will be depreciated in 10 years, tstarting from January 2014.

The expenditure residue of these development costs is 409.273,44 € at Dec 31st 2014.

During 2014 have been actived development costs of the following projects:

SOLHC Solar Thermal Cooling and Large Area Collector.

Activated sum of 180 059.61 Eur. Will be depreciated in 10 years, starting from January 2015.

**NOTES 31.12.2014**

| <b>Changes in current assets</b>   | <b>2014</b>         | <b>2013</b>         |
|------------------------------------|---------------------|---------------------|
| <b>INTANGIBLE ASSETS</b>           |                     |                     |
| Development expenses               |                     |                     |
| Acquisition cost 1.1.              | 1 898 470,25        | 1 443 721,97        |
| Increase 1.1 - 31.12               | 180 059,61          | 454 748,28          |
| Acquisition cost 31.12             | 2 078 529,86        | 1 898 470,25        |
| Accumulated depreciation           | -299 859,03         | -155 136,51         |
| Depreciation in year 2014          | -190 197,36         | -144 722,52         |
| Bookkeeping value 31.12            | <u>1 588 473,47</u> | <u>1 598 611,22</u> |
| Intangible rights                  |                     |                     |
| Acquisition cost 1.1.              | 53 458,26           | 35 852,54           |
| Increase 1.1 - 31.12               | 29 121,27           | 17 605,72           |
| Acquisition cost 31.12             | 82 579,53           | 53 458,26           |
| Depreciation in year 2014          | 0,00                | 0,00                |
| Bookkeeping value 31.12            | <u>82 579,53</u>    | <u>53 458,26</u>    |
| Tangible assets                    |                     |                     |
|                                    | <b>2014</b>         | <b>2013</b>         |
| Machinery and equipments           |                     |                     |
| Acquisition cost 1.1.              | 954 840,67          | 954 840,67          |
| Increase 1.1 - 31.12               | 217 975,68          | 0,00                |
| Acquisition cost 31.12             | 1 172 816,35        | 954 840,67          |
| Accumulated depreciation           | -417 742,85         | -238 710,17         |
| Depreciation in year 2014          | -152 419,90         | -179 032,68         |
| Bookkeeping value 31.12            | <u>602 653,60</u>   | <u>537 097,82</u>   |
| ADVANCE PAYMENTS                   |                     |                     |
| Bookkeeping value 1.1              | 25 539,85           | 25 539,85           |
| Bookkeeping value 31.12            | <u>25 539,85</u>    | <u>25 539,85</u>    |
| INVESTMENTS                        |                     |                     |
| Bookkeeping value 1.1              | 1 650,00            | 1 650,00            |
| Increase 1.1 - 31.12               | 6 702,41            | 0,00                |
| Bookkeeping value 31.12            | <u>8 352,41</u>     | <u>1 650,00</u>     |
| AMOUNTS OWED BY GROUP UNDERTAKINGS |                     |                     |
| Amounts owed by group undertakings | 101 784,78          | 0,00                |
| PREPAYMENTS AND ACCRUED INCOME     |                     |                     |
| The most important items           |                     |                     |
| Klogumkloster Fjernvarme           | 292 448,00          | 0,00                |
| Other prepayments                  | 3 272,49            | 1 084,41            |
|                                    | <u>295 720,49</u>   | <u>1 084,41</u>     |

## NOTES 31.12.2014

| Capital and reserves  | 2014                 | 2013                 |
|---|----------------------|----------------------|
| Restricted equity   |                      |                      |
| Subscribed capital 1.1.   | 189 290,00           | 52 580,00            |
| Increase in subscribed capital  | 280 920,00           | 136 710,00           |
| Subscribed capital 31.12.   | <u>470 210,00</u>    | <u>189 290,00</u>    |
| Increase in subscribed capital 1.1  | 0,00                 | 0,00                 |
| Increase 1.1-31.12.   | 2 400,00             | 0,00                 |
| Increase in subscribed capital 31.12.   | <u>2 400,00</u>      | <u>0,00</u>          |
| Restricted equity in total  | 472 610,00           | 189 290,00           |
| Other reserves  |                      |                      |
| Free invested equity reserve 1.1  | 3 221 426,84         | 529 000,00           |
| Increase 1.1-31.12.   | 1 195 080,00         | 2 692 426,84         |
| Free invested equity reserve 31.12  | <u>4 416 506,84</u>  | <u>3 221 426,84</u>  |
| Retained earnings / loss 1.1.   | -5 120 750,95        | -3 174 788,36        |
| Previous financial years to be allocated to expenses.                                   | 0,00                 | -104 547,94          |
| Retained earnings / loss 31.12.   | <u>-5 120 750,95</u> | <u>-3 279 336,30</u> |
| PROFIT/LOSS FOR THE FINANCIAL YEAR  | -1 192 640,18        | -1 841 414,65        |
| Unrestricted equity in total  | -1 896 884,29        | -1 899 324,11        |
| Capital and reserves in total   | -1 424 274,29        | -1 710 034,11        |
| <b>Guarantees and contingent liabilities</b>  |                      |                      |
| <b>Liabilities for which the company has given real estate mortgages as a guarantee</b> | <b>2014</b>          | <b>2013</b>          |
| Loans from credit institutions  | 1 572 211,29         | 1 574 842,10         |
| Bank debt secured by the mortgage business  | 1 600 000,00         | 1 100 000,00         |
| <b>Pledged bank accounts</b>  |                      |                      |
| Etelä-Savon Osuuspankki   | 108 299,00           | 359,00               |
| <b>Pledged assets</b>   |                      |                      |
| Sales orders  | 0,00                 | 101 110,00           |
| Order confirmations   | 0,00                 | 58 050,00            |

## NOTES 31.12.2014

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

#### Proposal by the Board of Directors on procedures concerning the company's result

Loss for the financial year 2014 is -1 192 640.18 euros.

The Board of Directors proposes to the Annual General Meeting that the loss for the period -1 192 640.18 euros be transferred to the Retained profit / loss account and that no dividend be paid.

#### Structural and financial arrangements

##### Subsidiary

During the financial year the company established a company, Savo-Solar Aps, in Denmark. In addition, the company has in 2013 established subsidiary called Savo Laser Ltd.

##### Redevelopment Program

Pohjois-Savon Käräjäoikeus confirmed the 13/02/2014 the company restructuring program. The restructuring program in accordance with the claims of creditors has been changed to capital loans 1 431 275.17 euros. Ordinary reorganization liabilities allocated to 1 011 025.11 EUR capital reduction.

#### The Companies Act, § 20:23's referred to in the statement of equity additions

|                                       |                 |                      |
|---------------------------------------|-----------------|----------------------|
| Subscribed capital 31.12.             | 470 210,00      | 189 290,00           |
| Increase in subscribed capital 31.12. | 2 400,00        | 0,00                 |
| Free invested equity reserve 31.12    | 4 416 506,84    | 3 221 426,84         |
| Retained earnings / loss 31.12.       | -5 120 750,95   | -3 279 336,30        |
| Loss for financial year               | -1 192 640,18   | -1 841 414,65        |
| Capital loans 31.12.                  | 1 431 275,17    | 0,00                 |
| In total                              | <u>7 000,88</u> | <u>-1 710 034,11</u> |

#### Distributable funds

|                                    |                      |                      |
|------------------------------------|----------------------|----------------------|
| Free invested equity reserve 31.12 | 4 416 506,84         | 3 221 426,84         |
| Retained earnings / loss 31.12.    | -5 120 750,95        | -3 279 336,30        |
| Loss for financial year            | -1 192 640,18        | -1 841 414,65        |
| Distributable funds 31.12          | <u>-1 896 884,29</u> | <u>-1 899 324,11</u> |

The company do not have any distributable funds.

## **NOTES 31.12.2014**

### **Issue of shares**

During the financial year have been carried out the Annual General Meeting 21.10.2014 authorization of the share issue. The share issue is aimed at existing shareholders of the company, as well as to selected outside investors in the manner decided by Board of Directors. The directed share issue is to implement the company's business demanding financial arrangement. Issue of new shares is 24 600 price of 60.00 euros each.

The subscription price is entered in the share capital of EUR 280 920.00 and the free invested equity reserve 1 195 080.00 euros

The Annual General Meeting has 19.12.2014 authorized by the Board of Directors to decide of a share issue and entitling to shares special rights. Pursuant to this authorization may be issued no more than 20 000 000 A shares and 20 000 000 B-shares.

### **Stock exchange listing**

The company's aim is to submit an application in 2015, the Stockholm Stock Exchange's A-shares a listing of the First Note Sweden marketplace. In addition, the General Meeting of 19.12.2014 the company made the decision to shares into the book-entry system.

| <b>Shares of the company</b>         | <b>2014</b> | <b>2013</b> |
|--------------------------------------|-------------|-------------|
| Shares, A-series (1 vote/share), pcs | 33 527      | 33 527      |
| Shares, B-series (1 vote/share), pcs | 47 907      | 23 307      |

  

| <b>Capital loans</b> | <b>2014</b>  | <b>2013</b> |
|----------------------|--------------|-------------|
| Capital loans 1.1.   | 0,00         | 370 000,00  |
| Increases            | 1 431 275,17 | 0,00        |
| Capital loans 31.12  | 1 431 275,17 | 0,00        |

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50100 Mikkeli

**NOTES 31.12.2014**

The company has 1 190 216.21 euros capital loan from Suur-Savon Osuuspankki.

The main terms of the loan are :

1) The loan and interest can be paid back in a debtor's liquidation and bankruptcy situation only with the lowest order of preference compared to all other creditors. According to the 12 chapter 2§ in the Finnish Companies Act this loan is anyhow having the same order of preference with the other capital loans the Debtor may have issued or with other comparable financing instruments, if there in the funding contract nothing else has been agreed.

2) The loan and its interest are allowed to be paid only as much as the amount of the Debtor's free own equity including all capital loans at the time of payment exceed the accumulated losses in the Debtor's balance sheet in the latest audited financial report.

3) ) If annual interests remains unpaid because of the regulations in the Finnish Companies Act, the unpaid interest will be accumulated to the following periods until it all can be paid taken consideration the said limitations in the point 2.

The annual interest is 3% and it is calculated from the date the restructuring program has been approved by the court 13.2.2014. The first due date for the payment if the interest is 15.5.2014. The annual interest on delayed payments, whether the loan itself or interest, is 18%.

Company has 241 058,96 euro capital loan from Finnvera Oy.

Main terms of the loan are :

1) The loan and interest can be paid back in a debtor's liquidation and bankruptcy situation only with the lowest order of preference compared to all other creditors, but anyhow with higher order of preference than the distribution quota to the shareholders.

2) The loan and its interest are allowed to be paid only as much as the amount of the Debtor's free own equity including all capital loans at the time of payment exceed the accumulated losses in the Debtor's balance sheet in the latest audited financial report.

3) There will be no guarantee given for the payment of the loan or interest. If the interest cannot be paid, the payment will be transferred to a time when an audited financial report shows company's financial situation such that it can be paid.

The annual interest for the loan is 3% and it is calculated from the date the restructuring program has date, the company is obliged to pay annual interest on delayed payments of 18%.

**Holdings in other companies**

| <b>Company name and base</b> | <b>Ownership %</b> |
|------------------------------|--------------------|
| Savosolar Aps, Tanska        | 100,00 %           |
| Savolaser Oy, Mikkeli        | 55,00 %            |

**SAVO-SOLAR OY**

2309682-6

Insinöörinkatu 7

50100 Mikkeli

## Signatures to the financial statements

In Mikkeli

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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

---

Rintamäki Teuvo  
Member of the Board

## Auditor's note

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

In Mikkeli

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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)**

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

I have audited the accounting records, the financial statements and the administration of Savo-Solar Oy for the year ended on 31 December, 2014. The financial statements comprise the balance sheet, income statement, the cash flow statement and notes to the financial statements.

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

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of the 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 my 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 and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or 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 judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements in Finland.

### **Emphasis of a matter**

Without qualifying my opinion, I draw attention to the following information in the financial statements. The Company has still made a notable loss, the liquidity is tight and the equity is almost lost. After the completion of the financial statements decisions for granting capital loans amounting to 553,300 have been made. The continuity of operations requires that the Company is able to obtain the supplementary funding presented in the notes of the financial statements and is able to achieve sufficient business growth. The issues mentioned above may challenge the Company's going concern assumption.

Mikkeli, 29<sup>th</sup> January 2015

Auno Inkeröinen  
Authorized Public Accountant

Linnankatu 5  
50100 Mikkeli