

**CENCORP CORPORATION, FINANCIAL STATEMENT RELEASE 2014****SUMMARY**

- The restructuring of Cencorp Corporation (“Cencorp”) continues. In the previous reporting period January – September Cencorp agreed on selling 70 percent of its electronics automation business (LAS and LCM business segments) to FTTK Company Limited (“FTTK”). During the reporting period October – December FTTK has used its option to purchase the remaining 30 percent of the shares in Cencorp Automation Oy and the parties have signed an agreement on exercising the option in December 2014. The transaction is expected to be completed by 1 March 2015. From the conclusion of the first part of the FTTK transaction Cencorp has reported of only one business segment i.e. Clean Energy Segment that is the company’s only continuing business.
- The net sales of the continuing operations of Cencorp for the financial year 2014 was EUR 0.8 million (EUR 3.3 million in 2013). The operating profit of continuing operations was EUR -10.9 million (EUR -3.1 million), profit for the period EUR -11.7 million (EUR -4.9 million), earnings per share were EUR -0.014 (-0.008) and EBITDA was EUR -3.3 million (EUR -1.8 million). In the reporting period January - December a write-down of totally EUR 6.2 million was made in the fixed assets and inventories of the Beijing factory.
- The financing situation of Cencorp continues to be very tight. If the company does not succeed in securing sufficient short-term and long-term financing, the continuity of the company’s operation may be jeopardized.
- Since the sale of the electronics automation business Cencorp has moved on to the next phase in its Cleantech strategy. In August 2014, according to the strategy and in order to obtain finance for it, Cencorp decided to sell the remaining operations not included in its strategy, i.e. the production of RFID components and flexible electronics for mobile phones, to become a company providing solely clean energy solutions. Cencorp is having ongoing negotiations for the sale of the operations and production machinery but likelihood of a sale has decreased in the course of time. Thus the company has decided to write down the remaining part of its assets in Beijing as announced on 16 February 2015. After the write-down the company has no longer any future expectations or assets relating to the factory in Beijing in its balance sheet.

**OVERVIEW**

Cencorp belongs to the Finnish Savcor Group Corporation (“Savcor”). Savcor Group companies owned approximately 58.3 percent of the Cencorp shares on 31 December 2014.

More information on principle activities and events during the reporting period can be found in the stock exchange releases published on Cencorp’s website at [www.cencorp.com](http://www.cencorp.com).

The Financial Statement Release has been drawn up in compliance with the IAS 34 Interim Financial Reporting standard. In the Interim Report Cencorp has applied the same accounting principles as in its Annual Report 2013. The Interim Report has not been audited.

**FINANCIAL DEVELOPMENT**

Since Cencorp transferred its electronics automation business to Cencorp Automation Oy and sold at first 70 percent and in December 2014 the remaining 30 percent of this company to FTTK Cencorp reports of only one business segments, the Cencorp Clean Energy segment. The company is aiming to fully conclude the transaction by 1 March 2015.

Part of the deliveries of orders received by LAS and LCM segments before the transaction remained in Cencorp. Net sales originating from these orders decreases and gradually finishes as the orders will be delivered at the beginning of 2015. The LAS and LCM Segments are reported in the discontinued operations. In Cencorp's financial reports the profit of discontinued operations is reported on a separate line, apart from continuing operations, thus, the income statement, excluding the discontinued operations item, concern the company's continuing operations only. Cencorp's segment information is based on the management's internal reporting and on the organisation structure of the company.

The figures in brackets are comparison figures for the corresponding period in 2013, unless stated otherwise. Since the exit from the decoration business in Guangzhou Cencorp reports on corresponding figures in the discontinued operations in the comparison figures for 2013. In this Financial Statement Release the figures for Beijing have been reported in the continuing operations.

#### October - December 2014 (continuing operations)

- Cencorp Group's net sales decreased by 90.2 percent to EUR 0.1 million (EUR 0.6 million).
  - EBITDA was EUR -1.1 million (EUR -1.0 million).
  - Operating profit was EUR -4.4 million (EUR -1.4 million).
  - The profit before taxes was EUR -4.7 million (EUR -2.0 million).
  - Profit for the period was EUR -4.7 million (EUR -2.0 million).
  - Earnings per share were EUR -0.005 (EUR -0.003) and diluted earnings per share EUR -0.005 (EUR -0.003).
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- Net sales of the Cencorp Clean Energy segment (CCE) decreased by 90.2 percent to EUR 0.1 million (EUR 0.6 million) due to close-down of antenna production at the Beijing factory and operating profit was EUR -4.4 million (EUR -1.4 million). The segment's EBITDA was EUR -1.1 million (EUR -1.0 million). The operating profit decreased due to the write-down of EUR 3.0 million in the fixed assets and inventories of the Beijing factory done in the reporting period. After the write-down the fixed assets and inventories of the Beijing factory have been fully written down.

#### January - December 2014 (continuing operations)

- Cencorp Group's net sales decreased by 74.6 percent to EUR 0.8 million (EUR 3.3 million).
- EBITDA was EUR -3.3 million (EUR -1.8 million).
- Operating profit was EUR -10.9 million (EUR -3.1 million).
- The profit before taxes was EUR -11.7 million (EUR -4.9 million).
- Profit for the period was EUR -11.7 million (EUR -4.9 million).
- Earnings per share were EUR -0.014 (EUR -0.008) and diluted earnings per share EUR -0.014 (EUR -0.008).

**MANAGING DIRECTOR IIKKA SAVISALO'S REVIEW**

Due to the sale of the electronics automation business conducted in the third quarter Cencorp's future expectations rest totally with the company's Cleantech strategy. There are high expectations but also very significant risks in this business. The risks relate particularly to materialization of Clean Energy projects in schedule terms and to the sufficiency of the company's working capital. According to Cencorp's view the company's technological risks have decreased as the company's transition progresses thanks to technological innovations and gained know-how on production. Cencorp is having several negotiations of remarkable Euro value for deliveries of solar module plants or production lines to partners interested in the company's production technology. Part of the negotiations have proceeded well, however, all of them are still going on.

In the last quarter of 2014 the company has focused on improving sales but especially on further development of Conductive Back Sheets ("CBS") that are very significant for the company's future and on finalizing mass production capability at the company's factory in Mikkeli. CBS mass production capability has been achieved in the fourth quarter of the year. However, production capacity has to be further increased in order for Cencorp to meet delivery requirements estimated in the company's business plan. The renewed production process has proved to be efficient and scalable. Cencorp is already now able to produce enough CBS for the company's own needs and to offer them for other manufacturers' modules as well. Cencorp is aiming to produce CBS for the company's future manufacturing partners around the world in Mikkeli in the future.

In 2015 Cencorp's most important objectives include concluding ongoing business negotiations successfully; securing short- and long-term financing facility; and signing manufacturing partnership agreements. In the reporting period Cencorp has made remarkable progress on negotiations with manufacturing partners. Further, in the reporting period and since then Cencorp has signed agreements on test deliveries that are expected to lead to long-term customer relationships with remarkable sales volume.

Cencorp has earlier announced that it has signed a Term Sheet with Vikram Solar, an Indian based company. During the reporting period the companies have discussed various cooperation models. Additionally, Vikram Solar has introduced Cencorp's product in its marketing programme. The companies continue negotiating to find a cooperation model acceptable for both parties.

Risks are described in detail in the item "Risk management, risks and uncertainties" of this Financial Statement Release.

**REVIEW BY SEGMENTS**

- The net sales for the reporting period October - December decreased by 90.2 percent to EUR 0.1 million compared to the corresponding period in 2013. The EBITDA decreased to EUR -1.1 million from the previous year's EUR -1.0 million. Cencorp will no longer give written reports on LAS and LCM segments. From 17 September 2014 the LAS and LCM business has been operated by Cencorp Automation Oy.

- FTTK has used its option to purchase the remaining 30 percent of the shares in Cencorp Automation Oy and the parties have signed an agreement on exercising the option in December 2014. The parties are aiming to complete the transaction by 1 March 2015.

The net sales of Cencorp Clean Energy segment will be generated by the following four product concepts:

### **1. Photovoltaic modules and systems**

Sales of modules and small photovoltaic systems are probably Cencorp's most visible but in terms of revenue potential the smallest product group. All Cencorp's PV modules are manufactured at the company's factory in Mikkeli. They are mainly delivered to the company's distributors and future manufacturing partners. Further, the company provides solar power plants and systems to its customers in Finland.

Current capacity of the company's Mikkeli factory is designed to annually produce PV modules worth max EUR 6 – 8 million at the current market prices. Thus, the module sales do not form a major part of the sales of the company.

The first module manufacturing recipes fully developed by Cencorp has passed the demanding test programs of the German Fraunhofer Institute for Solar Energy Systems, which enables Cencorp's modules to be certified in all market areas the company is targeting. After required administrative certification Cencorp or its manufacturing partners are able to quote for their modules in competitive tendering where the certification in question is required.

### **2. Production lines and related components**

Typically, manufacturers operating in the developing markets, e.g. in China, could be interested in investing in new production lines. These Cencorp's potential customers are producing traditional H-pattern modules. According to the information available to Cencorp many manufacturers are going to start to manufacture next generation modules using the CBS technology. At least one of the world's biggest manufacturers has already announced in public that it will start using CBS technology in 2015. These kinds of customers usually have their own module manufacturing recipe and require only production equipment or lines. According to Cencorp's estimation typical price of production equipment or a production line for solar modules is EUR 4 – 6 million.

The company is having negotiations for delivering solar module plants or production lines with several potential customers interested in Cencorp's production technology worldwide. The value of the contracts Cencorp is negotiating for varies from approximately 4 million Euros to approximately 20 million Euros.

If Cencorp is able to achieve market position it is targeting as a supplier of CBS production lines expected development in the market facilitates orders for tens of production lines in the next five years. The company estimates it will get the first order for this kind of production line in 2015.

### **3. Manufacturing partners**

For the moment Cencorp is negotiating for cooperation agreements with several potential manufacturing partners who as newcomers on the market would commit themselves to both Cencorp's production technology and module manufacturing recipe. In these cases Cencorp would provide a partner with a turnkey delivery project and commit to minority shareholding in a manufacturing company if required. Manufacturing partners operate mainly in developing markets and produce solar energy modules for local and nearby markets. Value of a typical turnkey plant delivery is more than ten million euros. Cencorp is

aiming to sign at least 10 manufacturing partner contracts in the next five years. It is still possible that the first contract for manufacturing partnership will be signed in the first quarter of 2015.

#### **4. Special components**

Special components are the most important part in Cencorp's strategy and most remarkable in terms of net sales potential. Cencorp's first component is Conductive Back Sheet (CBS) developed by the company. All back contact modules require conductive back sheet in order to function. One normal size production line using back contact technology needs approximately 300,000 – 500,000 conductive back sheets in a year when operating at full capacity. Based on current estimation, considering price level in the near future, each production line will annually require back sheets worth approximately 5 – 11 million Euros.

In the future Cencorp is planning to offer its partners other components too. These components might include e.g. various intelligent components, components relating to energy storages and special silicon wafer technology based on back contact.

Cencorp's objectives for both market share and number of partners are ambitious and their accomplishment involves significant risks. However, considering the technological concept the company is having Cencorp believes it is in good position to meet the targets. Attainment of the objectives requires sufficient financing.

During the reporting period October – December the gross investments in the Cencorp Clean Energy i.e. the continuing operations totaled EUR 0.2 million as the investments in discontinued operations amounted to EUR 0.0 million.

### **OPERATING ENVIRONMENT**

Cencorp operates in industries applying clean energy technology.

Cencorp's operating environment is global. The company's customers operating in the clean energy business are companies that provide products and services locally and/or worldwide.

Cencorp's key products and services have been designed for the photovoltaic market. Modern next generation conductive back sheet based solar modules can be manufactured with Cencorp's own module manufacturing recipe and automated production.

In the market, general attitude to the solar energy investments improved clearly already at the end of 2013. The same trend continued the whole year 2014 and still continues at the beginning of 2015. Many solar module manufacturers with solid market position have started to plan investing in capacity, partly to increase the amount of their production capacity and partly to replace production capacity for old H-pattern solar modules.

Cencorp has previously announced that it views the focus of its future business will be in the developing countries. This view has further strengthened during the last quarter of the year 2014. Many of the mega trends such as national climate protection objectives; increasing industrialisation in the developing countries and increasing energy self-sufficiency, favour local manufacturing of solar modules. For the moment major part of the world's solar module manufacturing is concentrated in China. Modules are manufactured in large labour-intensive units and are delivered to the world market to be installed.

In the developed countries solar electricity is mainly produced in large solar power plants located in open landscape feeding electricity to main grid. In this kind of power plants logistics costs, among others, can be optimized and such parameters as module's efficiency per square meter have not had major importance. In the developing countries logistics costs, in particular, are significant and demand is focused on so called mini grid systems where solar power plants have been decentralized and new local grid is built around them. Grids are connected to each other and to new small power plants as electricity consumption, distribution and production increases steadily. Electricity production is decentralized and electricity is distributed through a new type of grid infrastructure. Small power plants are often so called hybrids where solar power plants are operated together with diesel, water and wind power plants in same grid and where various energy storages can be integrated.

In an environment described above a local producer has much better possibilities to control logistics costs and adopt legislation favouring local production. Many of the partners Cencorp is negotiating with have noticed that local production costs are clearly lower than prices of modules imported from China. When modules are produced locally possibilities to control the quality increase, too. In Cencorp's view CBS based modules have typically solid quality which improves module efficiency in most of the cases.

## **MARKET OUTLOOK**

Demand for high efficiency modules has increased in the EU, US and Japanese markets as well during the last six months. Cencorp currently negotiates on delivering PV solar modules developed by the company to these markets. Cencorp views that major part of its modules sold by distributors will be manufactured by Cencorp's manufacturing partners, in the future.

All module manufacturers are aiming to increase the efficiency of their modules. Nominal efficiency of modules manufactured using Cencorp's technology vary typically between 250 W – 265 W that is considered to be high for a polycrystalline silicon module. The company trusts that it is able to further improve its module and is aiming to a nominal efficiency of 290 W. According to the information available to the company there are only few manufacturers in the world who have been able to manufacture a module with efficiency of 300 W by using very expensive silicon or costly and difficult to control production processes.

Market price of a module with higher efficiency is higher than price of a standard module. The demand for these high efficiency modules is strong, especially on the developed markets. In Cencorp's view the company's proven high efficiency rating will help Cencorp in finding manufacturing partners on the developed markets, as well.

As announced on 21 August 2012 Cencorp has decided not to give any financial guidance for the time being as the company is in a transition phase to become a company providing solely clean energy solutions. As the transition phase is still partly continuing Cencorp does not give any financial guidance either for the 2015.

## **LONG-TERM OBJECTIVES FOR MANAGING DIRECTOR**

The long-term objectives for Managing Director are as follows:

- To secure the short-term and long-term financing for Cencorp.
- Thorough but fast transition to become a company developing and providing solely clean energy solutions.
- Cencorp's future goal is to gain a strong market position in various market areas as a company that provides locally produced high quality PV modules, special components for modules, and especially solar energy plants using automation and laser technology.
- Cencorp's goal is to increase its shareholder value with growth and profitability. Cencorp aims for growth in Cleantech business where the company has good possibilities, thanks to its product solutions, to achieve a strong global position and fast growth.

As announced on 21 August 2012 Cencorp has decided not to give any financial guidance for the time being as the company is transforming into a company that develops and provides only Cleantech applications. As the transition period is still partly continuing Cencorp does not give any financial guidance for the year 2015 and the objectives set for Managing Director for 2015 – 2017 should not be considered as the financial guidance, either. Attainment of the objectives involves significant risks.

Based on Cencorp's experience in the clean energy business so far and knowledge of technological development in the industry as well as the company's evaluation of market development the Board of Directors of the company has specified the long-term financial objectives set for Managing on 12 November 2014. The objectives set for Managing Director are based on the company's business model which assumes that the customers buying Cencorp's production technology will buy part of main components for solar modules from Cencorp as well. In the objectives set for Managing Director one solar module plant and one production line are estimated to be sold in 2015. The company's objective is to deliver totally about ten solar module plants and about ten production lines by the end of 2017.

In the developed countries CBS back contact technology has been taken into use more slowly than expected because overcapacity of traditional solar modules has not yet reduced in the market to the extent that investments in the new CBS based technology would have been started. However, according to the information available to Cencorp one of the world's biggest manufacturers has announced in public that it will start using CBS technology already in 2015. Cencorp views that the company's CBS components are ready to meet the demand as the investments commence.

Based on the assumptions presented above the objectives set for Managing Director that should not be considered as the company's financial guidance are as follows: A net sales target for 2015 is approximately EUR 10 – 15 million. A net sales target for 2016 is approximately EUR 45 – 55 million and for 2017 approximately EUR 150 – 200 million. Attainment of the objectives set for Managing Director requires that component sales will realize as planned resulting the sales of components will be about two thirds of the company's net sales in 2017.

The long-term objectives set for Managing Director and realization of the company's business model involve significant risks and the objectives should not be considered as the company's financial guidance. The long-term objectives set for Managing Director and their attainment fully depend on sufficiency of the company's short-term financing and success in securing the long-term financing. Negotiations for the long-term

financing are going on. The risks related to the long-term objectives set for Managing Director are described in detail in the item “Risk management, risks and uncertainties” of this Financial Release Statement.

## **FINANCING**

Cash flow from business operations before investments in January – December was EUR -4.0 million (EUR -0.7 million). Trade receivables at the end of the reporting period were EUR 1.0 million (EUR 1.6 million). Net financial items amounted to EUR -0.8 million (EUR -1.8 million).

At the end of December the equity ratio was -130.9 percent (-6.9 %) and equity per share was EUR -0.011 (EUR -0.004). The equity ratio including capital loans was -88.8 percent (30.6 %). At the end of the reporting period, the Group’s liquid assets totaled EUR 0.2 million (EUR 0.1 million) unused export credit limits, bank guarantee limits and factoring loans amounted to EUR 0.3 million (EUR 1.1 million).

The financing situation of Cencorp continues to be very tight. The company has reviewed different options for its short-term and long-term financing and for ensuring the company’s strategy to be materialized as planned. Cencorp has begun negotiations with international investors to find an arrangement for its financing. The negotiations, where an investment bank in London assists Cencorp, are going on and based on Cencorp’s view results from these negotiations could be expected in the first quarter of 2015. The schedule of the long-term financing negotiations will be highly depended on whether the company succeeds to sign its first manufacturing partnership agreement during the first quarter of 2015. Should the signing of the first manufacturing partnership agreement be delayed the long-term financing arrangement would be delayed too and the company would have to seek for bridge financing. It is not yet secured that the company succeeds in securing bridge financing by the end of the first quarter. However, Cencorp is aiming not to put too much pressure in the negotiations for long-term financing in terms of schedule to be able to ensure the best possible shareholder value to the current shareholders of the company.

In the reporting period Cencorp agreed to sell its electronics automation business to FTTK. The business transaction generated working capital to the company but decrease in the company’s financing limits agreed at the sale reduced the transaction’s positive effects on the company’s working capital. The transaction generated positive result of EUR 0.3 million on Cencorp Group’s result for 2014.

In terms of the short-term financing of the company, Cencorp’s preliminary object is to turn the cash flow before investments with the company’s current cost structure into profit as soon as possible.

Should there be delays in getting new orders or should the market conditions weaken compared to the company’s current view, changing orders into sales may slow down and have a major impact in the schedule in which the cash flow of the business operations turns positive. In such case the financing situation of the company would further tighten if all or part of the other on-going financing negotiations would not have been materialized by then.

Another object relating to short-term financing is to obtain bridging loan for the company until the aforesaid long-term financing has been secured. In the company’s view a bridging loan together with cash flow of business operations before investments turning positive would ensure sufficiency of financing for the next twelve months or until long-term financing arrangement has been concluded.

As a part of the closing of the Transaction Cencorp agreed with Danske Bank that the export credit limit available to the company decreases from EUR 1.5 million to EUR 1.0 million; the bank guarantee limit decreases from EUR 1.25 million to EUR 0.75 million; and the limit of the overdraft facility decreases from EUR 1.25 million to EUR 0.95 million. Additionally, the company agreed with Danske Bank on a cash deposit of EUR 0.4 million that was released in October when a bank guarantee arranged by Cencorp for advance payment of EUR 0.4 million from FTTK was released. Further, the company has agreed with Finnvera that Finnvera's guarantee for the company's financing limits continues to be in force against a cash deposit of EUR 0.3 million. In the short run decrease in the limit of the overdraft facility together with decreasing export credit limit and presumably short-term cash deposits of totally EUR 0.7 million for Danske Bank and Finnvera have affected and continue to affect sufficiency of the company's financing. As the FTTK transaction will be fully concluded the overdraft facility at Danske Bank further decreases from EUR 0.95 million to EUR 0.65 million.

Cencorp has previously estimated that with the Transaction closed with FTTK Cencorp's bridging financing will be secured until the end of the first quarter of 2015, provided the company has at least the credit limits corresponding to its current limits of EUR 4.0 million. However, decrease in the financing limits to EUR 2.4 - 2.7 million will put high pressure in schedule terms on the company to arrange long-term financing and to secure realization of the company's Cleantech strategy according to the plans. In the future Cencorp may require clearly bigger limits for the company's technology export projects accordant with its Cleantech strategy.

Very significant risks are involved in sufficiency of Cencorp's working capital for the next twelve months. In Cencorp's current view, due to decrease in the financing limits from Danske Bank the company requires more bridging financing until long-term financing arrangement has been secured and the cash flow from the business operations of the company has turned positive. The company continues to have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow.

In the Auditor's Report in the Annual Report 2013 the company's auditor drew attention to the financial risk management with a so called Emphasis of Matter as follows: "Without qualifying our opinion, we draw attention to the basis of preparation of the financial statements and to the note 29. Financial risk management. The financial statements have been repaired under the going concern assumption. The continuity of operations requires that during the year 2014 the company is able to obtain supplementary funding, to negotiate changes to the terms of payment and that cash flow from business operations turns positive. However, should the company fail to arrange financing, it is possible that the company will not be able to realize its assets and repay its liabilities within usual business operations to a sufficient extent or quickly enough. These factors, together with other issues mentioned in the report of the Board of Directors and the notes to the financial statements show material uncertainty, which may challenge the company's going concern assumption."

If the company does not succeed to secure sufficient short-term and long-term financing, the continuity of the company's operation may be jeopardized.

## **RESEARCH AND DEVELOPMENT**

The Group's research and development costs during the January – December period amounted to EUR 1.7 million (EUR 2.0 million) or 25.7 (18.0) percent of net sales. The research and development costs of the

Group's continuing operations during the January – December period totaled EUR 1.1 million (EUR 0.9 million) or 131.8 (27.2) percent of net sales.

## INVESTMENTS

Gross investments in the continuing operations during the January – December period amounted to EUR 0.4 million (EUR 3.0 million). Almost all of the investments were in development costs.

## PERSONNEL

At the end of December the Group employed 26 (149) people, out of which 20 persons worked in Finland, 4 persons in China and 2 persons in the USA. During the reporting period the Group's salaries and fees totalled EUR 3.3 million (EUR 4.2 million).

## SHARES AND SHAREHOLDERS

Cencorp's share capital amounted to EUR 3,425,059.10 at the end of the reporting period. The number of shares was 862,472,136. The company has one series of shares, which confer equal rights in the company. Cencorp did not own any of its own shares at the end of the reporting period.

The company had a total of 6,205 shareholders at the end of December 2014, and 0.6 percent of the shares were owned by foreigners. The ten largest shareholders held 80.1 percent of the company's shares and voting rights on 31 December 2014.

The largest shareholders on 31 December 2014

	Shares	Votes
1. SAVCOR GROUP OY	330 533 522	38.3
2. SAVCOR GROUP LIMITED	133 333 333	15.5
3. GASELLI CAPITAL OY	95 000 000	11.0
4. KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	63 673 860	7.4
5. SAVCOR INVEST B.V.	39 374 994	4.6
6. FRATELLI OY	9 223 250	1.1
7. SCI INVEST OY	6 870 645	0.8
8. NORDEA PANKKI SUOMI OYJ	4 439 197	0.5
9. HUHTALA KAI	4 187 500	0.5
10. TROBE OY	3 986 000	0.5
OTHERS	171 849 835	19.9
TOTALLY	862 472 136	100.0

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 605,112,494 shares in the company on 31 December 2014, representing about 70.2 percent of the company's shares and voting rights. Iikka Savisalo, Cencorp's Managing Director,

either directly or through companies under his control, held a total of 510,112,494 shares in the company and 15,852,856 options connected to bond I/2012.

The price of Cencorp's share varied between EUR 0.01 and 0.04 during the January – December period. The average price was EUR 0.02 and the closing price at the end of December EUR 0.01. A total of 161.2 million Cencorp shares were traded at a value of EUR 3.1 million during the January – December period. The company's market capitalization at the end of December stood at EUR 7.8 million.

No share options were granted to the company's management during the reporting period. On 31 December 2014, the company hold 15,852,856 options connected to bond I/2012 with subscription period ended on 7 December 2014. Options connected to bond I/2012 are held by SCI Invest Oy and Savcor Group Oy. On 31 December 2014 the company had 30,000,000 options connected to bond I/2013 with a subscription period ending on 2 June 2015. The options connected to bond I/2013 are held by Keskinäinen Vakuutusyhtiö Etera and Oy Ingman Finance Ab.

### **SHARE ISSUE AUTHORIZATIONS IN FORCE**

Cencorp's Extraordinary General Meeting held on 30 January 2012 decided to authorize the Board of Directors to issue 100,000,000 new shares. 36,411,608 shares remain under the authorization.

The Extraordinary General Meeting of Cencorp Corporation held on 4 December 2013 authorized the Board of Directors of the company to decide on a share issue to the shareholders of the company and to the holders of the convertible bonds of the company, so that the maximum number of new shares to be issued based on the authorization is 510 000 000 new shares of the company. The Board of Directors is entitled to resolve on any other terms and conditions of the share issue. The authorization is in force until further notice, however, in maximum for five years as of the resolution of the General Meeting. The authorization does not revoke the earlier authorizations. 508,151,045 shares, under the authorization, were issued in the share issue ended on 24 January 2014. There remain 1,848,955 shares under the authorization.

### **THE MAJOR EVENTS ON THE FINANCIAL YEAR 2014**

#### **SHARE ISSUE**

In Cencorp's share issue, ended on 24 January 2014, the total amount of subscriptions was 627,064,325 shares, which represents 123 per cent of the 508,151,045 shares offered in the Share Issue. Due to the oversubscription, the Board had to reject part of the subscriptions made on the basis of the secondary subscription rights in accordance with the terms of the Share Issue. As a result of the Share Issue, the number of the Company's shares shall increase by 508,151,045 to 854,312,315 shares. In total, 2,413 subscribers participated in the Share Issue.

The Company collected 4,911,973 Euros of new equity through the Share Issue. Approximately 2.4 million Euros of the total subscription price was paid by the capital and/or interest receivables related to loans with interest that the Company owed to the respective subscribers. This includes the subscription of approximately 2.1 million Euros by Savcor Group Oy. The subscription price of 4,911,973 Euros for the Share Issue shall be in whole entered into the fund of the invested unrestricted equity of the Company. The Share

Issue has no effects to the registered share capital of the company. The new shares were registered with the Trade Register on 4 February 2014 and were entered into public trading on 5 February 2014.

#### TERM SHEET SIGNED BETWEEN VIKRAM SOLAR AND CENCORP

Vikram Solar Pvt, Ltd ("Vikram Solar"), an Indian company, and Cencorp have started to review collaboration opportunities for using Cencorp's MWT (Metal Wrap Through) technology for photovoltaic modules in Vikram Solar's solar energy projects. MWT technology refers to Conductive Back Sheet (CBS) based module structure.

The parties have signed a Term Sheet on collaboration on 7 February 2014. As agreed in the Term Sheet consideration of collaboration options shall take six months, at the most. During that time the parties negotiate both business opportunities in photovoltaic module business and opportunities for ownership arrangements between the companies. The negotiations are still going on.

Vikram Solar is the leading provider of solar energy projects in India and it belongs to a technology group Vikram Group ([www.vikram.in](http://www.vikram.in)).

The non-binding Term Sheet Cencorp has signed with Vikram Solar involves risks which have been handled in the item "Risk management, Risks and Uncertainties" of this Financial Statement Release.

#### CENCORP'S DIRECTED SHARE ISSUE FOR A FEE TO CERTAIN DIRECTORS AND A PREVIOUS BOARD MEMBER

In directed share issue for a fee to certain Cencorp's directors and previous board member, released on April 11, 2014 altogether 8,159,821 new company shares were subscribed. The subscription price for the shares in the directed share issue was 0.025 euro per share. Company has accepted the subscriptions.

The company collected approx. 203,996 euros of new equity through the directed share issue and 109,375 euro of the subscriptions has been paid by the setting-off non-disputed contractual based receivables. According to the terms and conditions of the directed share issue, the subscription price shall be recorded entirely to the company's invested free equity fund.

Due to the accepted share subscriptions the amount of the shares in the company shall increase from 854,312,315 shares to 862,472,136 shares. The shares were listed at the official list of NASDAQ OMX Helsinki Ltd together with the shares already issued and listed on 31 July 2014. The company did not separately publish a supplement to the Registration Document dated December 9, 2013 or a Summary or a Securities Note prior to the listing of the new shares.

#### DECISIONS AT THE ANNUAL GENERAL MEETING AND ORGANIZING OF THE BOARD OF DIRECTORS

Cencorp Corporation's Annual General Meeting was held on 25 April 2014 in Mikkeli, Finland. The AGM approved the 2013 financial statements and discharged the members of the Board and the President and CEO from liability for the financial year 2013. According to the Board' proposal, it was decided that no dividend for the financial year 2013 will be distributed. It was also decided that the loss for the financial period that ended on 31 December 2013 will be entered in retained earnings.

It was decided that 4 members will be elected to the Board of Directors of Cencorp. MSc (economics) Mr. Sauli Kiuru (b. 1972) who was elected as new board member, works as Chairman of the Board of Gaselli Capital Oy and CEO of Siesta Group Oy. Previously Mr. Kiuru has been working as CFO and board member of Barona Group Oy, as auditor in KPMG and as secretary of the Auditor's Committee of Finnish Central Chamber of Commerce. Mr. Kiuru has wide experience concerning board work in growth companies. Sauli Kiuru is the chairman of the board of Siesta Group Oy, BiiSafe Oy and Stata Oy. He has been board member of Cencorp previously in years 2006 - 2008. Gaselli Capital Oy which is controlled by Mr. Kiuru owns 95,000,000 Cencorp shares, which represents approx. 11.1 percent of the share capital of Cencorp.

Mrs. Marjukka Karttunen, industrial counsellor Mr. Hannu Savisalo and CEO Mr. Iikka Savisalo continue as old Board members in the Cencorp Corporation's Board of Directors.

At its organizing meeting following the AGM, Cencorp's Board of Directors elected Hannu Savisalo as the Chairman and Marjukka Karttunen as the Vice Chairman of the Board. The Board of Directors decided, due to the scope of the company's business, that it is not necessary to establish any separate Board committees.

The AGM decided that an annual remuneration of EUR 40,000 will be paid to the Chairman and to the Vice Chairman of the Board, and EUR 30,000 to the members of the Board of Directors. Travel costs of the Board members will be paid according to the company's travel policy.

Ernst & Young Oy, Authorized Public Accounting Firm, continues as the Company auditor and Mikko Rytelahti, APA, as the responsible auditor.

#### CHANGE IN CENCORP'S MANAGEMENT TEAM ON 7 MAY 2014

Mr Jari Ketoluoto, (Diploma in Business Administration, born 1962) has been appointed as CEO of Laser and Automation Solutions segment (LAS). Previously he acted as Vice President of Laser and Automation Solutions. Mr Ketoluoto continued in Cencorp's Management Team over transition phase of the transaction between Cencorp and FTTK. Mr Petri Kivelä's, Vice President LCM, employment with Cencorp and membership in the company's Management Team ended simultaneously.

#### AN AGREEMENT WITH ETELÄ-SAVON ENERGIA

In May 2014 Etelä-Savon Energia Oy ("ESE") and Cencorp signed a cooperation agreement with objective to develop together solar energy markets in the region of South Savo. In the first phase a pilot plant will be built in Karikko, Mikkeli. A pilot solar power plant, built as a pilot project, is an investment that opens the solar energy markets in the region of South Savo. The solar power plant includes 200 solar modules with capacity of max. 49.5 kW. The power plant generates annually about 40,000 kWh. The solar power plant of this size is the only one in the region of South Savo. Cencorp will deliver the solar power plant as a turnkey project. The customer is ESE who is responsible for connecting the power plant to the grid. Based on experience got from this pilot project a model for wider cooperation can be developed.

#### STATUTORY NEGOTIATIONS

Cencorp's statutory negotiations, started at 16 May 2014 were closed 4 June 2014. As the result of the negotiations personnel of Life Cycle Management segment ("LCM") and Laser and Automation Solutions segment ("LAS") will be reduced by seven employees. Furthermore, Cencorp's spare parts operations and service will be relocated to Cencorp's Estonian based subsidiary by the end of 2014. Reductions will be carried out by dismissals and retirement arrangements. After the sale of Cencorp's electronics automation business to FTTK was concluded the actions decided on the statutory negotiations did not concern Cencorp.

#### EXTENSION OF FINNVERA'S GUARANTEE

On 27 June 2014 Cencorp approved Finnvera Plc's quotation for extending the guarantee for the financing facility agreement between Cencorp and Danske Bank Plc until 31 March 2015. As a result of the extension of Finnvera Plc's guarantee, the financing facility agreement between Cencorp and Danske Bank Plc is effective until 31 March 2015 as previously announced. The extension of the maturity dates of a loan of some EUR 1.2 million, granted to Cencorp by Savcor Group Oy in 2009 and converted into a convertible bond on 25 May 2010, and of a loan of EUR one million from Savcor Invest B.V , until 31 March 2015 has been subject to extending the financing facility agreement between Cencorp and Danske Bank Plc until 31 March 2015. At the share issue with subscription period ending on 24 January 2014 Savcor Group Oy subscribed Cencorp shares for the total amount of the loan. The loan period of the loan from Savcor Invest BV is extended until 31 March 2015 as previously announced as Danske Bank's financing facility agreement will be effective until 31 March 2015.

#### WRITE-DOWNS IN THE ASSETS RELATED TO THE FACTORY IN BEIJING

In the reporting period January – December 2014 a write-down of totally EUR 6.2 million has been made in the continuing operations in in the fixed assets and inventories of the Beijing factory.

On 20 August 2014 the Board of Directors of the company decided to make a write-down of EUR 3.2 million in the assets related to the factory and the production machinery in Beijing and transferred the CBS production to its factory in Mikkeli.

As Cencorp has not been able to find a buyer for the production of RFID components and flexible electronics for mobile phones who could utilize the technology in its production the company made another write-down of EUR 3.0 million in the assets related to its factory in Beijing in the Financial Statement for 2014. After the write-downs the value of the Beijing factory has been fully written down. However, despite the write-down Cencorp continues to take actions to sell the technology and production machinery related to the production of RFID components and flexible electronics for mobile phones.

#### THE SALE OF CENCORP'S ELECTRONICS AUTOMATION BUSINESS WAS COMPLETED ON 17 SEPTEMBER 2014

On 25 August 2014 Cencorp announced that the company had signed an agreement according to which FTTK acquires a majority shareholding in the electronics automation business of Cencorp ("Transaction").

Pursuant to the agreement between Cencorp and FTTK, Cencorp transferred the company's electronics automation business into Cencorp Automation Oy, a fully-owned subsidiary of Cencorp. Further, in accordance to the agreement signed earlier, FTTK purchased 70 percent of the shares in Cencorp

Automation for EUR 2.66 million payable in cash. On 17 September 2014 the parties confirmed that the conditions precedents to the Transaction had been fulfilled and thus the Transaction was closed. At the closing a shareholders' agreement regarding Cencorp Automation Oy between FTTK and Cencorp came into force as well.

FTTK has an option to decide by 17 December 2014 whether it will use its option to purchase the remaining 30 percent of the shares in Cencorp Automation for EUR 1.14 million, payable in cash, added with a yearly interest of 10 percent until the purchase price has been paid. Should FTTK decide to exercise the aforesaid option, FTTK pays the corresponding purchase price in twelve equal installments. The first installment shall be paid after twelve months from the closing i.e. from today. The option is subject to FTTK to arrange a bank guarantee for the remaining unpaid purchase price issued by a bank accepted by Cencorp. FTTK has used its purchase option on 17 December 2014, which has been handled in the item Major events in the financial year below.

#### LONG-TERM OBJECTIVES FOR MANAGING DIRECTOR

In the Interim Report for the third quarter of 2014 published on 12 November 2014 the Board of Directors of Cencorp has updated the long-term objectives set for Managing Director as presented in the item Long-term objectives for Managing Director in this Financial Statement Release.

#### CENCORP WILL NOT CONVENE AN EXTRAORDINARY GENERAL MEETING TO HANDLE REVERSE STOCK SPLIT IN 2014 - PREPARATION OF THE ISSUE CONTINUES

Cencorp has previously announced that the Board of Directors of the company has commenced preparations for convening a general meeting to decide on reduction of the number of the shares without reducing the value of the shares (so called reverse stock split). The purpose of the reverse stock split is to boost trading and pricing of the shares of the company. It was estimated that the issue will be addressed in an extraordinary general meeting to be held during 2014.

On 21 November 2014 the Board of Directors has decided that it will not convene an extraordinary general meeting to address the issue in 2014. However, preparation of the issue continues. According to the current knowledge the reverse stock split issue will be addressed in a general meeting during 2015.

#### FTTK AND CENCORP HAVE SIGNED A SHARE TRANSFER AGREEMENT FOR ALL THE SHARES IN CENCORP AUTOMATION OY OWNED BY CENCORP

On 25 August 2014 Cencorp Corporation announced that the company had signed an agreement according to which FTTK Company Limited ("FTTK") acquires a majority shareholding in the electronics automation business of Cencorp.

Pursuant to the agreement between Cencorp and FTTK, Cencorp transferred the company's electronics automation business into Cencorp Automation Oy, a fully-owned subsidiary of Cencorp. Further, in accordance to the agreement signed earlier, FTTK has purchased 70 percent of the shares in Cencorp Automation for EUR 2.66 million payable in cash. On 17 September 2014 the parties confirmed that the conditions precedents to the Transaction had been fulfilled and thus the Transaction had been closed.

According to the Agreement FTTK has an option to decide by 17 December 2014 whether it will use its option to purchase the remaining 30 percent of the shares in Cencorp Automation for EUR 1.14 million, payable in cash, added with a yearly interest of 10 percent until the purchase price has been paid. Should FTTK decide to exercise the aforesaid option, FTTK pays the corresponding purchase price in twelve equal installments. The first installment shall be paid after twelve months from the closing i.e. 17 September 2014. The option is subject to FTTK to arrange a bank guarantee for the remaining unpaid purchase price issued by a bank accepted by Cencorp.

On 17 December 2014 FTTK has used its option to purchase the remaining 30 percent of the shares in Cencorp Automation Oy and the parties have signed an agreement for the exercise of the option. With regard to the option the Parties have agreed on the following changes in the original terms of the transaction:

- a) The purchase price decreases from EUR 1.14 million to EUR 1.04 million.
- b) The purchase price shall be paid faster than originally agreed so that the entire purchase price shall be paid by 1 March 2015.
- c) A bank guarantee for the unpaid purchase price is no longer required.
- d) The shares shall be transferred and the ownership and title to the shares shall pass to the purchaser only against the payment of the entire Purchase Price.

The company is aiming to fully conclude the transaction by 1 March 2015.

#### CHANGE IN CENCORP'S MANAGEMENT TEAM 29 DECEMBER 2014

Due to the fact that Cencorp Corporation sold all its shares in Cencorp Automation Oy on 17 December 2014 to FTTK Company Limited Mr. Jari Ketoluoto, Managing Director of Cencorp Automation Oy, has resigned from the Management Group of Cencorp Corporation. From 29 December 2014 the members in the Management Group of Cencorp Corporation are Managing Director Iikka Savisalo; Chief Financial Officer Seija Kurki; Chief Executive Officer, Cencorp Clean Energy Sami Lindfors; and Chief Technology Officer Henrikki Pantsar.

#### RISK MANAGEMENT, RISKS AND UNCERTAINTIES

Cencorp's Board of Directors is responsible for the control of the company's accounts and finances. The Board is responsible for internal control, while the President and CEO handles the practical arrangement and monitors the efficiency of internal control. Business management and control are taken care of using a Group-wide reporting and forecasting system.

The purpose of risk management is to ensure that any significant business risks are identified and monitored appropriately. The company's business and financial risks are managed centrally by the Group's financial department, and reports on risks are presented to the Board of Directors as necessary.

Due to the small size of the company and its business operations, Cencorp does not have an internal auditing organization or an audit committee.

The sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. According to the current view of Cencorp's management the company needs to obtain a bridging loan until long-term financing arrangement mentioned in the item "Financing" in this Financial Statement Release has been secured and the cash flow of the business operations of the company has turned positive. The company will have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. Negotiations for the sale of the technology and production machinery related to the production of RFID components and flexible electronics for mobile phones are still going on, even though likelihood of a sale decreases as more time passes.

In the Auditor's Report in the Annual Report 2013 the company's auditor drew attention to the financial risk management with a so called Emphasis of Matter as follows: "Without qualifying our opinion, we draw attention to the basis of preparation of the financial statements and to the note 29. Financial risk management. The financial statements have been prepared under the going concern assumption. The continuity of operations requires that during the year 2014 the company is able to obtain supplementary funding, to negotiate changes to the terms of payment and that cash flow from business operations turns positive. However, should the company fail to arrange financing, it is possible that the company will not be able to realize its assets and repay its liabilities within usual business operations to a sufficient extent or quickly enough. These factors, together with other issues mentioned in the report of the Board of Directors and the notes to the financial statements show material uncertainty, which may challenge the company's going concern assumption."

If the company does not succeed to secure sufficient short-term and long-term financing, the continuity of the company's operation may be jeopardized.

As a part of the closing of the sale of the electronics automation business between Cencorp and FTTK Cencorp agreed with Danske Bank that the export credit limit available to the company decreases from EUR 1.5 million to EUR 1.0 million; the bank guarantee limit decreases from EUR 1.25 million to EUR 0.75 million; and the limit of the overdraft facility decreases from EUR 1.25 million to EUR 0.95 million. Additionally, the company agreed with Danske Bank on a cash deposit of EUR 0.4 million that was released when a bank guarantee, arranged by Cencorp for advance payment of EUR 0.4 million from FTTK, was released, in October. Further, the company has agreed with Finnvera that Finnvera's guarantee for the company's financing limits continues to be in force against a cash deposit of EUR 0.3 million. In the short run decrease in the limit of the overdraft facility together with decreasing export credit limit and presumably short-term cash deposits of totally EUR 0.7 million for Danske Bank and Finnvera have affected and continue to affect sufficiency of the company's financing.

Cencorp has previously estimated that with the Transaction closed with FTTK Cencorp's bridging financing will be secured until the end of the first quarter of 2015, provided the company has at least the credit limits corresponding to its current limits of EUR 4.0 million. However, decrease in the financing limits to EUR 2.7 million will put pressure in schedule terms on the company to arrange long-term financing and to secure realization of the company's Cleantech strategy according to the plans. In the future Cencorp may require clearly bigger limits for the company's technology export projects accordant with its Cleantech strategy.

Cencorp is having negotiations with international investors to find an arrangement for its long-term financing. The negotiations, in which an investment bank in London assists Cencorp, are going on and based on Cencorp's previous view results from these negotiations could be expected in the first quarter of 2015. However, success in the financing negotiations involves significant risks and the company is not sure

whether only part or all of the negotiations will be successful. The schedule of the long-term financing negotiations will be highly depended on whether the company succeeds to sign its first manufacturing partnership agreement during the first quarter of 2015.

Should the signing of the first manufacturing partnership agreement be delayed the long-term financing arrangement would be delayed too and the company would have to seek for bridge financing. It is not yet secured that the company succeeds in securing bridge financing by the end of the first quarter.

Should the company fail to arrange financing, it is possible that the company will not be able to realize its assets to a sufficient extent or quickly enough or the realization value of the assets will not be sufficient.

Should there be delays in signing contracts for clean energy solutions in planned schedule, it could have significant negative effect on the company's financing situation and continuity of operations.

In terms of profitability, the most essential risks are related to the achievement of a sufficient invoicing volume in the Clean Energy business segment.

Cencorp has announced that its objective is to transform into a company that develops and provides Cleantech applications using laser and automation technology as well as into a company that has a strong market position as a provider of, in various geographical areas, locally produced high-quality photovoltaic modules. Achievement of the objectives as well as realization of the transformation involves risks. Even though Cencorp's strategy and objectives are based on market knowledge and technical surveys, the risks are significant and it is not certain if the company reaches all or part of the targets set for it. Cencorp's future outlook will be highly dependent on the company's ability to reach the targeted market position in the global photovoltaic module market as well as on the company's short and long-term financing.

The execution of the non-binding Memorandum of Understanding signed with a major Chinese photovoltaic module manufacturer involves risks. The final terms of an agreement are still under negotiations, thus execution of the agreement is not yet guaranteed. Additionally, the agreement is subject to Cencorp's short-term and long-term financing. Thus, Cencorp is not yet able to estimate the agreement's possible execution, effective date neither the agreement's impact in Cencorp nor the final risks relating to it. However, in regard to the Memorandum of Understanding on delivering CBS to the Chinese photovoltaic module manufacturer, the estimated minimum value of EUR 20 million for three years' period from the start of mass production will probably stay non-binding even though the actual Memorandum of Understanding turns into a binding supply contract. In this business customers do not give binding order estimations.

The execution of the non-binding cooperation agreement signed between Cencorp and Vikram Solar involves risks. The negotiations for business and partnership collaboration between the parties, including detailed terms, are still under negotiations, thus it is not yet certain that the transactions will be materialized. Further, realization of the transactions defined in the non-binding Term Sheet is subject to several issues and especially to Cencorp's short- and long-term financing. Therefore, Cencorp is not yet able to estimate possible realization and effective date of the transactions, the transactions' influence in Cencorp or risks relating to them. Cencorp will announce further information as soon as the negotiations have been finished.

The long-term objectives set for the Managing Director involves also significant risks and the long-term objective should not be considered as the company's financial guidance. Even though the objectives are based on market knowledge and technical surveys, the risks are significant and it is not certain if the

Managing Director reaches all or part of the targets set for him within estimated new timetable. If Cencorp's financing arrangements are delayed, the risk of the Managing Director reaching the objectives set for him in the stated timetable will increase.

Other risks connected to Cencorp have been presented in more detail in the Share Issue Registration Document and its appendixes published on 9 December 2013 as well as in the Annual Report.

#### **GOVERNANCE PRINCIPLES**

Cencorp's Board of Directors has handled and approved the company's Corporate Governance Statement on 18 February 2015. The statement describes the main features of the internal control and risk management related to the company's financial reporting process, and the operations and composition of the Board of Directors, including information on the President and CEO.

The Annual Report for the financial year 2014 will be published on 25 March 2015 at [www.cencorp.com](http://www.cencorp.com) and will include the Financial Statements, the Report of the Board of Directors and the Auditors Report.

The company's Corporate Governance Statement will be published as a separate report in the same connection. It is also available on the company's website.

#### **THE BOARD OF DIRECTORS' PROPOSAL CONCERNING THE DISTRIBUTION OF PROFIT**

The Board of Directors proposes to the Annual General Meeting that the loss for the period ended on 31 December 2014 will be entered in retained earnings and that no dividend will be paid. Cencorp's annual general meeting will be held on 29 April 2015. A notice of a general meeting will be published later on.

In Mikkeli, 18 February 2015

Cencorp Corporation

BOARD OF DIRECTORS

For more information please contact:

Cencorp: Iikka Savisalo, President and CEO, tel. +358 40 521 6082, [iikka.savisalo@savcor.com](mailto:iikka.savisalo@savcor.com)

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# Consolidated statement of comprehensive income

(unaudited)

1 000 EUR	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<b>Continuing operations</b>				
<b>Net sales</b>	63	645	841	3 315
Cost of sales	-3 324	-1 072	-8 398	-4 138
<b>Gross profit</b>	<b>-3 261</b>	<b>-426</b>	<b>-7 557</b>	<b>-822</b>
Other operating income	-4	1	23	818
Product development expenses	-383	-337	-1 109	-903
Sales and marketing expenses	-276	7	-840	-514
Administrative expenses	-309	-340	-1 146	-1 192
Other operating expenses	-123	-271	-256	-532
<b>Operating profit</b>	<b>-4 357</b>	<b>-1 365</b>	<b>-10 885</b>	<b>-3 144</b>
Financial income	225	159	903	460
Financial expenses	-532	-781	-1 707	-2 247
<b>Profit before taxes from continuing operations</b>	<b>-4 664</b>	<b>-1 987</b>	<b>-11 689</b>	<b>-4 932</b>
Income taxes	20	3	-4	-11
<b>Profit/loss for the period from continuing operations</b>	<b>-4 645</b>	<b>-1 984</b>	<b>-11 693</b>	<b>-4 943</b>
<b>Discontinued operations</b>				
Profit/loss after tax for the period from discontinued operations	-154	-976	-712	-2 065
<b>Profit/loss for the period</b>	<b>-4 798</b>	<b>-2 960</b>	<b>-12 405</b>	<b>-7 008</b>
<b>Profit/loss attributable to:</b>				
Shareholders of the parent company	<b>-4 798</b>	<b>-2 960</b>	<b>-12 405</b>	<b>-7 008</b>
Earnings/share (diluted), eur	-0,006	-0,005	-0,015	-0,011
Earnings/share (basic), eur	-0,006	-0,005	-0,015	-0,011
<b>Continuing operations:</b>				
Earnings/share (diluted), eur	-0,005	-0,003	-0,014	-0,008
Earnings/share (basic), eur	-0,005	-0,003	-0,014	-0,008
<b>Profit/loss for the period</b>	<b>-4 798</b>	<b>-2 960</b>	<b>-12 405</b>	<b>-7 008</b>
<b>Other comprehensive income</b>				
Translation difference	-460	96	-1 114	155
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-460</b>	<b>96</b>	<b>-1 114</b>	<b>155</b>
<b>Total comprehensive income for the period</b>	<b>-5 258</b>	<b>-2 864</b>	<b>-13 519</b>	<b>-6 853</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent company	<b>-5 258</b>	<b>-2 864</b>	<b>-13 519</b>	<b>-6 853</b>

# Consolidated statement of financial position

(unaudited)

1 000 EUR	31.12.2014	31.12.2013
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44	5 604
Consolidated goodwill	441	2 538
Other intangible assets	4 092	5 512
Holdings in associated companies	0	0
Available-for-sale investment	9	9
Deferred tax assets	0	7
<b>Total non-current assets</b>	<b>4 586</b>	<b>13 670</b>
<b>Current assets</b>		
Inventories	67	2 198
Trade and other non-interest-bearing receivables	2 013	2 514
Cash and cash equivalents	161	116
Other financial resources	0	0
<b>Total current assets</b>	<b>2 240</b>	<b>4 828</b>
Assets classified as held for sale	733	0
<b>Total assets</b>	<b>7 560</b>	<b>18 498</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the parent company</b>		
Share capital	3 425	3 425
Other reserves	49 460	44 568
Translation difference	-281	833
Retained earnings	-62 500	-50 095
<b>Total equity</b>	<b>-9 897</b>	<b>-1 269</b>
Minority share	8	0
<b>Non-current liabilities</b>		
Non-current loans	1 571	3 222
Deferred tax liabilities	0	7
<b>Total non-current liabilities</b>	<b>1 571</b>	<b>3 229</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	7 357	6 795
Trade and other payables	6 693	9 594
Current provisions	0	150
<b>Total current liabilities</b>	<b>14 050</b>	<b>16 538</b>
Liabilities directly associated with assets classified as held for sale	1 828	0
<b>Total liabilities</b>	<b>17 449</b>	<b>19 768</b>
<b>Equity and liabilities total</b>	<b>7 560</b>	<b>18 498</b>

# Consolidated statement of cash flows

(unaudited)

1 000 EUR	1-12/2014	1-12/2013
<b>Cash flow from operating activities</b>		
Income statement profit/loss from continuing operations before taxes	-11 689	-4 932
Income statement profit/loss from discontinued operations before taxes	-712	-2 065
Income statement profit/loss before taxes	-12 401	-6 997
<b>Non-monetary items adjusted on income statement</b>		
Depreciation and impairment	+ 7 844	2 463
Gains/losses on disposals of non-current assets	+/- -298	-8
Unrealized exchange rate gains (-) and losses (+)	+/- -256	259
Other non-cash transactions	+/- 87	21
Financial income and expense	+ 1 060	1 564
<b>Total cash flow before change in working capital</b>	<b>-3 964</b>	<b>-2 698</b>
<b>Change in working capital</b>		
Increase (-) / decrease (+) in inventories	179	319
Increase (-) / decrease (+) in trade and other receivables	289	161
Increase (+) / decrease (-) in trade and other payables	-516	2 248
Change in provisions	-5	-108
<b>Change in working capital</b>	<b>-53</b>	<b>2 620</b>
<b>Adjustment of financial items and taxes to cash-based accounting</b>		
Interest paid	- 308	-361
Interest received	+ 3	2
Other financial items	- 304	-300
Taxes paid	- 17	-11
Financial items and taxes	-17	-670
<b>NET CASH FLOW FROM BUSINESS OPERATIONS</b>	<b>-4 034</b>	<b>-748</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in tangible and intangible assets	- 1 084	-2 963
Proceeds on disposal of tangible and intangible assets	+ 29	55
Proceeds on disposal of other investments	- 0	33
Loans granted to associated companies	- 103	0
Acquisition of subsidiaries and other business units	+ -1	0
Disposal of subsidiaries and other business units	+ 3 048	0
<b>NET CASH FLOW FROM INVESTMENTS</b>	<b>1 890</b>	<b>-2 875</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	+ 2 400	0
Proceeds from non-current borrowings	+ 256	2 425
Repayment of non-current borrowings	- 7	-12
Stock options of the convertible bond	+ 0	432
Proceeds from current borrowings	+ 3 737	5 399
Repayment of current borrowings	- 3 878	-5 102
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>2 509</b>	<b>3 141</b>
<b>INCREASE (+) OR DECREASE (-) IN CASH FLOW</b>	<b>364</b>	<b>-483</b>

## Consolidated statement of changes in equity

(unaudited)

<b>1 000 EUR</b>	<b>Share capital</b>	<b>Other reserves</b>	<b>Translation difference</b>	<b>Distributable non-restricted equity fund</b>	<b>Retained earnings</b>	<b>Total</b>
<b>31.12.2013</b>	<b>3 425</b>	<b>4 908</b>	<b>833</b>	<b>39 661</b>	<b>-50 095</b>	<b>-1 269</b>
Directed share issue	-	-	-	204	-	204
Share issue	-	-	-	4 882	-	4 882
Share issue expenses	-	-	-	-194	-	-194
Translation difference, comprehensive income	-	-	-1 114	-	-	-1 114
Profit/loss for the period	-	-	-	-	-12 405	-12 405
<b>31.12.2014</b>	<b>3 425</b>	<b>4 908</b>	<b>-281</b>	<b>44 552</b>	<b>-62 500</b>	<b>-9 897</b>

<b>1 000 EUR</b>	<b>Share capital</b>	<b>Other reserves</b>	<b>Translation difference</b>	<b>Distributable non-restricted equity fund</b>	<b>Retained earnings</b>	<b>Total</b>
<b>31.12.2012</b>	<b>3 425</b>	<b>4 908</b>	<b>677</b>	<b>38 783</b>	<b>-43 091</b>	<b>4 703</b>
Stock options of the convertible bond	-	-	-	432	-	432
Share related payments	-	-	-	480	-	480
Decrease from share issue	-	-	-	-34	-	-34
Translation difference, comprehensive income	-	-	155	-	3	158
Profit/loss for the period	-	-	-	-	-7 008	-7 008
<b>31.12.2013</b>	<b>3 425</b>	<b>4 908</b>	<b>833</b>	<b>39 661</b>	<b>-50 095</b>	<b>-1 269</b>

## Segment information

(unaudited)

From 1 January 2013 Cencorp reports of three business segments to comply with the company's Cleantech strategy. The segments are Laser and Automation Applications (LAS), Life Cycle Management (LCM) and Cencorp Clean Energy (CCE). 17 September Cencorp announced that it has transferred the company's electronics automation business into Cencorp Automation Oy, a fully-owned subsidiary of Cencorp. Further, in accordance to the agreement signed earlier, FTTK Company Limited has purchased 70 percent of the shares in Cencorp Automation Oy. Further FTTK has used its option to purchase the remaining 30 percent of the shares in Cencorp Automation Oy and the parties have signed an agreement on exercising the option in December 2014. In consequence of the sale of the shares Cencorp reports the financial figures relating to the electronics automation business, i.e. LAS and LCM segments, as discontinued operations from Q3/2014. Segment information is not available after operating profit in profit and loss statement. Financial income and expenses or balance sheet items are not booked to segments. Cencorp's new segment information is based on the management's internal reporting and on the organisation structure.

1 000 EUR	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<b>Net sales</b>				
Cencorp Clean Energy - continuing operations	63	645	841	3 315
Discontinued operations	461	1 537	5 665	7 811
<b>Total</b>	<b>524</b>	<b>2 182</b>	<b>6 506</b>	<b>11 126</b>
<b>Operating profit</b>				
Cencorp Clean Energy - continuing operations	-4 357	-1 365	-10 885	-3 144
Discontinued operations	-154	-976	-712	-2 029
<b>Total</b>	<b>-4 511</b>	<b>-2 341</b>	<b>-11 597</b>	<b>-5 173</b>
<b>EBITDA</b>				
Cencorp Clean Energy - continuing operations	-1 087	-964	-3 342	-1 803
Discontinued operations	-150	-354	-411	-908
<b>Total</b>	<b>-1 238</b>	<b>-1 318</b>	<b>-3 753</b>	<b>-2 711</b>
<b>Depreciation</b>				
Cencorp Clean Energy - continuing operations	245	348	1 318	1 288
Discontinued operations	4	145	301	630
<b>Total</b>	<b>248</b>	<b>493</b>	<b>1 619</b>	<b>1 919</b>
<b>Impairment</b>				
Cencorp Clean Energy - continuing operations	3 025	53	6 225	53
Discontinued operations	0	477	0	491
<b>Total</b>	<b>3 025</b>	<b>530</b>	<b>6 225</b>	<b>544</b>

## Discontinued operations

(unaudited)

29 May 2012 Cencorp announced that it exits from its unprofitable decoration business and closes down its plant in Guangzhou, China, producing decoration applications. In consequence of the closing down of the Guangzhou plant and the exit from decoration business Cencorp reports the financial figures relating to the Guangzhou plant's decoration business as discontinued operations from now on.

The assets of Savcor Face (Guangzhou) Technologies Co., Ltd, reported as discontinued operation, were written-off at fair value in the second quarter of 2012 and sold in the fourth quarter of 2012.

**The results and major classes of assets and liabilities of Savcor Face (Guangzhou) Technologies Co., are as follows:**

<b>1 000 EUR</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
Revenue	0	0
Expenses	0	-8
Other operating income	0	0
Loss recognised on the remeasurement to fair value	0	0
Operating profit	0	-8
Finance costs	0	-36
Profit/loss before tax from discontinued operation	0	-44
Income tax	0	0
<b>Profit/loss after tax from discontinued operation</b>	<b>0</b>	<b>-44</b>
<b>Assets</b>		
Property, plant and equipment	0	0
Other intangible assets	0	0
Inventories	0	0
Trade and other non-interest-bearing receivables	0	0
Cash and cash equivalents	0	0
Assets classified as held for sale	0	0
<b>Liabilities</b>		
Trade and other payables	0	0
Provisions	0	0
Liabilities directly associated with assets classified as held for sale	0	0
Net assets directly associated with disposal group	<b>0</b>	<b>0</b>

**Net cash flow of Savcor Face (Guangzhou) Technologies Co., Ltd:**

<b>1 000 EUR</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
Operating	0	-41
Investing	0	0
Financing	0	0
<b>Net cash flow</b>	<b>0</b>	<b>-41</b>
Earnings/share (basic), from discontinued operations	0,00	-0,0001
Earnings/share (diluted) from discontinued operations	0,00	-0,0001

## Discontinued operations

(unaudited)

17 September Cencorp announced that it has transferred the company's electronics automation business into Cencorp Automation Oy, a fully-owned subsidiary of Cencorp. Further, in accordance to the agreement signed earlier, FTTK Company Limited has purchased 70 percent of the shares in Cencorp Automation Oy. Further FTTK has used its option to purchase the remaining 30 percent of the shares in Cencorp Automation Oy and the parties have signed an agreement on exercising the option in December 2014. In consequence of the sale of the shares Cencorp reports the financial figures relating to the electronics automation business as discontinued operations from Q3/2014.

The results and major classes of assets and liabilities of Cencorp's electronics automation business are as follows:

<b>1 000 EUR</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
Revenue	5 665	7 811
Expenses	-6 824	-9 518
Other operating income	171	115
Impairment	0	-429
<b>Operating profit/loss from discontinued operation</b>	<b>-988</b>	<b>-2 021</b>
Gain on discontinued operations	276	-
<b>Assets</b>		
Property, plant and equipment	0	-
Other intangible assets	0	-
Inventories	28	-
Trade and other non-interest-bearing receivables	705	-
Cash and cash equivalents	0	-
Assets classified as held for sale	733	0
<b>Liabilities</b>		
Trade and other payables	1 683	-
Provisions	145	-
Liabilities directly associated with assets classified as held for sale	1 828	0
Net assets directly associated with disposal group	<b>-1 094</b>	<b>0</b>
Cumulative translation difference		

**Net cash flow of Cencorp's electronics automation business:**

<b>1 000 EUR</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
Operating	-1 858	-1 018
Investing	2 701	-219
(includes the return on sales of discontinued operations 2014)		
Earnings/share (basic), from discontinued operations	-0,001	-0,003
Earnings/share (diluted) from discontinued operations	-0,001	-0,003

## Key figures

(unaudited)

1 000 EUR	10-12/2014	10-12/2013	1-12/2014	1-12/2013
Net sales	63	645	841	3 315
Operating profit	-4 357	-1 365	-10 885	-3 144
% of net sales	n/a	-211,5	n/a	-94,8
EBITDA	-1 087	-964	-3 342	-1 803
% of net sales	n/a	-149,4	n/a	-54,4
Profit before taxes	-4 664	-1 987	-11 689	-4 932
% of net sales	n/a	-307,9	n/a	-148,8
Balance Sheet value	7 560	18 498	7 560	18 498
Equity ratio, %	-130,9	-6,9	-130,9	-6,9
Net gearing, %	n/a	n/a	n/a	n/a
Gross investments (continuing operations)	231	421	377	3 045
% of net sales	366,9	65,3	44,9	91,9
Research and development costs	383	337	1 109	903
% of net sales	608,2	52,2	131,8	27,2
Order book	314	3 703	314	3 703
Personnel on average	26	150	74	155
Personnel at the end of the period	26	149	26	149
Non-interest-bearing liabilities	6 693	9 594	6 693	9 594
Interest-bearing liabilities	8 928	10 017	8 928	10 017
Share key indicators				
Earnings/share (basic)	-0,006	-0,005	-0,015	-0,011
Earnings/share (diluted)	-0,006	-0,005	-0,015	-0,011
Earnings/share (basic), from continuing operations	-0,005	-0,003	-0,014	-0,008
Earnings/share (diluted) from continuing operations	-0,005	-0,003	-0,014	-0,008
Equity/share	-0,011	-0,004	-0,011	-0,004
P/E ratio	-1,61	-8,89	-0,61	-3,74
Highest price	0,02	0,09	0,04	0,09
Lowest price	0,01	0,03	0,01	0,03
Average price	0,01	0,05	0,02	0,07
Closing price	0,01	0,04	0,01	0,04
Market capitalisation, at the end of the period, MEUR	7,8	13,8	7,8	13,8

## Calculation of Key Figures

EBITDA, %:	$\frac{\text{Operating profit + depreciation + impairment}}{\text{Net sales}}$
Equity ratio, %:	$\frac{\text{Total equity} \times 100}{\text{Total assets - advances received}}$
Net gearing, %:	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents and marketable securities} \times 100}{\text{Shareholders' equity + minority interest}}$
Earnings/share (EPS):	$\frac{\text{Profit/loss for the period to the owner of the parent company}}{\text{Average number of shares adjusted for share issue at the end of the financial year}}$
Equity/share:	$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Undiluted number of shares on the balance sheet date}}$
P/E ratio:	$\frac{\text{Price on the balance sheet date}}{\text{Earnings per share}}$

## Related party transactions

(unaudited)

Cencorp Corporation is part of Savcor Group Oy. The Group has sold and purchased goods and services from companies in which the majority holding and/or power of decision granting control of the company is held by members of the Group's related parties. Sales of goods and services carried out with related parties are based on market prices. Cencorp Corporation has also sold and purchased goods and services from its associated company, Cencorp Automation Oy. Sales of goods and services carried out with the associated company are based on the costs, according to the agreement.

The Group entered into the following transactions with related parties:

<b>1 000 EUR</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Continuing operations</b>		
<b>Sales of goods and services</b>		
Savcor companies	67	175
Cencorp Automation Oy	19	0
Savcor Face Ltd	20	0
Others	0	9
<b>Total</b>	<b>106</b>	<b>184</b>
<b>Purchases of goods and services</b>		
Savcor companies	196	255
Savcor Face Ltd	36	78
SCI-Finance Oy	14	0
Others	0	15
<b>Total</b>	<b>246</b>	<b>348</b>
<b>Interest income</b>		
Savcor companies	3	2
<b>Interest expenses and other financial expenses</b>		
Savcor companies	213	354
SCI Invest Oy	60	60
Iikka Savisalo	0	2
<b>Total</b>	<b>273</b>	<b>416</b>
<b>Discontinued operations</b>		
<b>Sales of goods and services</b>		
Cencorp Automation Oy	87	0
<b>Purchases of goods and services</b>		
Savcor companies	194	219
Savcor Face Ltd	46	3
Cencorp Automation Oy	395	0
SCI-Finance Oy	30	0
Others	0	1
<b>Total</b>	<b>665</b>	<b>223</b>
Other non-current liabilities to related parties	0	185
Interest payable to related parties	416	795
Other current liabilities to related parties	1 769	1 455
Current convertible subordinated loan from related parties	1 159	2 598
Trade payables and other non-interest-bearing liabilities to related parties	1 363	916
Trade and other current receivables from related parties	371	136

SCI Invest Oy is a company under control of Iikka Savisalo, Cencorp's CEO.

<b>1 000 EUR</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Wages and remuneration</b>		
Salaries of the management and Board	867	730

## Fair values

(unaudited)

<b>1 000 EUR</b>	<b>Carrying amount 31.12.2014</b>	<b>Fair value 31.12.2014</b>
<b>Financial assets</b>		
Available-for-sale investments	9	9
Trade and other receivables	2 013	2 013
Cash and cash equivalents	161	161
<b>Financial liabilities</b>		
R&D loan, non-current	1 563	1 563
Other liabilities, non-current	8	8
Loans from financial institutions, current	2 269	2 269
Other liabilities, current	5 088	5 088
Trade payables and other non-interest-bearing liabilities	6 769	6 769

The fair value of trade and other receivables is expected to correspond to the carrying amount due to their short maturity.

The fair value of non-current liabilities is expected to correspond to the carrying amount and recognized to their fair value when recorded. There has been no significant change in common interest rate after the withdrawal of the loans.

EUR 6.5 million out of trade payables and other current liabilities was overdue at the end of the reporting period. That included EUR 3.2 million of Savcor Face Beijing's overdue liabilities. There was an increase of 0.7 million in Savcor Face Beijing's overdue liabilities during H2, of which 0.4 million was caused by exchange rate difference. In addition, an interest-bearing loan of 0.4 million to Savcor Group Limited was overdue.

# Change in intangible and tangible assets

(unaudited)

<b>1 000 EUR</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Includes tangible assets, consolidated goodwill and other intangible assets</b>		
Carrying amount, beginning of period	13 654	12 634
Depreciation and impairment	-6 905	-2 221
Additions	659	3 691
Disposals	-142	-356
Discontinued operations	-2 955	0
Exchange rate difference	265	-94
Carrying amount, end of period	<b>4 577</b>	<b>13 654</b>

# Inventories

(unaudited)

<b>1 000 EUR</b>	<b>10-12/2014</b>	<b>10-12/2013</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Impairment losses and reversals of impairment losses for inventories booked in Income Statement</b>				
<b>Continuing operations</b>				
Impairment loss	220	53	939	53
Reversal of impairment loss	0	0	0	0
<b>Discontinued operations</b>				
Impairment loss	0	49	0	63
Reversal of impairment loss	0	0	0	0

# Commitments and contingent liabilities

(unaudited)

<b>1 000 EUR</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Loans from financial institutions</b>	948	1 245
Promissory notes secured by pledge	12 691	12 691
<b>Factoring loan and export credit limit</b>	1 307	1 338
Trade receivables	91	499
Promissory notes secured by pledge	12 691	12 691
<b>Collaterals given from other short-term loans</b>		
Deposits	477	0
<b>Operating leases - continuing operations</b>		
Payable within one year	0	6
Payable over one year	0	0
<b>Operating leases - discontinued operations</b>		
Payable within one year	0	11
Payable over one year	0	1
<b>Commitments - continuing operations</b>		
Payable within one year	58	769
Payable over one year	0	733
<b>Commitments - discontinued operations</b>		
Payable within one year	0	178
Payable over one year	0	96