CENCORP OYJ
ANNUAL REPORT

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ANNUAL REPORT
2013

CONTENTS

CENCORP IN BRIEF

- Cencorp's main business areas include development of cleantech solutions, manufacturing and life cycle management of laser and automation equipment and systems.
- In particular, the company is focusing on development, manufacturing and sales of new generation photovoltaic modules.
- The product portfolio includes flexible circuits such as Conductive Back Sheets (CBS) used in solar modules and antennas like NFC, RFID and WIFI antennas used in mobile devices.
- Cencorp is a leading provider of laser and industrial automation solutions. The company manufactures equipment designed for depaneling, odd-form assembly, test handling and laser applications and deliveries of complete production systems consisting of those to remarkably improve customers' production efficiency.
- In addition, Cencorp provides its customers with life cycle management for laser and automation equipment and systems to secure the customer's operation with minimum failures for maximum life time.
- Cencorp operates in the cleantech and electronics industries. Its customers are solar module and automotive electronics manufacturers as well as companies operting in the telecommunications and industrial automation, among others.
- Cencorp is a global player with sales representatives and distributors in all major markets. It also has geographically extensive customer service that serves customers locally with good geographical coverage and secures the delivered equipment are performing without any problem.
- Cencorp's head office in located in Mikkeli, Finland. The other main locations are Salo in Finland, the USA, China, France and Estonia.
- Cencorp runs production plant in China and has contract manufacturing partners in Finland.
- Cencorp Corporation's shares are listed on the NASDAQ OMX Helsinki Ltd.
- The company has been part of the Finnish Savcor Group since 2009.

YEAR 2013 IN BRIEF

- In January 2013 Cencorp bought Sunweb Solar's photovoltaic module business from Sunweb Solar Energy Holding B.V.
- In December 2013 Cencorp resolved on the share issue to its shareholders and to the holders of its convertible bonds in order to strengthen the capital structure of the company and to carry out investments related to the business plan for clean energy. The share issue amounted to approximately EUR 4.9 million, at the most. The subscription period ended 24 January 2014 and the share issue was oversubscribed.
- Cencorp Group's turnover decreased by 27.9 percent to EUR 11.1 million (EUR 15.4 million in 2012).
- The Laser and Automation Applications segment amounted for 42.5 percent, the Life Cycle Management segment for 27.7 percent and the Cencorp Clean Energy segment for 29.8 percent of the net sales.
- The operating result was EUR -5.2 million (EUR -3.9 million) and the result before taxes EUR -7.0 million (EUR -4,8 million).
- The earnings per share were EUR -0.02 (EUR -0.01).
- The equity ratio at the year-end was -6.9 percent (25.2 %).
- All of Cencorp's stock exchange releases and other releases can be found on the company's website www.cencorp.com.

IIKKA SAVISALO
CEO

FINANCIAL YEAR 2013 - NEW PRODUCTS, NEW MARKETS AND NEW CUSTOMERS

Cencorp started the year 2013 with a reliable but ageing product line in its traditional automation business and witha new and innovative concept for manufacturing the next generation PV (photovoltaic) solar modules and their manufacturing equipment.

By the end of 2013 Cencorp had replaced its traditional inline routers and odd form assembly cells with new models and introduced a new top of the line odd form assembly cell as a replacement of a massive number of old but reliable Cencorp HiSac still used by many of Cencorp's permanent customers.

By the end of the year Cencorp had also established itself among the most innovative technology providers for global photovoltaic industry with its own design of the next generation solar module and a fully automated turnkey manufacturing system of it.

In 2013 Cencorp started to work with many new markets and customers. By the end of the year Cencorp's traditional business units succeeded to close important new deals s with prominent and demanding Japanese and American customers. We believe these orders will open new business opportunities in the near future. Things don't always go to plan – mass deliveries of CBS (Conductive Back Sheet) did not start in 2013

In 2013 several changes in Cencorp's business environment influenced negatively in the financial results of Cencorp. Those changes mostly increased the losses of the Beijing Special Component Plant As was expected the demand of the special components Cencorp produced for the mobile phone industry continued to slow down throughout the year. The increase of the volumes of RFID components could not replace the reduction of the volumes. It was not expected that the CBS deliveries to our Chinese customer did not start. Actually, according to our knowledge no mass production of the modules based on the back contact technology has today started by any of our customers or by anybody else. Anyway, high overheads combined with too low volumes have forced us to look for the reduction of our overheads in Beijing. The exit from the traditional mobile phone and RFID component production as announced earlier is expected to happen soon.

Another disappointment was the reduction in our Life Cycle Management Segment (LCM) revenues. Although LCM business unit was profitable throughout the year its small volumes are not sufficient to cover the fluctuation of the cash flow over the low demand periods that are typical for the sales of new machines in our Laser and Automation division (LAS). We keep on developing or LCM function with new and innovative ways during the first half of 2014.

SOME ACHIEVEMENTS WE ARE PROUD OF IN 2013

Although the financial result in 2013 was still very weak Cencorp operatively delivered results which we believe will improve the result already in 2014. In 2013 we managed to develop and introduce to the market three new automation cells for inline PCB routing and odd form assembly. This all was achieved as scheduled with exceptionally low investment. All the products were well received by our customers and Cencorp received several pre orders for these new generation machines. There are hundreds of Cencorp machines delivered 10-15 years ago that reach the end of their economic life time during the next few years. Due to this replacement cycle we are confident that our new machine sales (LAS) keeps performing well for the next coming years.

Our ambitious project of becoming the leading technology provider for the back contact based PV solar modules and their manufacturing technology started well. Our test production line become operational in June 2013 and the first PV modules designed by Cencorp were manufactured and sold some weeks later. The first modules designed and manufactured by Cencorp have performed excellently in tests and they are competitive pricewise and technically compared with any of the world's best solar PV modules produced by leading manufacturers.

Late in 2013 Cencorp started to promote its own fully automated manufacturing concept for the modules based on back contact modules to all the leading PV module manufacturers and several newcomers. Our innovation and enthusiasm was warmly welcomed by the market that is under a heavy price competition between evenly matched traditional H-pattern modules made by various most often Chinese manufacturers.

"Finally something new and different for the global PV industries!" say many of our global customers.

THE TARGET TO THE MANAGING DIRECTOR

In 2012 Cencorp Board gave me a task to prepare a business plan with a roadmap to the profitable revenues of 200M€ by 2016. The long-term objectives set for me always involve risks and these objectives 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 I'll succeed in reaching all or part of the targets set for me.

This target was and still sure is a big challenge for anyone. However, considering our achievements in 2013 I do remain optimistic about achieving the target. Many of our customers have provided us with their ambitious targets for the future growth. With the technology that has been developed within Cencorp I feel that Cencorp has good opportunities to grow together with our global customer base and to achieve my targets.

THANK YOU

The year 2013 was still one of the most challenging years in our history. I would like to thank all of our hardworking employees, customers, our former and new shareholders and other interest groups for your trust and your support. We will keep on striving towards establishing Cencorp as a remarkable Cleantech company. In 2014 I am sure that we will start to collect tangible rewards for our hard work.

Iikka Savisalo
CEO

CENCORP´S STRATEGY

MISSION

Our mission is to provide our global customers with technological edge helping them to improve production efficiency and quality and thus their profitability.

VISION

We are an innovative, reliable and courageous technology company. We are known as a leading supplier of cleantech solutions, in particular, as a provider of solar modules, key module components and technology relating to solar power production. We are a market leader in the field of photovoltaic (PV) module technology and a leading company in developing and supplying production automation for PV modules.

We have a long history in the telecommunications and electronics industry to whom we continue supplying laser and automation applications. Additionally, we improve and secure our customers' laser and automation operations by life cycle management. With our service our customers are able to reduce capital expenditure used for production automation.

Our goal is to grow through acquisitions and mergers based on strategic choices, new technologies, products and service as well as on new customers.

CENCORP´S STRATEGY

STRATEGIC STRENGHTS

Global operations and local support

- Cencorp serves its customers worldwide.
- Our laser and automation application operations and sales have a worldwide reach, and our life cycle management is available close customers. Customers can rely on Cencorp's support in all situations.
- Cencorp's production technology for solar modules enables module to be assembled close to their final installation location.

Pioneering, innovative and courageous

- Cencorp is a pioneer in developing lead free solar modules based on Conductive Back Sheet (CBS) technology.
- In an innovative and courageous way Cencorp has utilized its long-term special component experience in the growing field of cleantech solutions.
- Cencorp's laser and automation applications and related software form a seamless unit, giving Cencorp a technological head start compared to other operators.
- Understanding the customers' business plays a key role, when Cencorp modernizes and retrofits equipments and systems enabling customers to utilize their production equipment and capacity in an optimized way.
- Cencorp strongly invests in product development and solving customers' problems. In 2013, approximately 18 percent of net sales were invested in product development.

Long Experience

- Cencorp has worked with laser and automation solutions for more than 30 years and for nearly 15 years with special component production.
- Cencorp has long experience in operating in a global environment in Asia, America and Europe.
- The company has gained a wealth of specialized technological know-how and our experts are knowledgeable about our customers' production processes.

CENCORP´S PRODUCTS

Cencorp's product portfolio includes laser and automation applications and related life cycle management as well as cleantech solutions.

Cencorp's laser and automation applications are based on product platforms tailored to customers' needs, making use of modularity to shorten delivery times. The applications allow customers to increase their production volume, improve quality and achieve significant cost savings.

The goal of **Cencorp's life cycle management** is to improve cost efficiency in customers' operations. Cencorp's customer service and maintenance team help the customer to use its existing equipment and production capacity in the most efficient way, to avoid production failures and, when needed, to modernize and retrofit existing equipment based on the customer's changing needs.

In the field of cleantech solutions Cencorp is developing efficient and cost-effective photovoltaic modules. Cencorp is taking advantage of its extensive automation expertise in the development of automated production for solar modules. Fully automated production line designed by Cencorp enables profitable module production regardless of labor costs, close to the final installation site.

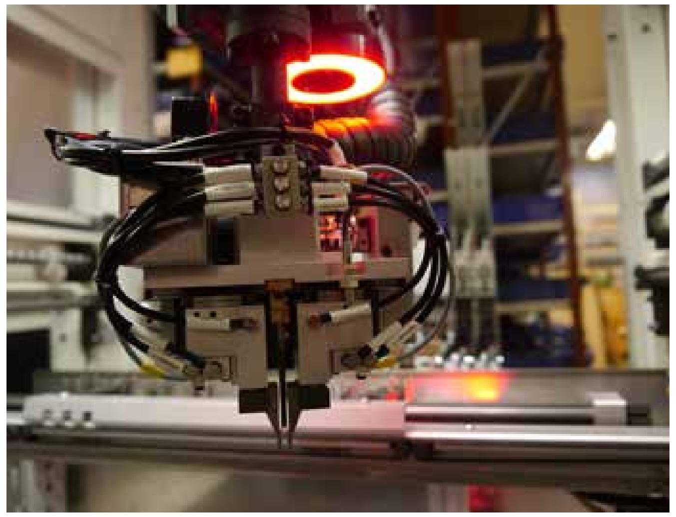
Laser and Automation Solutions – LAS

- Assembly line automation projects include the Assembly line automation projects include the functional design of the production process, installation of new equipment and adaption of those to the customer's production processes as well as user and maintenance training.
- Laser and automation applications also include software solutions to give the customer remarkable added value with interfaces in the customer's materials management and maintenance information systems.
- Products from Cencorp's own portfolio, such as conveyors, routing and assembly robots, and laser systems, are used in the automation applications.
- The wide product range consists of various robotic products included in the automation applications as well as routers for both in-line and off-line routing.
- Cencorp laser marking work stations enable durable and accurate markings directly on the final product.
- Laser markings can contain letters, symbols, bar codes, graphics or images and they can be made either for technical or decorative purposes. Product traceability is another growing application of laser marking.
- The product line of Cencorp's test handlers consist of in-line and multi-level testers, visual testers, laser markers and product-specific adapters.
- Cencorp equipment enables a high-quality testing process, eliminating operator errors.

Life Cycle Management – LCM

- Cencorp has extensive technical support network to improve and maintain customers' production capacity.
- Predictive condition study and maintenance program drawn up jointly with the customer ensure the customer's production capacity to be fully utilized with minimum failures during the equipment's lifetime.
- Cencorp modernizes and reinstalls the customer's production equipment based on the customer's changed needs.
- Cencorp has worldwide life cycle management service. Equipment modernization, corrective maintenance, installation and spare parts services are available to Cencorp's customers all over the world.

CENCORP´S PRODUCTS



Cencorp Clean Energy - CCE

Cencorp has wide range of solutions and technologies for solar module production.

- The company has developed flexible circuit based on Conductive Back Sheet (CBS) with competitive price.
- Cencorp is developing and manufacturing CBS components for solar module manufacturers.
- Additionally, Cencorp develops efficient and visually attractive solar modules using CBS technology.
- Cencorp is also involved in developing production technology for solar modules using maximum level of automation enabling profitable module production anywhere close to final installation sites.
- Cencorp plans to test advanced business models based on sell and purchase agreements of energy and on local Just-In-Time power production.

FINANCIAL DEVELOPMENT

14 May 2013 Cencorp announced that the company changes its reporting system to comply with the company's Cleantech strategy. As from 1 January 2013 Cencorp reports of three business segments. The segments are Laser and Automation Applications (LAS), Life Cycle Management (LCM) and Cencorp Clean Energy (CCE). CCE also includes the former Special Components segment. The comparison figures for the corresponding period in 2012 are only available of the net sales. Other figures that would be comparable and reliable enough are not available. Cencorp's new 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 2012, unless stated otherwise. 29 May 2012 Cencorp announced that it exits from its unprofitable decoration business and closes down its plant in Guangzhou, China, producing components for decorative applications. Thus, comparison figures for the last year do not include operations in Guangzhou.

NET SALES AND RESULT

Cencorp Group's net sales in 2013 were EUR 11.1 million (EUR 15.4 million). The order book at the end of December stood at ca. EUR 3.7 million (EUR 1.4 million). EBITDA was EUR -2.7 million (EUR -1.6 million). Operating profit was EUR -5.2 million (EUR -3.9 million). Profit for the period was EUR -7.0 million (EUR -4.8 million). Earnings per share were EUR -0.02 (EUR -0.01) and diluted earnings per share were EUR -0.02 (EUR -0.01). The equity ratio at the end of December was -6,9 per cent (25.2 %). The equity ratio at the end of December including capital loans was 17.1 per cent (38 %).

SEGMENT INFORMATION

Net sales of the Laser and Automation Applications segment was EUR 4.9 million (EUR 5.9 million) and operating profit was EUR -2.1 million. The segment accounted for 42.5 percent of the Group's net sales. The segment's EBITDA was EUR -1.1 million.

Net sales of the Life Cycle Management segment was EUR 3.1 million (EUR 3.7 million) and operating profit was EUR 0.1 million. The segment accounted for 27.7 per cent of the Group's net sales. The segment's EBITDA was EUR 0.3 million.

Net sales of the Cencorp Clean Energy segment was EUR 3.3 million (EUR 5.9 million) and operating profit was EUR -3.2 million. The segment accounted for 29.8 per cent of the Group's net sales. The segment's EBITDA was EUR -1.9 million.

MARKET OUTLOOK

In Cencorp's LAS segment the short and middle-term outlook has improved. The new orders received in the last quarter of 2013 will mainly be delivered in the first half of the year 2014. The amount of Cencorp's quotations has clearly risen compared to the last year and opportunities for growth can been seen in odd-form assembly applications, in particular.

The new industrial automation solutions Cencorp brought in the market in the last quarter of 2013 give Cencorp's long-term customers a good opportunity to bring the automation applications the customers have bought at the beginning of the 21st century up to date and to meet the latest technological requirements. There are still hundreds of these automation applications that are coming to the end of their life cycle in the market. The high quality and long economical life time of Cencorp's automation applications have created reasonable large and loyal customer base for Cencorp. The company believes it will renew major part of these applications within the next five years. Thus, the LAS segment's future growth will be driven by taking maximum advantage of this "new" customer potential.

Even though the LCM segment's operation has been profitable it has not yet succeeded to meet the growth and profitability targets.

The demand has stayed on a reasonable level. The company's organization and products are ready to meet the growing demand.

The company will pay a special attention to increasing the volume of the business and to focusing the resources to increase the LCM sales, in particular.

Cencorp has its biggest growth expectations for the CCE segment. Cencorp's key products and services have been designed for the photovoltaic market. Cencorp has its own "recipe" for module manufacturing including detailed material selection and process parameters. With its module recipe and automated production Cencorp is able to manufacture modern next generation solar modules based on conductive back sheet.

In the market general attitude towards solar energy investments was clearly improving towards the end of the financial year. Many solar module manufacturers with solid market position have started to plan investing in capacity, partially to increase the amount of their production capacity and partially to replace old production capacity for old H-pattern solar modules. Vikram Solar, India's leading solar module manufacturer, is one of these manufacturers. On 7 February 2014 Cencorp published that it has signed a Term Sheet with Vikram Solar on reviewing business and partnership opportunities. Cencorp continues negotiating with other companies too.

Many new local operators are entering the industry as well. Their interest towards the latest production automation and Cencorp's module recipe is increasing. Cencorp is actively negotiating with several new operators on technology transfer agreements. Cencorp and its offering are very well prepared to meet the demand. According to the information available to the company at the moment there is no other provider for full-scale offering with turnkey delivery.

The first phase of Cencorp' pilot production line for solar modules has been started in Mikkeli. The first commercial sample modules have been delivered to partners. However, Cencorp emphasizes that the focus of the company's future strategy is in delivering production technology to the global markets. In the near future the developing markets will be among the most interesting market areas for the company. The company is having negotiations on technology transfer to India, Japan, China, Dominican Republic and to several African countries.

For about two years Cencorp has been developing fully automated production technology for CBS modules. The technology has been introduced to almost all of the most significant solar module manufacturers. Innovations relating to the technology have been protected by applying several patents. There is only a limited amount of competitors in the market and the customer feedback on Cencorp's production technology has been positive. Cencorp's production technology has special features: production lines have high level of automation, they are easy to use and require only little space. Start-up cost for setting up solar module production from zero amounts to only EUR 6 – 15 million depending on the existing level of the infrastructure and required capacity. Cencorp is negotiating with several existing module manufacturers as well as with companies planning to establish local module production. Cencorp's first full-size production plant, based on the company's own design, planned to operate as the company's sample factory, is expected to be opened in Mikkeli in 2014, provided the company has sufficient capital for the project.

Cencorp's Cleantech strategy, if realized, will remarkably change the company's cost structure and the targets set for the near future. As Cencorp is now in a strong transition phase, following the new strategy, Cencorp cannot assess how the change in company's business focus will impact to the company and Cencorp has decided not to give any financial guidance for the time being, as stated in the release of 21 August 2012. As the transition phase is still continuing Cencorp does not give any financial guidance either for the 2014.

Cencorp informed of its Cleantech strategy in more detail in a separate release of 13 November 2013.

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 long-term and short-term financing. Risks are handled in more detail in the item Risk management, risks and uncertainties of this Annual Report.

LONG-TERM OBJECTIVES FOR MANAGING DIRECTOR

On 21 August 2012 Cencorp's Board of Directors published its long-term financial and other objectives for Managing Director as follows:

- Thorough but fast transition from a company manufacturing only production automation systems and special components into a company that develops and provides Cleantech applications using laser and automation technology, a company with a strong market position as a provider, of locally, produced, high-quality photovoltaic modules and a company operating in various geographical markets.
- 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 to achieve a strong global position and faster growth.
- Laser and Automation Applications segment has its main focus on the Life Cycle Management of systems and on equipment with growth expectations for service business.
- In the long run Cencorp is aiming for remarkable growth in its net sales with net sales target of more than EUR 200 million for 2016, with growth coming mainly from Cleantech operations, especially from solar photovoltaic and fuel cell applications, provided the company has sufficient capital.

The long-term objectives set for the Managing Director involve also risks and the long-term objectives 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.

OPERATING ENVIRONMENT

Cencorp operates in industries applying electronics and Cleantech technology.

Cencorp's operating environment is global. The company's traditional customers in the electronics industry as well as new CCE customers are companies that provide products and services worldwide. 93.2 per cent of Cencorp's automation products and services are either exported from Finland or they are manufactured by Cencorp in the US and in China.

COMPETITION

There is quite a lot of competition in the Laser and Automation Applications segment. In laser and automation applications, Cencorp has a few significant global competitors that focus either on laser or automation applications. In addition to global players, there are local competitors, especially in China.
In the company's view, the major competitors do not have as advanced products as Cencorp. However, every now and then aggressive price competition used by competitors bigger than Cencorp makes it more difficult to close deals. Cencorp's unique expertise in laser and automation combinations thus gives the company a major competitive edge.

In the Cencorp Clean Energy segment the major competitors are Chinese manufacturers. However, the company believes the company's manufacturing technology and automation know how the company has accumulated over its history will give the company a competitive edge in the future. In the clean energy market Cencorp has a unique situation as for the moment the company is the only manufacturer of Conductive Back Sheet with mass production capability in the world, based on the knowledge available to the company. The company has introduced a solar module based on conductive back sheet in the market. Cencorp is one of the first manufacturers and, based on the company's market knowledge, the only company with capability to mass produce production technology, CBS components and modules in the world for the moment. This gives Cencorp a remarkable strength compared to other players in the fragmented industry where each competitor competes with Cencorp either in automation, components or modules.

CENCORP CLEAN ENERGY (CCE)

In the CCE segment deliveries of the mobile phone components continued to decrease. In the financial year 2013 the delivery volumes were clearly below the break-even point. As Cencorp has previously announced the production of the mobile phone components is no longer part of the company's core business. Cencorp is reviewing its options to exit the production of these components as soon as possible.

Test deliveries of Cencorp's Conductive Back Sheets (CBS) for solar modules, produced at the Beijing factory were continued for Chinese module manufacturers but the CBS business did not yet generate any remarkable net sales during the reporting period. Since the end of the reporting period CBS deliveries to Cencorp's own module factory in Mikkeli have started.

The Cencorp Clean Energy segment is the key factor of the company's growth strategy and the company continued its significant investments according to its strategy. In the reporting period the gross investments in the Cencorp Clean Energy totaled EUR 3.0 million as the other investments amounted to EUR 0.4 million. The company expects to generate remarkable net sales from the new business in the financial year 2014. The company has had a good start in building a partnership network. On the third quarter Cencorp and ProxEnergy signed a distribution agreement on selling photovoltaic modules, manufactured by Cencorp, in Cape Verde and the Netherlands. The first order based on the distribution agreement values for ca. EUR 0.15 million. Since the end of the reporting period Cencorp has signed another cooperation agreement, which got a lot of attention in global business journals, with Vikram Solar that is one of the biggest module manufacturers in India.

LASER AND AUTOMATION SOLUTIONS SEGMENT (LAS)

In the LAS segment the equipment sales did not materialize in the summer 2013 as expected due to which the amount of deliveries did not reach the target level set for the fourth quarter. This was mainly consequence of delayed customer projects.

The renewal of Cencorp's automation product families launched in the last quarter of 2013 brought totally new and significantly improved depaneling solutions and odd-form assembly for special components in the market. This product development has tied a lot of recourses. In the last quarter of 2013 Cencorp's organization was rewarded for its efforts; the company received more orders for new machines than in any other quarter since the first quarter of 2011. The new products have got very good feedback in the market and there is no need to further develop Cencorp's traditional key products for now. Thus, the research and development resources can be focused on customer projects improving the company's utilization of capacity and the profitability as well.

LIFE CYCLE MANAGEMENT (LCM)

The net sales of the LCM segment decreased slightly on annual level but the EBITDA stayed profitable. Notably, in the financial year 2013 Cencorp's subsidiary in North America succeeded in its operations and its EBITDA was profitable.

FINANCING

Cash flow from business operations before investments in January – December was EUR -0.7 million (EUR -0.5 million). Trade receivables at the end of the reporting period were EUR 1.6 million (EUR 2.0 million). Net financial items amounted to EUR -1.8 million (EUR -0.8 million).

At the end of December, the equity ratio was -6.9 per cent (25.2 %) and equity per share was EUR -0.000004 (EUR 0.00001). The equity ratio including capital loans was 17.1 per cent (38.0 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.1 million (EUR 0.6 million) unused export credit limits, bank guarantee limits and factoring loans amounted to EUR 1.1 million (EUR 1.7 million).

Directors´ Report

Keskinäinen Eläkevakuutusyhtiö Etera and Oy Ingman Finance Ab subcribed all of the convertible bond I/2013 of EUR 2.1 million, issued by Cencorp 17 May 2013.

As previously announced, Cencorp's financing position has been tight and it involves risks. As the investments are still continuing and the company is preparing for significant increase in its net sales, working capital is probably to be tight until the operations turn into profit in terms of EBITDA. However, the company will have a deficit in its working capital until the first delivery of production technology for solar modules will start to generate cash flow.

Based on an authorisation given to Cencorp's Board of Directors on 4 December 2013 by the extraordinary general meeting, the Board of Directors resolved on 9 December 2013 on a share issue to the shareholders of the company and to the holders of the convertible bonds of I/2010, I/2012 and I/2013 with maximum number of 508,151,045 new shares to be issued. The subscription period ended on 24 January 2014.

According to the final result of the Share Issue, 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.

Cencorp agreed with its financiers on amendment of the financial agreements and announced on 10 January 2014 that:

– Danske Bank Oyj's financial facility agreement totaling EUR 4 million was continued until 31 March 2015. However, the extension is subject to Finnvera extending accordingly its guarantee connected to the facility agreement. Finnvera's current guarantee, connected to the facility agreement, is valid until 29 June 2014. If Finnvera does not extend its guarantee, Danske Bank's facility agreement signed on 10 January 2014 will be valid until 27 June 2014.

– The maturity date of a convertible bond of some EUR 1.2 million from Savcor Group Oy was extended until 31 March 2015 provided Danske Bank's facility agreement shall be valid until 31 March 2015. Should Danske Bank's facility agreement be due already on 27 June 2014, Savcor Group Oy's loan shall be due 27 June 2014 accordingly.

– The maturity date of a loan of EUR one million from Savcor Invest BV, a daughter company of Savcor Group Oy, was extended until 31 March 2015 provided Danske Bank's facility agreement shall be valid until 31 March 2015. Should Danske Bank's facility agreement be due already on 27 June 2014, Savcor Invest B.V.'s loan shall be due 27 June 2014 accordingly.

Based on the current information available to the Company, the Company believes that the cash flow of the business operations of the Company will turn positive during the second half of the year 2014 with the Company's current costs structure, provided that the Company achieves its minimum turnover objective for 2014 the likelihood of which is in the Company's view reasonable given its previous turnover levels, recent order book and tender activity.

In case the cash flow of the Company will not turn positive at the latest during the second half of the year 2014 pursuant to the objective of the Company; and/ or the Company does not have at least the credit limits corresponding to the current limits of 4.0 million Euros; or the Company does not manage to negotiate postponement of the maturity dates for its maturing loans; and/or the Company does not manage to acquire separate financing for its investments pursuant to the investment program of the Company (from clients, partners, venture capital investors or from other third parties such as Tekes - the Finnish Funding Agency for Technology and Innovation), the Company may be obliged to reconsider the scope of its clean energy business and to lower its growth target for the future. As other alternatives, the Company has considered, and will consider in the future, the possibilities to divest such business operations that do not belong to its key business operations pursuant to the current strategy of the Company. Such business operations are i.e. RFID and flexible electronics for mobile phones businesses. At the moment, the Company is investigating possible buyers for these business operations as disclosed previously.

RESEARCH AND DEVELOPMENT

The Group's research and development costs during the January – December period amounted to EUR 2.0 million (EUR 1.5 million) or 18.0 (9.4) per cent of net sales.

INVESTMENTS

Gross investments during the January – December period amounted to EUR 3.4 million (EUR 1.8 million). The largest investments were EUR 2.8 million in development costs.

PERSONNEL

At the end of December the Group employed 149 (168) people, out of which 55 persons worked in Finland, 81 persons in China and 13 persons in other countries. During the reporting period, salaries and fees totalled EUR 4.2 million (EUR 5.1 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 346 161 270. 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 5017 shareholder at the end of December 2013, and 0.8 per cent of the shares were owned by foreigners. The ten largest shareholders held 88.3 per cent of the company's shares and voting rights on 31 December 2013.

The largest shareholders on 31 December 2013

	Shares	Votes
1. SAVCOR GROUP LIMITED	133 333 333	38,5
2. SAVCOR GROUP OY	119 235 078	34,4
3. SAVCOR INVEST BV	17 499 999	5,1
4. KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	16 394 735	4,7
5. GASELLI CAPITAL OY	8 830 000	2,6
6. NORDEA PANKKI SUOMI OYJ	4 053 911	1,2
7. GASELLI CAPITAL PARTNERS OY	2 050 000	0,6
8. JOKELA MARKKU	1 804 728	0,5
9. PARPOLA VILLE	1 478 759	0,4
10. FRATELLI OY	877 000	0,3
MUUT	40 603 727	11,7
YHTEENSÄ	346 161 270	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 270 068 410 shares in the company on 31 December 2013, representing about 78.0 per cent 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 270 068 410 shares in the company, 8,931,000 options connected to bond I/2010 and 21,428,571 options connected to bond I/2012.

The price of Cencorp's share varied between EUR 0.03 and 0.09 during the January – December period. The average price was EUR 0.07 and the closing price at the end of December EUR 0.04. A total of 31.4 million Cencorp shares were traded at a value of EUR 2.1 million during the January – December period. The company's market capitalization at the end of December stood at EUR 13.8 million.

No share options were granted to the company's management during the reporting period. On 31 December 2013, the company had 8,931,000 options connected to bond I/2010 with a subscription period ending on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010. On 31 December 2013 the company hold 21,428,571 options connected to bond I/2012 with subscription period ending on 7 December 2014. Options connected to bond I/2012 are held by SCI Invest Oy and Savcor Group Oy. On 31 December 2013 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.

The aforesaid information presented in this section corresponds to the situation at the end of the reporting period on 31 December 2013. Cencorp's oversubscribed share issue that has been described in the item "Financing" of this Annual Report and that ended on 24 January 2014 has changed remarkably the company's shareholding at the end of the reporting period.

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. 48,571,429 shares remain under the authorization. 4,000,000 shares, under the authorization, were issued on 28 November 2013 in a directed share issue for Sunweb Solar Energy Holding to pay part of the purchase price of the transaction carried out in January. There remain 44,571,429 shares under the authorisation.

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.

EVENTS ON THE FINANCIAL YEAR 2013

Decisions at the annual general meeting

Cencorp Corporation's Annual General Meeting held on 29 April 2013 approved the 2012 financial statements. According to the Board' proposal, it was decided that no dividend for the financial year 2012 will be distributed. It was also decided that the loss for the financial period that ended on 31 December 2012 will be entered in retained earnings.

The members of the Board and the President and CEO were discharged from liability for the financial year 2012.

Mrs Marjukka Karttunen, Hannu Savisalo and Iikka Savisalo were elected to the Board of Directors of Cencorp Corporation. At its organizing meeting followed the AGM, Cencorp's Board of Directors elected Hannu Savisalo as the Chairman and Marjukka Karttunen as the Vice Chairman of the Board. 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.

Ernst & Young Oy, Authorized Public Accounting Firm, was elected as the Company auditor and Mikko Rytilahti, APA, as the responsible auditor.

Change in the company's reporting system

On 14 May 2013 the company announced it changes its reporting system to comply with its Cleantech strategy and reports of three business segments. The business segments are Cencorp Clean Energy (CCE) (including also the former Special Components segment), Laser and Automation Applications (LAS) and Life Cycle Management (LCM). The two latter segments formed previously the former Laser and Automation Applications segment. Cencorp's new segment information complies with the management's internal reporting and the organization structure.

Negotiations with Avery Dennison closed

On 21 August 2012 Cencorp announced that the company and Avery Dennison Corporation, a US based company, have signed a Memorandum of Understanding (MOU) according to which Cencorp acquires Avery Dennison Corporation's conductive back sheet business and related intellectual property rights. The MOU was non-binding. On 21 August 2013 the company announced that the negotiations between Avery Dennison and Cencorp have been closed for now.

The Memorandum of Understanding with a major Chinese photovoltaic module manufacturer on delivering conductive back sheets

On 5 November 2012 Cencorp announced that the company has signed a Memorandum of Understanding on delivering Conductive Back Sheets (CBS) to one of the leading Chinese PV (photovoltaic) module manufacturers. The Memorandum of Understanding is non-binding. According to the customer's written estimate received from the customer at the end of January 2013 CBS mass deliveries should have commenced during the first half of 2013. Commencing of the mass production always requires customer's internal evaluating process which still continues and the customer has not yet started mass production. However, CBS components have passed Cencorp´s internal technical requirements. The risks related to the non-binding MOU signed with the Chinese solar photovoltaic module manufacturer have been handled in more detail in the item "Risk management, risks and uncertainties" of this Annual Report.

Convertible Bond I/2013

On 27 May 2013 the company received subscription forms and payments from Keskinäinen Eläkevakuutusyhtiö Etera and Oy Ingman Finance Ab in connection with the convertible bond I/2013. Cencorp's Board of Directors approved the subscriptions. Keskinäinen Eläkevakuutusyhtiö Etera subscribed a convertible bond for EUR 1.5 million and Oy Ingman Finance Ab for EUR 0.6 million. The total amount of the subscriptions equaled to the maximum amount of the convertible bond i.e. EUR 2.1 million. The company issued totally 30,000,000 stock options against the subscriptions free of charge. One stock option was issued against each subscribed loan capital amount of EUR 0.07.

The terms of the TEKES loan were fulfilled

On 20 December 2012 Cencorp announced that the Finnish Funding Agency for Technology and Innovation - Tekes gave Cencorp a loan, of ca. EUR 3 million, to develop business and production model relating to the design and production of cost effective photovoltaic modules as well as to the development of module components. The loan was subject to capital investments,

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amounting totally to EUR 3 million at the minimum, to be made in Cencorp during the period from 20 September 2012 to 30 June 2013. The loan term was fulfilled as the company secured investments of EUR 3.6 million with the convertible bonds I/2012 and I/2013 between 3 December 2012 and 25 May.

Decisions of the extraordinary general meeting held on 4 December 2013

The Extraordinary General Meeting of Cencorp Corporation held on 4 December 2013 in Mikkeli, 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.

Share issue

On 9 December 2013 the company's Board of Directors resolved on a share issue to its shareholders and to the holders of its convertible bonds in order to strengthen the capital structure of the company and to carry out investments related to the business plan for clean energy. The company offers at the most 508,151,045 new shares of the company for subscription to its shareholders and to the holders of its convertible bonds with a subscription price of EUR 0.01 per share. The share issue amounted totally to approximately EUR 4.9 million taking into account the discount given to certain subscribers of the new shares under the terms of the share issue and the subscription period was from 17 December 2013 to 24 January 2014. The subscription period ended on 24 January 2014 and it was oversubscribed

Reverse stock split

The Board of Directors has commenced preparations for convening an extraordinary 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. According to the current knowledge the issue will be handled either in an extraordinary general meeting to be held during the spring 2014 or in Cencorp's general meeting that will take place on 29 April 2014.

Share issue to Sunweb Solar Energy Holding

Cencorp Corporation issued 4.000.000 new shares of the company to Sunweb Solar Energy Holding B.V. on 28 November 2013. The ground for the directed share issue was the acquisition of photovoltaic module business disclosed on 29 January 2013 pursuant to the strategy of the Company from Sunweb Solar Energy Holding B.V. in which the purchase price has been agreed, pursuant to the Assets Purchase Agreement, to be paid partly by issuing a directed share issue of 4,000,000 (four million) shares to Sunweb Solar Energy Holding B.V. The purchase of the photovoltaic module business consisted of the business and related pilot production line, the Sunweb trademark as well as the patents and other intellectual property rights relating to the business.

Liquidity providing in Cencorp Corporation's share ended

FIM Pankki Oyj's liquidity providing in Cencorp Corporation's share ended on 29 November 2013. On the date of this Annual Report there is no liquidity providing in the company's share.

Approval of the Registration Document and the Securities Note

On 9 December 2013 the company's Board of Directors approved the Registration Document and the Securities Note as well as the Summary.

EVENTS SINCE THE END OF THE FINANCIAL YEAR 2013

Cencorp's share issue oversubscribed

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.

Vikram Solar and Cencorp consider opportunities for business and partnership collaboration

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.

Vikram Solar is the leading provider of solar energy projects in India and it belongs to a technology group Vikram Group (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 Annual Report.

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 involve risks that are handled in more detail in the item "Financing" of this Annual Report. Pursuant to the understanding of the management of the company on the date hereof, with the share issue and the extension of the financial agreements described in the item "Financing", the company has ensured the

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sufficiency of its working capital for the period of next twelve months, provided that the Company has at its disposal at least the credit limits corresponding to the current limits of 4.0 million Euros; the aforesaid Finnvera guarantee will be extended and will be valid also after 29 June 2014; the company has in its use separate financing for the investments pursuant to its investment program as planned; and the cash flow of the business operations of the company will turn positive during the second half of the year 2014, at the latest. However, the company will have a deficit in its working capital until the first delivery of production technology for solar modules will start to generate cash flow.

Based on the current information available to the company, the company believes that the cash flow of the business operations of the company will turn positive during the second half of the year 2014 with the company's current costs structure, provided that the company achieves its minimum turnover objective for 2014 the likelihood of which is in the company's view reasonable given its previous turnover levels, recent order book and tender activity.

In case the cash flow of the company will not turn positive at the latest during the second half of the year 2014 pursuant to the objective of the company; and/ or the company does not have at least the credit limits corresponding to the current limits of 4.0 million euros; or the company does not manage to negotiate postponement of the maturity dates for its maturing loans; and/or the company does not manage to acquire separate financing for its investments pursuant to the investment program of the company (from clients, partners, venture capital investors or from other third parties such as Tekes - the Finnish Funding Agency for Technology and Innovation), the company may be obliged to reconsider the scope of its clean energy business and to lower its growth target for the future. As other alternatives, the company has considered, and will consider in the future, the possibilities to divest such business operations that do not belong to its key business operations pursuant to the current strategy of the Company. Such business operations are i.e. RFID and flexible electronics for mobile phones businesses. The company is investigating possible buyers for these business operations as disclosed previously.

As it is difficult to make forecasts in an industry that is dependent on economic cycles, the biggest business risks are related to fluctuations in the demand for products and to the adjustment of operations to meet demand.

In terms of profitability, the most essential risks are related to the achievement of a sufficient invoicing volume in all three business segments and the success achieved with the programs underway at Cencorp to improve profitability, such as improvements in productivity and business flexibility through outsourcing production.

Cencorp has announced that its objective is to transform from a company manufacturing only production automation systems and special components 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 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 such as due diligence 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 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.

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.

GOVERNANCE PRINCIPLES

Cencorps Board of Directors handled and approved the company's Corporate Governance Statement on 18 February 2014. 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 company's Corporate Governance Statement will be published as a separate report in the Annual Report. 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 2013 be entered in retained earnings and that no dividend be paid.

Key Figures

EUR 1 000	2013 12 months	2012 12 months	2011 12 months
Net sales	11,126	15,441	21,608
Operating profit	-5,165	-3,932	-4,271
% of net sales	-46.4 %	-25.5 %	-19.8 %
Result before taxes	-6,953	-4,776	-4,843
% of net sales	-62.5 %	-30.9 %	-22.4 %
Return on equity, %	n/a	-284.0	-42.7
Return on capital employed, %	-129.4	-118.0	-35.9
Equity ratio, %	-6.9	25.2	51.2
Net gearing, %	n/a	132.7	46.3
Non-interest-bearing liabilities	9,594	6,850	8,196
Interest-bearing liabilities	10,017	6,825	8,475
Gross investments	3,394	1,842	1,191
% of net sales	30.5 %	11.9 %	5.5 %
Research and development costs	2,002	1,458	1,288
% of net sales	18.0 %	9.4 %	6.0 %
Order book, EUR million	3.7	1.4	2.8
Personnel on average	155	171	343
Personnel at the end of the period	149	168	328
Share key indicators			
Earnings per share (basic)	-0.02	-0.04	-0.02
Earnings per share (diluted)	-0.02	-0.04	-0.02
Earnings per share (basic) -continuing operations	-0.02	-0.01	-0.01
Earnings per share (diluted) - continuing operations	-0.02	-0.01	-0.01
Equity / share, EUR	-0.004	0.01	0.05
Dividend / share, EUR	0.00	0.00	0.00
Dividend / profit, %	0.00	0.00	0.00
Effective dividend yield, %	0.00	0.00	0.00
P/E ratio (basic)	-2.0	-1.5	-4.0
P/E ratio (diluted)	-2.0	-1.5	-4.0
Share price at the end of the period	0.04	0.06	0.09
Market capitalization of shares at the end of the period, MEUR	13.8	20.5	30.8
Share trading adjusted for share issue	18,306,755	18,306,755	16,666,223
Portion of weighted average of shares, %	5.3 %	5.4 %	5.0 %
Weighted average number of shares adjusted for share issue over the financial year	342,533,873	342,161,270	335,466,788
Number of shares adjusted for share issue at the end of the financial year	346,161,270	342,161,270	342,161,270
Average number of shares diluted by share option and adjusted for share issue over the financial year	391,057,827	352,736,106	345,827,328

Return on equity and net gearing has not been presented for the year 2013 as the equity is negative.

Calculation of Key Figures

Return on equity (ROE), %:	Profit/loss before extraordinary items - taxes x 100 / Total equity
Return on investment (ROI), %:	Profit/loss + financial expenses x 100 / Shareholders' equity + interest-bearing financial liabilities
Equity ratio, %:	Total equity x 100 / Total assets - advances received
Net gearing, %:	Interest-bearing liabilities - cash and cash equivalents and marketable securities x 100 / Shareholders' equity + minority interest
Earnings/share (EPS):	Profit/loss for the period to the owner of the parent company / Average number of shares adjusted for share issue at the end of the financial year
Equity/share:	Equity attributable to shareholders of the parent company / Undiluted number of shares on the balance sheet date
Dividend/share:	Dividend distribution for the financial period / Undiluted number of shares on the balance sheet date
Dividend/profit, %:	Dividend per share x 100 / Earnings per share
Effective dividend yield, %:	Dividend / share x 100 / Price on the balance sheet date
P/E ratio:	Price on the balance sheet date / Earnings per share

Statement of Consolidated Comprehensive Income

For the financial year ended 31 December 2013

EUR 1 000	Note	1 Jan - 31 Dec 2013		1 Jan - 31 Dec 2013	
Continuing operations					
Net sales	1	11,126	100.0 %	15,441	100.0 %
Cost of sales		-10,662	-95.8 %	-14,731	-95.4 %
Gross profit		464	4.2 %	710	4.6 %
Other operating income	3	933		1,791	
Product development expenses		-2,002		-1,458	
Sales and marketing expenses		-1,512		-2,072	
Administrative expenses		-1,945		-2,669	
Other operating expenses	4	-1,103		-235	
Operating profit		**-5,165**	**-46.4 %**	**-3,932**	**-25.5 %**
Financial income	7	460		380	
Financial expenses	8	-2,247		-1,224	
Profit before taxes from continuing operations		-6,953	-62.5 %	-4,776	-30.9 %
Income taxes	9	-11		26	
Profit/loss for the period continuing operations		**-6,964**	-62.6 %	**-4,750**	-30.8 %
Discontinued operations	10				
Profit/loss after tax for the period from discontinued operations		-44		-8,606	
Profit/loss for the financial year		**-7,008**	**-63.0 %**	**-13,356**	**-86.5 %**
Profit/loss attributable to:					
shareholders of the parent company		-7,008		-13,356	
Earnings/share (basic), EUR	11	-0.02		-0.04	
Earnings/share (diluted), EUR	11	-0.02		-0.04	
Continuing operations					
Earnings/share (basic), EUR	11	-0.02		-0.01	
Earnings/share (diluted), EUR	11	-0.02		-0.01	
Profit/loss for the financial year		**-7,008**		**-13,356**	
Other comprehensive income					
Translation difference		155		93	
Other comprehensive income for the period, which shall subsequently be transferred to profit or loss		155		93	
Total comprehensive income for the financial year		**-6,853**	**-61.59%**	**-13,263**	**-85.9 %**
Total comprehensive income attributable to:					
shareholders of the parent company		-6,853		-13,263	

Consolidated Balance Sheet

As at 31 December 2013

EUR 1 000	Note	31/12/2013	31/12/2012
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,604	6,688
Consolidated goodwill	13	2,538	2,967
Other intangible assets	13	5,512	2,979
Available-for-sale investments	14	9	10
Deferred tax assets	15	7	9
Total non-current assets		**13,670**	**12,652**
Current assets			
Inventories	16	2,198	2,693
Trade and other non-interest-bearing receivables	17	2,514	2,695
Cash and cash equivalents	18	116	583
Total current assets		**4,828**	**5,971**
Assets classified as held for sale	10	0	79
Total assets		**18,498**	**18,702**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	19	3,425	3,425
Other reserves	19	44,568	43,691
Translation difference	19	833	677
Retained earnings	19	-50,095	-43,090
Total equity		**-1,269**	**4,703**
Non-current liabilities			
Non-current loans	22	3,222	2,095
Deferred tax liabilities	15	7	26
Total non-current liabilities		**3,229**	**2,121**
Current liabilities			
Current interest-bearing liabilities	22	6,795	4,731
Trade and other payables	23	9,594	6,850
Current provisions	21	150	257
Total current liabilities		**16,538**	**11,839**
Liabilities directly associated with assets classified as held for sale	10	0	40
Total liabilities		**19,768**	**14,000**
Equity and liabilities total		**18,498**	**18,702**

Statement of Consolidated Cash Flow

For the financial year ended 31 December 2013

1 000 EUR	Jan–Dec 2013	Jan–Dec 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Income statement profit/loss before taxes for continuing operations	-6,953	-4,776
Income statement profit/loss before taxes for discontinuing operations	-44	-8,606
Income statement profit/loss before taxes	-6,997	-13,382
Non-monetary items adjusted on income statement		
Depreciation and impairment	2,463	8,682
Gains/losses on disposals of non-current assets	-8	-655
Unrealized exchange rate gains (-) and losses (+)	259	108
Other non-cash transactions	21	-1,181
Financial income and expenses	1,564	845
Total cash flow before change in working capital	**-2,698**	**-5,583**
Change in working capital		
Increase (-) / decrease (+) in inventories	319	827
Increase (-) / decrease (+) in trade and other receivables	161	4,863
Increase (+) / decrease (-) in trade and other payables	2,248	-210
Changes in provision	-108	48
Change in working capital	**2,620**	**5,529**
Adjustment of financial items and taxes to cash-based accounting		
Interest paid	-361	-257
Interest received	2	4
Taxes paid	-11	-258
Other financial items	-300	18
Financial items and taxes	**-670**	**-492**
NET CASH FLOW FROM BUSINESS OPERATIONS	**-748**	**-547**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-2,963	-1,757
Proceeds on disposal of tangible and intangible assets	55	4,465
Repayment of loan receivables	33	0
NET CASH FLOW FROM INVESTMENTS	**-2,875**	**2,708**
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in non-current loans	2,425	1,559
Repayment of non-current loans	-12	0
Stock options of the convertible bond	432	347
Increase in current loans	5,399	5,404
Repayment of current loans	-5,102	-9,174
NET CASH FLOW FROM FINANCING ACTIVITIES	**3,140**	**-1,864**
INCREASE (+) OR DECREASE (-) IN CASH FLOW	**-483**	**296**
Cash and cash equivalents at the beginning of the financial year	623	317
Translation adjustment to cash and cash equivalents	-24	10
Consolidation adjustments without cash-flow impact	0	0
Cash and cash equivalents at the end of the financial year	116	623
	-483	**296**

Statement of Changes in Equity

For the financial year ended 31 December 2013

Statement of Changes in Equity, 1 Jan - 31 Dec 2013

1 000 EUR	Share capital	Other reserves	Translation difference	Distributable non-restricted equity fund	Retained earnings	Total
31/12/2012	**3,425**	**4,908**	**677**	**38,783**	**-43,090**	**4,703**
Stock options of the convertible bond				432		**432**
Share-based payments				480		**480**
Decrease from share issue				-34		**-34**
Translation difference, comprehensive income			155		3	**158**
Profit/loss for the financial year					-7,008	**-7,008**
31/12/2013	**3,425**	**4,908**	**833**	**39,661**	**-50,095**	**-1,269**

Statement of Changes in Equity, 1 Jan - 31 Dec 2012

1 000 EUR	Share capital	Other reserves	Translation difference	Distributable non-restricted equity fund	Retained earnings	Total
31/12/2011	**3,425**	**4,908**	**584**	**38,436**	**-29,735**	**17,618**
Stock options of the convertible bond				347		**347**
Translation difference, comprehensive income			93			**93**
Profit/loss for the financial year					-13,356	**-13,356**
31/12/2012	**3,425**	**4,908**	**677**	**38,783**	**-43,090**	**4,703**

General information

Cencorp Corporation is a leading provider of industrial automation solutions. The equipment in the product portfolio include , automated applications of odd-form assembly and depaneling for the electronic boards, testing equipment and advanced materials processing by laser. All Cencorp's offering improves the efficiency of the customers' production. Cencorp has clean technology, especially photovoltaic (PV) solutions as its other business segment. Cencorp now offers its automated manufacturing technology of the PV modules, manufactures and sells photovoltaic modules, based on Cencorp´s own technology as well as key components of photovoltaic modules. The product range also includes EMI shielding solutions, RFID antennas, other flexible circuits including for example conductive back sheets used in photovoltaic modules and mobile phone antennas.

The Group's parent company is Cencorp Corporation, a Finnish public limited company domiciled in Mikkeli. The company's registered address is Insinöörinkatu 8, FI-50100 Mikkeli. Cencorp Group is part of Savcor Group Oy (business ID: 0483411-7).

A copy of the consolidated financial statements is available online at www.cencorp.com or at the Group's headquarters at Insinöörinkatu 8, FI-50100 Mikkeli.

Cencorp Corporation's Board of Directors approved the financial statements on 25 March 2014. According to the Limited Liability Companies Act, shareholders are entitled to approve or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting may also decide on amendments to the financial statements.

Accounting Principles

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), following the IAS and IFRS standards, as well as the SIC and IFRIC interpretations, effective on 31 December 2013. International accounting standards refer to standards and interpretations approved for application in the European Union as provided for in the Finnish Accounting Act and regulations based on the procedure laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements are also in accordance with the Finnish accounting and business legislation supplementing the IFRS regulations.

The consolidated financial statements have been prepared under the historical cost convention, with the exception of available-for-sale investments, which have been measured at fair value. The figures in the financial statements are given in thousands of euros.

The financial statements have been prepared under the going concern assumption. The continuity of operations requires the company to be able to obtain supplementary funding and to negotiate changes to the terms of payment during 2014. The company continues discussions with its major financiers and shareholders on measures to strengthen the financing position until the company's cash flow is expected to return to positive. The sufficiency of the company's financing and working capital involve risks. Pursuant to the understanding of the management of the company on the date hereof, with the share issue and the extension of the financial agreements, the company has ensured the sufficiency of its working capital for the period of next twelve months, provided that the Company has at its disposal at least the credit limits corresponding to the current limits of 4.0 million Euros; the aforesaid Finnvera guarantee will be extended and will be valid also after 29 June 2014; the company has in its use separate financing for the investments pursuant to its investment program as planned; and the cash flow of the business operations of the company will turn positive during the second half of the year 2014, at the latest.

Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2013

Based on the current information available to the company, the company believes that the cash flow of the business operations of the company will turn positive during the second half of the year 2014 with the company's current costs structure, provided that the company achieves its minimum turnover objective for 2014 the likelihood of which is in the company's view reasonable given its previous turnover levels, recent order book and tender activity. In case the cash flow of the company will not turn positive at the latest during the second half of the year 2014 pursuant to the objective of the company; and/ or the company does not have at least the credit limits corresponding to the current limits of 4.0 million euros; or the company does not manage to negotiate postponement of the maturity dates for its maturing loans; and/or the company does not manage to acquire separate financing for its investments pursuant to the investment program of the company (from clients, partners, venture capital investors or from other third parties such as Tekes - the Finnish Funding Agency for Technology and Innovation), the company may be obliged to reconsider the scope of its clean energy business and to lower its growth target for the future. As other alternatives, the company has considered, and will consider in the future, the possibilities to divest such business operations that do not belong to its key business operations pursuant to the current strategy of the Company. Such business operations are i.e. RFID and flexible electronics for mobile phones businesses. The company is investigating possible buyers for these business operations as disclosed previously. 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. This would jeopardize the company's operations in their current form.

As of 1 January 2013, the Group has adopted the following revised standards and interpretations:

IFRS 7 Financial Instruments: disclosures and IAS 32 Financial Instruments: presentation - Offsetting Financial Assets and Financial Liabilities (Amendment)

These amendments require an entity to disclose information about rights of set-off and relate arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are reguired for all recognised financial instrumetns that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar arrangement', irrespective of whether they are set of in accordance with IAS 32. The management expects the amendment not to have any impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is requred to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is reguired or permitted.

IAS 1 Presentation of items of Other Comprehensive Income (amendment)

The major amendment is to introduce a grouping requirement for items presented in OCI. Items that will be reclassified to profit or loss in the future will be presented separately from items that will never be reclassified. The amendment had an impact on the consolidated financial statements.

IAS 19 Employee Benefits (Amendment)

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording and that relate to defined benefit plans. The amandment does not have any impact on consolidated statements.

Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2013

Critical accounting estimates and judgements
The Group management uses discretion in the selection and application of accounting principles. Management estimates are used especially in goodwill impairment testing, the capitalization of product development costs, the valuation of inventories and the recognition of deferred tax assets. When testing for the impairment of assets, estimates are made on the recoverable amount of assets. The key uncertainty factors in goodwill impairment testing are related to sales and sales margins. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in the future against which the tax assets can be utilized. The key factor of uncertainty in the valuation of inventories is a possible change in the product range that would make the components and modules in stock redundant.

When testing for the impairment of assets, estimates are made on the recoverable amount of assets. Further information on the estimates used in goodwill impairment testing, as well as the bases for the estimates, is available under "Depreciation and Impairment" and "Intangible Assets / Goodwill" in the notes to the consolidated financial statements.

Accounting principles for the consolidated financial statements
The consolidated financial statements include the parent company Cencorp Corporation and all of its subsidiaries. Subsidiaries are enterprises over which the Group has control. Control over an enterprise arises when the Group holds over half of the votes or has control in other ways.

Intra-group shareholding has been eliminated using the acquisition method. Acquired subsidiaries are consolidated in the financial statements from the date on which the Group has acquired control over the company, and disposed subsidiaries are deconsolidated from the date on which control ceases. All of the Group's internal operations, receivables, liabilities, unrealized gains and internal profit distribution are eliminated when preparing the consolidated financial statements. Unrealized losses are not eliminated if the losses result from impairment.

Foreign currency translation
The figures representing the performance and financial standing of the Group's units are measured in the functional currency of each unit's main operating environment. The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Foreign currency transactions have been recognized in euros using the exchange rate prevailing on the transaction date. In practice, the rate used is often one that approximately equals the rate on the transaction date. Monetary items denominated in foreign currency have been translated into euros at the closing rate. Non-monetary items in foreign currency, measured at fair value, have been translated into euros at the rates prevailing on the measurement date. Other non-monetary items have been measured at the rate prevailing on the transaction date. Gains and losses from foreign currency transactions and from the translation of monetary items have been recognized in the income statement. Exchange rate gains and losses from business activities are included in the corresponding items above operating profit.

The revenues and expenses in the income statements of foreign group undertakings have been translated into euros using the weighted average rate for the financial year, while the balance sheets have been translated using the closing rates. Using different rates to translate the period's result in the income statement and balance sheet results in a translation difference that needs to be recognized in the statement of comprehensive income. Translation differences resulting from the elimination of the acquisition cost of foreign subsidiaries are recognized in the income statement when the net investment is divested wholly or partly.

Unrealized exchange gains and losses are recognized through profit or loss. If the exchange gains and losses are recognized in the same item in the balance sheet, they are measured at net realizable value and then recognized through profit or loss.

Translation differences generated before 1 January 2004, the date at which the Group adopted IFRSs, have been recognized under retained earnings in conjunction with the transition to IFRSs, in accordance with the exemptions permitted under IFRS 1, and will not be later recognized in the income statement in conjunction with the disposal of subsidiaries. As of the transition date, translation differences arising in the preparation of consolidated financial statements have been presented as a separate item under equity. Cencorp Group adopted this practice retroactively in 2008, and the necessary adjustments were made to the comparative figures given for the previous year.

Property, plant and equipment
Property, plant and equipment have been recognized at original cost less depreciation and impairment.

If an asset consists of several components, with useful lives of different lengths, each component is treated as a separate asset. In this case, the expenses related to the renewal of a component are capitalized and any remaining carrying amount is derecognized in conjunction with the renewal. Otherwise, expenses incurred at a later time are included in the carrying amount of an asset only if it is probable that any future economic benefit associated with the asset will flow to the Group and if the acquisition cost of the asset can be reliably determined. Other repair and maintenance expenses are recognized in the income statement after their realization.

Straight-line depreciations are made on assets over their estimated useful life. Land is not depreciated. The estimated useful lives are the following:

Buildings	25 years
Modernization of leased facilities	5 years (old one's 10 years)
Machinery and equipment	3–7 years

The residual value and useful life of assets are assessed for every financial statement and, if needed, adjusted to reflect any changes in the expected economic benefit.

The depreciation of property, plant and equipment is terminated when the asset is classified as Held for Sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Gains and losses on disposals and transfers of property, plant and equipment are included in other operating income or expenses.

Public Subsidies
Public subsidies, such as government assistance for the acquisition of property, plant and equipment, are recognized as deductions from the carrying amount of property, plant and equipment or intangible assets when it is reasonably certain that the Group will receive the subsidies and that it complies with the conditions attached to them. Subsidies are recognized in the form of smaller depreciation over the useful life of the asset. Subsidies received as compensation for expenses already incurred are recognized in the income statement when the expenses related to the subsidized object are recognized as an expense. These types of subsidies are presented under other operating income. During previous financial years, the Group has received product development subsidies that involve both of the recognition methods explained above.

According to IAS 20 the benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IAS 39. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 and the proceeds received. The benefit is accoounted for in accordance with this Standard.

Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2013

Investment property
Investment property includes real estate that the Group holds to earn rental income or appreciation in property value. Investment property is measured at fair value. The fair value is determined regularly based on an estimate prepared by an impartial real estate assessor and corresponds to the market value of active markets. Changes in the fair value of investment property are included in other operating income or expenses in the income statement. The Group had no investment property in 2013.

Intangible assets
Goodwill
Goodwill arising in business combinations is recognized at the amount by which the consideration given, the share of the shareholders without control in the acquired business and the previously held share combined exceed the fair value of the acquired net assets. The goodwill of business combinations carried out prior to 2004 corresponds to the carrying amount that complies with previous accounting standards, which has been used as the default acquisition cost according to IFRS.

Goodwill and other intangible assets with indefinite useful life are not subject to depreciation but are tested annually for any impairment. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at original cost less impairment (Note 13).

Research and development costs
Research expenditure is recognized as an expense in the income statement. Development expenditure arising from the design of new or more advanced products is capitalized in the balance sheet under intangible assets as of the date the product is technically realizable and commercially viable and can be expected to generate future economic benefit. Capitalized development costs include the material, work and testing expenses that result directly from completing an asset for the intended purpose. Development expenditure that has been recognized as an expense in previous periods cannot be capitalized later.

Depreciation of an intangible asset begins once the asset is ready for use. Capitalized development expenditure is reviewed annually for any indication of impairment. An intangible asset that is not ready for use is tested annually for impairment. After initial recognition, capitalized development expenditure is measured at cost less accumulated depreciation and impairment. The useful life of capitalized development expenditure is 3 to 5 years, during which time capitalized costs are amortized on a straight-line basis.

Other intangible assets
An intangible asset is recognized in the balance sheet at original cost if the cost can be reliably determined and it is likely that the expected economic benefit from the asset will flow to the company.

Intangible assets with a limited useful life are capitalized in the balance sheet at acquisition cost and amortized on a straight-line basis through profit or loss over their useful life.

Other intangible assets have the following depreciation periods:

Patents	10 years
Software licences	5 years

Inventories
Inventories are measured at the lower of acquisition cost or net realizable value. The acquisition cost of material inventories is determined using the weighted average cost method and that of work in progress using the FIFO (first in, first out) method. The cost of finished products and work in progress includes raw materials, direct labor costs and other direct costs, and a systematically allocated share in the variable manufacturing overhead costs. The net realizable value is the estimated selling price in normal business operations, less the estimated costs of completion and estimated costs resulting from sales.

Leases
Group as lessee
In accordance with IAS 17, leases are classified as finance leases or operating leases. Leases on tangible assets, which transfer substantially the risks and rewards of ownership to the Group, are classified as finance leases in accordance with IAS 17 Leases. Assets acquired on finance leases are recognized in the balance sheet at the beginning of the lease period at the fair value of the leased asset or, if lower, at the present value of minimum lease payments. An asset acquired on a finance lease is depreciated over the shorter of the asset's useful life or lease period. Lease payments are divided into a finance charge and a reduction of the outstanding liability over the lease period so that a constant periodic rate of interest is achieved on the outstanding liability. Lease obligations are included in interest-bearing liabilities.

Leases where the lessor retains the risks and rewards of ownership are classified as operating leases. Other leases are recognized as rental expenses under other operating expenses.
Payments made under operating leases are expensed in the income statement on a straight-line basis over the lease period. Received incentives are deducted from the paid leases in accordance with the duration of the benefit.

Group as lessor
Assets leased by the Group for which the risks and rewards of ownership have essentially been transferred to the lessee are treated as finance leases and recognized as receivables in the balance sheet. The receivable is recognized at current value. Financial income under a finance lease is recognized as revenue over the lease period such that the remaining net investment generates the same return level during each financial year over the lease period.

Assets leased under other than finance leases are included in property, plant and equipment in the balance sheet. They are depreciated over their useful life. Rental income is recognized through profit or loss in equal instalments over the lease period. The group did not act as lessor during financial year 2013.

Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2013

Impairment of tangible and intangible assets

Tangible and intangible assets

On every closing date the Group tests assets for possible impairment. If any indication of impairment is found, the recoverable amount of the asset in question is assessed. The recoverable amount is also estimated annually for goodwill and product development projects, irrespective of whether indications of impairment are found. The need for impairment is assessed at the level of cash-generating units, that is, at the lowest unit level that is mainly independent of other units and has separately identifiable cash flows.

The recoverable amount of an asset is the higher of its fair value less expenses from disposal or its value in use. Value in use equals the net future cash flows expected to be recovered from the asset or cash-generating unit, discounted to present value.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. An impairment loss is recognized immediately in the income statement. If the impairment loss concerns a cash-generating unit it is first allocated to reduce the goodwill of the cash-generating unit and then to proportionately reduce the unit's other assets. An impairment loss is reversed if there is a change in the conditions under which the recoverable amount of the asset was measured and if the recoverable amount of the asset has changed since the recognition of the impairment loss. However, the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized. Goodwill impairment is not reversed under any circumstances.

Employee benefits

Pension obligations

Pension plans are categorized into defined benefit and defined contribution schemes. In defined contribution schemes the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to take care of all of the pension benefits. All other schemes that do not meet these conditions are defined benefit schemes. Contributions made into defined contribution payment schemes are recognized in the income statement in the financial period they are due. The Group has no pension arrangements considered to be defined benefit plans.

Share-based payments

The group had no share option schemes in place during financial year 2013.

Other Employee Benefits

After a long period of employment, employees receive a reward or paid holiday. The benefit accrued by the balance sheet date is presented in the balance sheet as a liability measured at current value. The calculation takes into account future pay levels and the likelihood of employee retention.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, it is probable that the payment obligation must be settled and the amount of the obligation can be reliably estimated. If there is a possibility to get compensation from a third party for part of the obligation, the compensation is recognized as a separate asset, but not until it is practically certain that the compensation will be received. Provisions are measured at the present value of expenditures required to settle the obligations. The discount rate used to calculate the present value is selected to reflect current market assessments of the time value of money and the risks specific to the obligation.

A warranty provision is recognized when the delivery of a product including a warranty clause has been approved. The amount of the warranty provision is based on experience about the realization of warranty expenses.

A restructuring provision is recognized when the Group has drawn up a detailed restructuring plan, initiated implementation of the plan or made the plan known. A restructuring plan includes at least the following information: the business targeted by restructuring; the main sites affected by the plan; the location, duties and estimated number of employees who will be compensated for termination of employment; the resulting expenses and the time of implementation of the plan. No provision is recognized for expenses related to the Group's ongoing operations.

A provision is recognized for an onerous contract if the expenses required to settle the obligations exceed the benefits from the contract.

A provision is recognized for obligations related to decommissioning and restoration if the Group has an obligation that is based on environmental legislation and the Group's environmental responsibility principles and that concerns the decommissioning of a production plant, repair of environmental damage or the transfer of equipment from one place to another.

Income taxes and deferred taxes

The taxes in the income statement include current tax and deferred tax. Tax expenses are recognized through profit or loss, with the exception of items recognized directly in equity, in which case the tax impact is recognized correspondingly as part of equity. Current tax is calculated from taxable income using the tax rate enacted in each country.
Deferred taxes are calculated for all temporary differences between the carrying amount and taxable amount. Deferred tax liabilities are not recognized for an initially recognized asset or liability in a transaction other than a business combination if the recognition of the asset or liability does not affect accounting or the taxable income at the time of transaction. The largest temporary differences arise from measurement at fair value in connection with acquisitions.

Deferred taxes are calculated using the tax rates enacted by the balance sheet date.
A deferred tax asset is recognized to the extent that it is probable that taxable profit will be available in the future against which the temporary difference can be utilized. The company has not recognized deferred tax assets based on its deductible losses.

Revenue recognition principles

Sold goods and produced services

Revenue from the sales of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At this time, the Group no longer has control or regulatory power over the product. This usually coincides with the date on which the goods have been delivered to the customer according to the agreed delivery clause. Revenue from services is recognized at the time the service is carried out.
Net sales consist of the revenue from the sales of products, services, raw materials and equipment, adjusted by indirect taxes, discounts and exchange rate differences from sales in foreign currencies.

Long-term contract revenue has been recognized as revenue on the basis of the percentage of completion. The company has defined as long-term contract work projects which have started and ended in different financial periods and where the recognition of income as revenue has a substantial impact on net sales and result. The stage of completion of long-term contracts has been determined as the proportion of costs incurred in relation to the estimated total contract costs and is dependent on the eventual total revenue and costs and a reliable way to measure the progress of the project. A loss for a project is recognized as soon as it is known and can be estimated.

Interest and dividend
Interest income is recognized using the effective interest method and dividend yield at the time of vesting.

Financial assets and liabilities
Financial assets
The Group's financial assets are categorized into the following groups according to IAS 39 Financial Instruments, Recognition and Measurement: financial assets recognized at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The categorization is carried out based on the purpose for which the financial assets were acquired and is done in conjunction with the original acquisition.

Loans and other receivables are non-derivative assets that have fixed or measurable payments, are not quoted on active markets and not held for trading by the Group. They are measured on the basis of amortized cost. They are presented under trade and other receivables in the balance sheet depending on their nature: in non-current assets if they mature in more than 12 months and in current assets otherwise.

Financial assets available for sale are assets that are not included in derivatives and have been expressly allocated to this group or have not been classified into any other group. They are included in non-current assets except if they are to be held for less than 12 months from the closing date, in which case they are recorded under current assets. Available-for-sale financial assets consist of shares and interest-bearing investments. They are measured at fair value or, when the fair value cannot be reliably determined, at cost. Changes in the fair value of available-for-sale financial assets are recorded in equity in the fair value reserve taking into consideration the tax impact. Changes in fair value are transferred from equity to the income statement when the investment is sold or if it is subjected to impairment and an impairment loss must be recognized on the investment.

Cash and cash equivalents consist of cash, bank deposits that can be withdrawn if demanded and other current, highly liquid investments. Items in cash and cash equivalents have a maximum maturity of three months from the date of acquisition. Credit accounts related to Group accounts are included in current interest-bearing liabilities and reported as set off, as the Group has a contractual, legally recognized right to settle or otherwise eliminate all or a portion of an amount due to a creditor.

Transaction expenses are included in the original carrying amount of financial assets in the case of an item that is not measured at fair value through profit or loss. All of the purchases and sales of financial assets are recognized on the transaction date.
Financial assets are derecognized if the Group loses the contractual right to cash flows or if it transfers substantial risks and income outside the Group.

Financial liabilities
Financial liabilities are initially recognized at fair value. Transaction expenses are included in the original carrying amount of financial liabilities. All financial liabilities are later measured at amortized cost using the effective interest method. Financial liabilities are included in current and non-current liabilities and they can be either interest-bearing or non-interest-bearing.
The fair value of the liability component of a convertible subordinated loan is determined using the prevailing market interest rate for a similar debt at the time of issue. The liability component is recognized at amortized cost. In calculating the convertible bond, the equity share has been recognized under equity.

The fair value measurement principles applied to all financial assets and liabilities are presented in Note 24.

Impairment of financial assets
On each balance sheet date the Group assesses whether objective indication exists of impairment of an individual financial asset or a group of financial assets. A significant and long-lasting impairment of share investments, resulting in the fair value falling under the cost of acquisition, is an indication of impairment of available-for-sale shares.

The Group recognizes an impairment loss for trade receivables if objective indication exists that the receivable cannot be collected in full. Considerable financial difficulties of a debtor, likelihood of bankruptcy, default of payments or a payment delay of more than 90 days are indications of possible impairment of trade receivables. The amount of the impairment loss recognized in the income statement is determined as the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted using the effective interest rate. If the amount of the impairment loss decreases in a later period, and the decrease can be objectively related to an event subsequent to impairment recognition, the recognized loss is reversed through profit or loss.

Borrowing costs
Borrowing costs are recognized as an expense in the period in which they occur.

Dividend distribution
The dividend proposed by the Board of Directors to the Annual General Meeting is not deducted from distributable equity until the Annual General Meeting makes its decision.

New IFRSs and interpretations
The following is a list of the standards and interpretations issued by the IASB which must be applied as of 2014. The Group adopts these as they come into effect.

IFRS 9 Financial Instruments (Amendment)

IFRS 9 for financial assets was first published in November 2009 and was updated in October 2010 to include financial liabilities. These pronouncements initially required the adoption of the standard for annual periods on or after 1 January 2013. Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 from 1 January 2013 to 1 January 2015. At its July 2013 meeting, the IASB tentatively decided to defer the mandatory effective date of IFRS 9 until the issue date of the completed version of IFRS 9 is known.

IFRS 10 Consolidated Financial Statements ja IAS 27 Separate Financial Statements (Amendment)

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also addrresses the issues raised in SIC-12 *Consolidation - Special Purpose Entities,* which resulted in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements. IFRS 10 changes whether an entity is consolidated by revising the definition of control and will reguire management to exercise significant judgement to determine which entities are controlled.

IFRS 11 Joint Arrangements ja IAS 28 Investments in Associates and Joint Ventures (Amendment)

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities - Non-monetary Contributions by Ventures.* IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

The new standard includes all of the disclosures related to consolidated financial statements and relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. The amendment may have impact on the cosolidated financial statements.

IFRIC 21 Levies

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards and fines or other penalties for breaches of legistlation. The group is not charged with these levies at the moment, so the interpretation will have no impact on the consolidated financial statements.

Presentation of figures
Unless otherwise indicated, the figures in the following notes are given in thousands of euros.

1. Segment information

14 May 2013 Cencorp announced that the company changes its reporting system to comply with the company's Cleantech strategy and as from 1 January 2013 Cencorp reports of three business segments. The segments are Laser and Automation Solutions, Life Cycle Management of Laser and Automation Solutions and Clean Energy Solutions (including also the former Special Components segment). The comparison figures for the corresponding period in 2012 concern only the net sales. Other figures that would be compareble and reliable enough are not available. Cencorp's new segment information is based on the management's internal reporting and on the organisation structure.

The segment information include only continuing operations. Information regarding discontinued operations is given in attachment 10. "Discontinued operations".

The Group does not have common operations which could not have been allocated to the segments. The pricing between the segments is based on fair market prices.

Group has no customers whose revenues exceed 10 per cent of the Group's net sales.

Business segments in 2013	**Laser and Automation Solutions**	**Life Cycle Management of Laser and Automation Solutions**	**Clean Energy Solutions**	**Eliminations**	**Total**
Net sales	4,881	3,101	3,340	-196	11,126
EBITDA	-1,129	281	-1,856	2	-2,703
Operation profit	-2,063	94	-3,197	2	-5,165
Depreciation	492	138	1,288	0	1,919
Impairment	442	49	53	0	544

Business segments in 2012	**Laser and Automation Solutions**	**Life Cycle Management of Laser and Automation Solutions**	**Clean Energy Solutions**	**Eliminations**	**Total**
Net sales	5,909	3,708	5,865	-41	15,441

When the comparison figures that would be comparable and reliable enough are not available for the corresponding period in 2012, Cencorp reports the segment information also according the old reporting system with two segments. The segment information include only continuing operations.

The Group had two reporting segments till 31 December 2012: Laser and Automation Applications, and Special Components. The Laser and Automation Applications segment comprised Cencorp's former business and the Special Components segment the business acquired through the Face transaction in 2010.

Business segments in 2013	**Laser and Automation Applications**	**Special Components**	**Assets held for sale**	**Eliminations**	**Total**
Net sales	7,924	3,272	0	-70	11,126
EBITDA	-1,581	-1,133	0	11	-2,703
Operating profit	-2,740	-2,436	0	11	-5,165
Profit/loss for the financial year	-4,074	-2,893	0	3	-6,964
Assets	23,922	9,873	0	-15,296	18,498
Liabilities	16,946	9,699	0	-6,876	19,768
Investments	2,272	1,122	0	0	3,394
Depreciation	668	1,250	0	0	1,919
Impairment	491	53	0	0	544

The elimination of assets EUR 15,296,000 , includes Cencorp corporation's investment in the Face companines, EUR 7,871,000, Cencorp Corporation's loan receivable from Savcor Pacific Ltd, EUR 4,770,000 and the Laser and Automation Applications segment's short-term receivables from the Special Components segment EUR 2,057,000. The elimination of liabilities, EUR 6,876,000 includes Savcor Pacific Ltd's liability to Cencorp Corporation, EUR 4,776,000 and the Special Component's short-term receivables to Laser and Automation Applications segment, EUR 2,057,000.

Business segments in 2012	**Laser and Automation Applications**	**Special Components**	**Assets held for sale**	**Eliminations**	**Total**
Net sales	9,624	5,858	0	-41	15,441
EBITDA	-2,401	812	0	1	-1,588
Operating profit	-3,221	-712	0	1	-3,932
Profit/loss for the financial year	-3,644	-1,120	0	14	-4,750
Assets	27,995	10,964	79	-20,336	18,702
Liabilities	11,873	8,003	40	-5,917	14,000
Investments	849	989	4	0	1,842
Depreciation	675	1,434	0	0	2,109
Impairment	145	90	0	0	235

The elimination of assets EUR 20,336,000, includes Cencorp corporation's investment in the Face companines, EUR 13,871,000, Cencorp Corporation's loan receivable from Savcor Pacific Ltd, EUR 4,770,000 and the Laser and Automation Applications segment's trade receivables from the Special Components segment, EUR 1,073,000. The elimination of liabilities, EUR 5,917,000 includes Savcor Pacific Ltd's liability to Cencorp Corporation, EUR 4,785,000 and the Special Component's trade payablees to Laser and Automation Applications segment, EUR 1,080,000.

Geographical information

Finland, the rest of Europe, the Americas, Asia and other countries are reported under geographical information. Geographical information in terms of net sales is determined based on the customer's location and in terms of assets on the location of the assets.

	Finland	Other European countries	Americas	Asia	Other countries	Group
2013						
External net sales	931	3,607	3,387	3,200	1	**11,126**
Non-current assets	6,341	0	39	7,291	0	**13,670**
2012						
External net sales	1,094	5,179	2,957	6,186	25	**15,441**
Non-current assets	5,062	0	78	7,513	0	**12,652**

Distribution of net sales	2013	2012
Revenues from services	688	917
Revenues from the sale of goods	8,621	12,728
Long-term contract revenues	1,817	1,797
Total	**11,126**	**15,441**

2. Long-term contract revenues recognized on the basis of the percentage of completion

	2013	2012
Cumulative net sales	1,817	1,821
Recognized as revenue for the financial period	1,817	1,797
Amount not recognized as revenue	2,683	679
Advance payments received	813	129
Receivables from percentage-of-completion contracts	178	140

3. Other operating income

	2013	2012
Proceeds from sale of property, plant and equipment	59	1,169
Raw material sales	126	90
Subsidies received	702	231
Other income items	47	302
Total	**933**	**1,791**

4. Other operating expenses

	2013	2012
Loss on disposal of fixed assets, non-current assets	25	92
Impairment of consolidated goodwill	429	0
Change in provision for doubtful debts	32	43
Other expense items	618	100
Total	**1,103**	**235**

Auditors' fees	2013	2012
Authorized Public Accountants Ernst & Young Oy		
Auditors' fees	162	118
Other services	86	113
Total	**248**	**231**
Other accounting firms		
Auditors' fees	10	11
Taxation advice	7	0
Total	**17**	**11**
Rental expenses		
Rental expenses	1,103	831

5. Employee benefits

	2013	2012
Salaries	4,183	5,099
Retirement expenses – defined contribution plans	645	733
Other indirect employee expenses	343	466
Total	**5,171**	**6,298**

Information on the emoluments of the management is given in Note 28. Related party transactions.

Continued operation's employees by function were	2013	2012
During the financial period on average		
Procurement and production	107	142
Product development	23	14
Sales and marketing	13	18
Administration	12	20
Total	**155**	**194**
At the end of the year		
Procurement and production	99	114
Product development	25	20
Sales and marketing	13	16
Administration	12	18
Total	**149**	**168**

Discontinued operation's employees by function were		
During the financial period on average		
Procurement and production	0	38
Product development	0	4
Sales and marketing	0	1
Administration	0	4
Total	**0**	**47**
At the end of the year		
Procurement and production	0	0
Product development	0	0
Sales and marketing	0	0
Administration	0	0
Total	**0**	**0**

6. Depreciation and impairment	2013	2012
Depreciation by asset group		
Intangible assets		
Development cost	422	239
Patents	21	16
Intangible rights	123	296
Other expenses with long-term effects	31	33
Total	**596**	**585**
Property, plant and equipment		
Buildings	0	51
Machinery and equipment	1,304	1,457
Other tangible assets	19	15
Total	**1,322**	**1,524**
Impairment by asset group		
Inventories	115	235
Consolidated goodwill	429	0
Total	**544**	**235**

7. Financial income	2013	2012
Interest gains	2	4
Exchange rate gains	458	376
Total	**460**	**380**

The items above operating profit include a total of EUR 59,000 in ecxhange rate losses (2012: EUR 22,000 in exchange rate losses).

8. Financial expenses	2013	2012
Interest expenses	937	574
Exchange rate losses	748	468
Other financial expenses	563	182
Total	**2,247**	**1,224**

9. Income taxes	2013	2012
Tax based on the taxable income for the financial year	24	0
Taxes carried forward	3	-19
Deferred tax	-16	-8
Total	**11**	**-26**

Statement on the differences between the tax expense in the income statement and the tax rate of the Group's home country, reconciliation of calculated taxes:	**2013**	**2012**
Profit before taxes	-6,997	-13,382
Taxes at the parent entity's statutory income tax rate of 24,5%	-1,714	-3,279
Different tax rates of subsidiaries	-41	977
Tax-free revenue / non-deductible expenses	1,631	3,426
Change in deferred taxes	-16	-8
Loss to be confirmed in taxation not recognized as deferred tax assets	124	-1,124
Other	24	0
Taxes carried forward	3	-19
Taxes in the income statement	**11**	**-26**

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10. Discontinued operations

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 In the fourth quarter of 2012 the assets were sold

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

1 000 EUR	2013	2012
Revenue	0	1,878
Expenses	-8	-5,620
Other opeating income	0	1,031
Loss recognised on the remeasurement to fair value	0	-5,833
Operating profit	-8	-8,544
Finance costs	-36	-62
Profit/loss before tax from discontinued operation	-44	-8,606
Income tax	0	0
Profit/loss after tax from discontinued operation	-44	-8,606
Assets		
Trade and other non-interest-bearing receivables	0	39
Cash and cash equivalents	0	40
Assets classified as held for sale	0	79
Liabilities		
Trande and other payables	0	40
Liabilities directly associated with assets classified as held for sale	0	40
Net assets directly associated with disposal group	**0**	**39**

Savcor Face (Guangzhou) Technolgies Co., Ltd:n net cash flow:

1 000 EUR	2013	2012
Operating cash flow	-41	17
Investing cash flow	0	-20
Net cash flow	**-41**	**-3**
Earnings/share (basic), from discontinued operations	-0.0001	-0.03
Earnings/share (diluted) from discontinued operations	-0.0001	-0.03

11. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the parent by the weighted average of the number of outstanding shares during the period.

	2013	2012
Profit attributable to shareholders of the parent (EUR 1,000) for continuing operations	-6,964	-4,750
Profit attributable to shareholders of the parent (EUR 1,000) for discontinued operations	-44	-8,606
Profit attributable to shareholders of the parent (EUR 1,000)	**-7,008**	**-13,356**
Weighted average number of shares during the period (1,000)	342,534	342,161
Basic earnings per share (EUR/share)	-0.02	-0.04

The dilutive potential of ordinary shares has not been taken into account as required by IAS 33, paragraph 41, because it would reduce the loss per share.

The share issue in January 2014 increased the number of shares by 508 151 045 shares. After the issue the total number of shares is 854 312 315. The new shares have not yet been taken into account in the calculation of earnings per share, because of the issue only took place during year 2014.

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12. Property, plant and equipment

2013	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost, 1 Jan 2013	0	14,572	431	202	15,205
Exchange rate difference	0	-248	-7	-3	-257
Additions	0	27	0	291	318
Disposals and reclassifications	0	-74	1	0	-73
Acquisition cost, 31 Dec 2013	0	14,279	426	490	15,194
Accumulated depreciation and impairment, 1 Jan 2013	0	-8,244	-273	0	-8,518
Exchange rate difference	0	175	5	0	179
Accumulated depreciation of disposals and transfers - continued operations	0	71	0	0	71
Depreciation for the period	0	-1,304	-19	0	-1,322
Impairment	0	0	0	0	0
Accumulated depreciation and impairment, 31 Dec 2013	0	-9,302	-287	0	-9,590
Carrying amount, 1 Jan 2013	0	6,328	158	202	6,688
Carrying amount, 31 Dec 2013	**0**	**4,976**	**138**	**490**	**5,604**

2012	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost, 1 Jan 2012	4,324	28,008	1,167	0	33,500
Exchange rate difference	-33	-120	-2	0	-155
Additions	0	231	120	202	553
Disposals	-4,292	-365	0	0	-4,657
Discontinued operations	0	-13,182	-854	0	-14,035
Acquisition cost, 31 Dec 2012	0	14,572	431	202	15,205
Accumulated depreciation and impairment, 1 Jan 2012	-1,777	-14,582	-836	0	-17,194
Exchange rate difference	14	80	2	0	97
Accumulated depreciation of disposals and transfers - continued operations	1,814	314	0	0	2,129
Depreciation for the period	-51	-1,457	-15	0	-1,524
Discontinued operations	0	7,400	576	0	7,976
Accumulated depreciation and impairment, 31 Dec 2012	0	-8,244	-273	0	-8,518
Carrying amount, 1 Jan 2012	2,547	13,426	332	0	16,305
Carrying amount, 31 Dec 2012	**0**	**6,328**	**158**	**202**	**6,688**

Finance lease agreements

Property, plant and equipment did not include any property obtained on finance lease agreements in 2013 or 2012.

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13. Intangible assets

2013	Consoli-dated goodwill	Development costs	Patents	Other intangible assets	Total
Acquisition cost, 1 Jan 2013	4,426	2,730	170	1,538	8,864
Exchange rate difference	0	-10	0	-15	-25
Additions	0	3,131	85	156	3,373
Disposals	0	-313	-92	0	-406
Acquisition cost, 31 Dec 2013	4,426	5,539	163	1,679	11,806
Accumulated depreciation and impairment, 1 Jan 2012	-1,460	-511	-90	-858	-2,919
Exchange rate difference	0	0	0	9	9
Accumulated depreciation of disposals and transfers	0	107	71	0	178
Depreciation for the period	0	-422	-21	-154	-596
Impairment	-429	0	0	0	-429
Accumulated depreciation and impairment, 31 Dec 2013	-1,889	-826	-40	-1,003	-3,757
Carrying amount, 1 Jan 2013	2,966	2,219	80	680	5,945
Carrying amount, 31 Dec 2013	**2,538**	**4,712**	**123**	**676**	**8,050**

2012	Consoli-dated goodwill	Development costs	Patents	Other intangible assets	Total
Acquisition cost, 1 Jan 2012	4,426	1,776	161	3,840	10,203
Exchange rate difference	0	0	0	-7	-7
Additions	0	1,263	9	13	1,285
Disposals	0	-266	0	-846	-1,112
Discontinued operations	0	-43	0	-1,462	-1,505
Acquisition cost, 31 Dec 2012	4,426	2,730	170	1,538	8,864
Accumulated depreciation and impairment, 1 Jan 2012	-1,460	-508	-74	-1,858	-3,900
Exchange rate difference	0	0	0	4	4
Accumulated depreciation of disposals and transfers	0	225	0	426	651
Depreciation for the period	0	-239	-16	-330	-585
Impairment	0	0	0	0	0
Discontinued operations	0	11	0	900	911
Accumulated depreciation and impairment, 31 Dec 2012	-1,460	-511	-90	-858	-2,919
Carrying amount, 1 Jan 2012	2,966	1,268	88	1,982	6,303
Carrying amount, 31 Dec 2012	**2,966**	**2,219**	**80**	**680**	**5,945**

Intangible assets and goodwill

The company has capitalized costs related to product development projects in the amount of EUR 4.7 million, and capitalized product development costs are depreciated over 3 to 5 years. The capitalized product development costs already under depreciations are depreciated over 3 years. The capitalized costs, where the depreciations have not yet started, will be depreciated over 5 years, which better reflects the estimated useful lifetime. The depreciation of development costs currently capitalized in the balance sheet is expected to end during the financial year 2019, because they include EUR 4.2 million capitalized costs, where the depreciations are estimated to start during the financial year 2014.

Goodwill arising in business combinations is recognized at the amount by which the consideration given, the share of the shareholders without control in the acquired business and the previously held share combined exceed the fair value of the acquired net assets. The goodwill of business combinations carried out prior to 2004 corresponds to the carrying amount that complies with previous accounting standards, which has been used as the default acquisition cost according to IFRS.

Goodwill and other intangible assets with indefinite useful life are not subject to depreciation but are tested annually for any impairment. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at cost less impairment losses.

At the beginning of the financial year the consolidated goodwill totalled EUR 2.97 million, and at the end of the financial year EUR 2.54 million. Because of lowered future prospects for Laser and Automation Solutions segment, an impairment of 0.43 million was booked to goodwill arising from that segment during the financial year. The Face (Telecom) business acquired on 30 November 2010 was recognized through the consolidation method, whereby the assets and liabilities acquired are consolidated at carrying amounts and the difference between the acquisition cost and net assets is recognized in equity instead of goodwill.

The goodwill impairment testing included all three business segments generating cash flow. The impairment was allocated to each segment accordant with their goodwill. The tested business segments consist of Laser and Automation Solutions (LAS), Life Cycle Management of Laser and Automation Solutions (LCM) and Cencorp Clean Energy (CCE) (2012 New Energy Solutions). The consolidated balance sheet included the consolidated goodwill of EUR 2.5 million which has been allocated to the segments as follows; LAS EUR 1.9 million, LCM EUR 0.2 million and CCE EUR 0.4 million.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. An impairment loss is recognized immediately in the income statement. If the impairment loss concerns a cash-generating unit it is first allocated to reduce the goodwill of the cash-generating unit and then to proportionately reduce the unit's other assets. An impairment loss is reversed if there is a change in the conditions under which the recoverable amount of the asset was measured and if the recoverable amount of the asset has changed since the recognition of the impairment loss. However, the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized. Goodwill impairment is not reversed under any circumstances.

In impairment testing, the recoverable amount has been determined on the basis of the value in use, compared to the consolidated balance sheet of 31 December 2013. The estimated recoverable cash flows are based on projections approved by the management, which cover a period of three years. The discount interest rate range between 14.0 % and 17.0 % after taxes depending on the business segment in question (15.1% in 2012).

Estimates regarding net sales are based on the net sales of LAS, amounting to EUR 9.6 million, where zero growth is expected during and after the planning period. Estimates regarding the net sales of LCM are based on the segment's net sales of EUR 4.7 million with annual growth expectations of 10 % during the planning period after which growth expectation is zero. Estimates regarding the net sales of CCE are based on the net sales amounting to EUR 25.8 million which is expected to increase to EUR 85 million during the planning period, after which growth expectation is zero. The planning period is 4 years, and the net sales projected for 2014 are based on the budget. The sales margin projected for the planning period corresponds to the budgeted sales margin of 2014. Fixed costs have been estimated in accordance with the cost level of 2013 and known changes. The Group's significant unrecognized deferred tax assets based on deductible losses have not been taken into account in the planning period or thereafter. The amount of working capital tied up in operations is estimated at 10 % of net sales growth. Investments have been adjusted in accordance with the net sales projected for the planning period.

Sensitivity analyses have also been used in goodwill impairment testing. The terminal value calculated after the planning period plays a key role in the testing. If there will be a negative change in the operation of Laser and Automation Solutions segment or a significant negative change in the operation of Life Cycle Management segment, it could create a need for write-off in goodwill. In the Life Cycle Management this kind of change could be e.g. zero growth in sales. The operation of the Cencorp Clean Solutions is in a start-up phase and the company has focused a lot of resources on developing the segment's business. The segment's expected yield is significant. However, a business development involves naturally considerable risks. Should the company fail to realize its business plan for Cencorp Clean Energy Solutions, it could generate a need for a write-off in goodwill, as well.

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14. Available-for-sale financial assets	**Level 1**	**Level 2**	**Level 3**
Financial assets available for sale, 31 Dec 2013			9

Financial assets available for sale consist of shares for which the purchase price is considered to correspond to the fair value. No events affecting financial assets available for sale took place in 2013.

15. Deferred tax assets and liabilities

	31/12/2012	Recognized in the income statement	Recognized in equity	Exchange rate differences	Acquired/ sold businesses	31/12/2013
Deferred tax assets						
Internal margin of inventories	9	-2	0	0	0	7
Acquired subsidiaries	0	0	0	0	0	0
Total	**9**	**-2**	**0**	**0**	**0**	**7**
Deferred tax liabilities						
Acquired subsidiaries	21	-19	0	0	0	2
Appropriations	6	0	0	0	0	6
Other items	0	0	0	0	0	0
Total	**26**	**-19**	**0**	**0**	**0**	**7**

	31/12/2011	Recognized in the income statement	Recognized in equity	Exchange rate differences	Acquired/ sold businesses	31/12/2012
Deferred tax assets						
Internal margin of inventories	10	0	0	-1	0	9
Acquired subsidiaries	0	0	0	0	0	0
Total	**10**	**0**	**0**	**-1**	**0**	**9**
Deferred tax liabilities						
Acquired subsidiaries	34	-13	0	0	0	21
Appropriations	0	6	0	0	0	6
Other items	0	0	0	0	0	0
Total	**34**	**-8**	**0**	**0**	**0**	**26**

The group has confirmed deductible losses, totalling EUR 43.0 million, out of which EUR 11.2 million is due within the next three years. The parent company has the most significant of them, totalling EUR 28.8 million, out of which 7.4 million is due within the next three years. The group has not recognized deferred tax assets based on its deductible losses as their utilization is uncertain.

16. Inventories	2013	2012
Materials and supplies	1,691	2,046
Work in progress	229	333
Finished products	278	313
Total	**2,198**	**2,693**

An impairment of EUR 115,000 in inventories was recognized as an expense in 2013 in continued operations to reduce the carrying amount of inventories to correspond to their net realizable value (2012: EUR 235,000). For Discontinued operations the expense recognized as impairment loss was EUR 0. (2012: EUR 421,000).

17. Trade and other non-interest-bearing receivables	2013	2012
Trade receivables	1,603	2,022
Receivables from percentage-of-completion contracts	178	140
Prepayments and accrued income	276	152
Other receivables	457	380
Total	**2,514**	**2,695**
Trade receivables	0	4
Other receivables	0	35
Discontinued operations	**0**	**39**

Age distribution of trade receivables and recognized impairment losses	2013	2012
Undue	1,066	1,145
Due 0–30 days	387	418
Due 30–60 days	69	239
Due 61–90 days	33	125
Due over 90 days	49	136
Impairment (due over 90 days)	0	-38
Total	**1,603**	**2,026**

18. Cash and cash equivalents	2013	2012
Cash on hand and deposits - continuing operations	116	583
Cash on hand and deposits - discontinued operations	0	40
Total	**116**	**623**

Cash and cash equivalents in the cash flow statement consist of cash on hand and bank deposits.

19. Notes to shareholders' equity

	Number of shares (1,000)	Share capital	Premium fund	Reserve fund	Distributable non-restricted equity fund
31/12/2010	**314,394**	**3,425**	**4,695**	**213**	**35,104**
Share issue	27,767	0	0	0	3,332
31/12/2011	**342,161**	**3,425**	**4,695**	**213**	**38,436**
Share options of convertible bond	0	0	0	0	347
31/12/2012	**342,161**	**3,425**	**4,695**	**213**	**38,783**
Share options of convertible bond	0	0	0	0	432
Directed share issue	4,000	0	0	0	480
Decrease from share issue	0	0	0	0	-34
31/12/2013	**346,161**	**3,425**	**4,695**	**213**	**39,661**

All shares issued have been paid in full. The shares have no nominal value.

Premium fund

The items indicated in the old Companies Act (1978/734), Chapter 12, Section 3, are recognized in the share premium account.

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Reserve fund
The provisions concerning the reserve fund were laid down in Chapter 12, Section 3 of the old Companies Act. The reserve fund is treated as restricted capital.

Distributable non-restricted equity fund
The distributable non-restricted equity fund contains other quasi-equity investment instruments and the subscription price of shares when this is not separately recorded in share capital. The share options, totalling EUR 432,000, of the convertible bond issued during the financial year were recognized in the distributable non-restricted equity fund. Additionally new capital amounting to EUR 0.5 million was directed to the group during the financial year through a directed share issue in which a part of a business acquisition with an independent party was paid in the group's shares. The new capital was recognized in the Distributable non-restricted equity fund.

20. Share-based payments and convertible bonds

During the financial year, the Group had in place options related to bond I/2010 (nominal value and book value on 31.12.2013 EUR 1,2 million), options related to bond I/2012 (nominal value EUR 1,5 million and book value EUR 1,4 million) and options related to bond I/2013 (nominal value EUR 2,1 million and book value EUR 1,8 million)

The subscription period of the options related to bond I/2010 started at the moment of subscription and will end on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010.

The subscription period of the options related to bond I/2012 started at the moment of subscription and will end on 7 September 2014. Savcor Group Oy and SCI Invest Oy hold the options connected to bond I/2012.

The subscription period of the options related to bond I/2013 started at the moment of subscription and will end on 2 June 2015. Etera Mutual Pension Insurance Company and Oyj Ingman Finance Ab hold the options connected to bond I/2013

Outstanding options		**2013**		**2012**	
	Option scheme	Weighted average exercise price EUR/share	Number of options (1,000)	Weighted average exercise price EUR/share	Number of options (1,000)
At the beginning of the	VVK I/2010	0,16*	8,931	0,16*	8931
	VVK I/2012	0.07	21,429		
New share options granted	VVK I/2012			0.07	21,429
New share options granted	VVK I/2013	0.07	30,000		
At the end of the financial ye	VVK I/2010	0,16*	8,931	0,16*	8,931
	VVK I/2012	0.07	21,429	0.07	21,429
	VVK I/2013	0.07	30,000		
Exercisable share options at the end of the financial year	VVK I/2010	0,16*	8,931	0,16*	8,931
	VVK I/2012	0.07	21,429	0.07	21,429
	VVK I/2013	0.07	30,000		

*The subscription price for the share options related to bond I/2010 is EUR 0.16 per share, unless the subscription takes place later than one (1) year after the decision on granting the share options was made. After that, the subscription price per share will be the average price of a share in Cencorp weighted by the volume traded in NASDAQ OMX Helsinki during the five (5) day period preceding Savcor's announcement concerning the conversion of share options.

The subscription price for the share options related to bond I/2012 is EUR 0,07 per share. The convertible bond was issued for subscription, in deviation from the shareholders's per-emptive subscription rights, to such shareholders who on July 31, 2012 owned directly at least one million (1.000.000) company shares or to other parties separately approved by the Boadr of Directors.

The subscription price for the share options related to bond I/2013 is EUR 0,07 per share. The convertible bond was issued for subscription, in deviation from the shareholders's per-emptive subscription rights, to such shareholders who on May 16, 2013 owned directly at least one million (1.000.000) company shares or to other parties separately approved by the Boadr of Directors.

No options were exercised during 2013 or 2012.

Exercise price fluctuation and weighted average vesting period for share options outstanding at year-end.

	Exercice price	Vesting period (years)	Number of shares
2013	0,07-0,16	1	60,360
2012	0,07-0,16	2	30,360

Measurement of fair value
The Group applies the Black-Scholes model for share options schemes, which does not set special conditions on vesting. The expected volatility has been determined by calculating the historical volatility of the parent company's share price, taking into account the vesting period remaining for the options. The fair value of shares included in options granting shares has been based on the listed share price. The exercising of options granted prior to 2011 is unlikely, so the measured fair value of the shares is zero. The accounting treatment of the options granted as part of the bond is presented in the section Accounting principles under item Financial liabilities and in Note 24.

21. Provisions

	2013	**2012**
Provisions at the beginning of the financial year	257	209
Additions to provisions	174	165
Provisions exercised	-282	-112
Reversals of provisions	0	-5
Provisions at the end of the financial year	**150**	**257**
Current provisions	150	257
Total	**150**	**257**

Revenue from the sales of goods is recognized when the significant risks and rewards of purchasing have been transferred to the buyer. A provision is made for estimated warranty expenses. On average, the company gives a one-year warranty for its products. Defects detected in products during the warranty period are repaired at the company's cost, or the customer is given a corresponding product. On 31 Dec 2013, warranty provisions totalled EUR 148,000 (31 Dec 2012: EUR 251,000). The warranty provision is based on previous years' experiences of defective products or products that have required additional installations. The warranty provision is recognized in conjunction with final project approval at the beginning of the warranty period and cancelled at the end of the period.

22. Financial liabilities

	Balance sheet values	
Non-current financial liabilities at amortized cost	**2013**	**2012**
R&D loan	1,216	406
Convertible bond 1/2012	0	1,169
Convertible bond 1/2013	1,799	0
Other liabilities	207	519
Total	**3,222**	**2,095**

Current financial liabilities at amortized cost		
Loans from financial institutions	2,596	2,337
Repayment of non-current loans	400	0
Convertible bond 1/2010	1,230	1,230
Convertible bond 1/2012	1,368	0
Other liabilities	1,201	1,164
Total	**6,795**	**4,731**

The non-current financial liabilities include a EUR 2,1 million convertible subordinated loan. The liability component (book value 31.12.2013: 1,8 million) is recognized at amortized cost and the equity share (0.4 million) is recognized under equity. The equity share is measured at fair value using the Black-Scholes pricing model on the issue date of the convertible bond. The key assumptions in the model were: Share price EUR 0.07; option's subscription price in conversion EUR 0.07; safe interest: Yield on Finland's government 2 years, per 20.5.2013 (0,09 %), volatility: chosen benchmark companies (36,4 %) and subscription period and due date for based on the main terms of the convertible bond.

The current financial liabilities include a EUR 1.5 million convertible subordinated loan. The liability component (book value 31.12.2013: 1.4 million) is recognized at amortized cost and the equity share (0.3 million) is recognized under equity. The equity share is measured at fair value using the Black-Scholes pricing model on the issue date of the convertible bond. The key assumptions in the model were: Share price EUR 0.07; option's subscription price in conversion EUR 0.07; safe interest: Yield on Finland's government bond, 10 years, per 30.11.2012 (1.63 %), volatility: chosen benchmark companies (42 %) and subscription period and due date for based on the main terms of the convertible bond.

The current financial liabilities include a EUR 1.2 million convertible subordinated loan. The fair value of the loan's liability component is determined using the prevailing market interest rate for a similar debt at the time of issue. The liability component (EUR 1,2 million) is recognized at amortized cost and the equity share is recognized under equity.

The Finnish Funding Agency for Technology and Innovation - Tekes gives Cencorp a loan, of ca. EUR 3 million, to develop business and production model relating to the design and production of cost effective photovoltaic modules as well as to the development of components. The loan can amount maximum to 50 percent of the project's total costs which are estimated to be ca. EUR 6 million. The loan will be withdrawn in the course of the years 2013 and 2014. The loan period is ten years. The nominal value of the withdrawn amount till December 31, 2013 is EUR 1.8 million.

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Maturity analysis of interest-bearing liabilities

31/12/2013	**2014**	**2015**	**2016**	**2017**	**2018 and later**
R&D loan	19	18	18	18	1,877
Other liabilities	5,743	2,384	8	0	0
Total interest-bearing liabiliti	**5,762**	**2,403**	**26**	**18**	**1,877**

31/12/2012	**2013**	**2014**	**2015**	**2016**	**2017 and later**
Loans from financial institutio	6	6	6	6	612
Other liabilities	5,280	2,123	123	0	0
Total interest-bearing liabiliti	**5,286**	**2,129**	**129**	**6**	**612**

The liabilities converted into shares in share issue in January 2014, totalling EUR 2.3 million, are not included in the table regarding the year 2013. Maturity information of trade payables is given in Note 23.

23. Trade payables and other short-term non-interest-bearing liabilities	**2013**	**2012**
Trade payables	5,016	4,036
Accruals and deferred income	1,587	1,303
Advances received for long-term contracts	813	129
Tax liabilities	16	0
Other liabilities	2,162	1,382
Total for continued operations	**9,594**	**6,850**
Trade payables	0	1
Accruals and deferred income	0	18
Other liabilities	0	21
Total for discontinued operations	**0**	**40**

EUR 4.1 million out of trade payables of EUR 5.0 million was overdue at the year end 2013. Material items included in accruals and deferred income consist of personnel expenses and other accrued expenses.

24. Fair values of financial assets and liabilities

	Carrying amount 31/12/2013	**Fair value 31/12/2013**	**Carrying amount 31/12/2012**	**Fair value 31/12/2012**
Financial assets				
Available-for-sale investments	9	9	9	9
Trade and other receivables	2,060	2,060	2,402	2,402
Cash and cash equivalents	116	116	583	583

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

	Carrying amount 31/12/2013	**Fair value 31/12/2013**	**Carrying amount 31/12/2012**	**Fair value 31/12/2012**
Financial liabilities				
R&D loan, non-current	1,216	1,216	406	406
Other liabilities, non-current	2,006	2,006	1,689	1,689
Loans from financial institutions, current	2,596	2,596	2,337	2,337
Other liabilities, current	4,199	4,199	2,394	2,394
Trade payables and other non-interest-bearing liabilities	6,950	6,950	5,402	5,402

The fair value of non-current liabilities is expected to correspond to the carrying amount as the loans were withdrawn in late 2012 and during 2013 and recognized to their fair value when recorded. There has been no significant change in general interest level since loan withdrawals.

The hierarchy level for fair values is 2.

Average interest rates on interest-bearing liabilities	**2013**	**2012**
Loans from financial institutions	6.037	6.701

The fair value of short-term liabilities is expected to correspond to the carrying amount due to their short maturity.

25. Non-cash transactions	**2013**	**2012**
Depreciation	1,919	2,787
Impairment	544	5,895
Exchange rate differences	259	108
Discontinued operations - agreed reduction on liabilities	0	-1,031
Employee benefits	31	28
Fixed asset transfer to client project	197	0
Other items	122	-115
Total	**3,071**	**7,673**

Non-cash transactions include both continued and discontinued operations.

26. Leases	**2013**	**2012**
Group as lessee		
Minimum lease payments payable on the basis of other non-terminable leases:		
Continuing operations		
Within one year	965	972
Within 2–5 years	831	886
Over five years	0	0
Discontinued operations		
Within one year	0	0
Within 2–5 years	0	0
Over five years	0	0
Group as lessor		
Minimum lease payments receivable on the basis of other non-terminable leases:		
Within one year	0	0
Within 2–5 years	0	0
Over five years	0	0

27. Other contingent liabilities	**2013**	**2012**
Assets pledged for the company		
Loans from financial institutions	1,245	1,247
Promissory notes secured by pledge	12,691	12,691
Factoring loan and export credit limit	1,338	1,090
Trade receivables	499	695

28. Related party transactions

The relations and shares between the parent company and subsidiaries are as follows:

Company	**Domicile**	**Group's holding**
Emoyritys Cencorp Oyj	Mikkeli, Finland	100,0 %
PMJ testline Oy	Lohja, Finland	100.0 %
Cencorp AB	Sollentuna, Sweden	100,0 %
Cencorp AS	Tallinn, Estonia	100,0 %
Cencorp USA, Inc.	Dallas, TX, USA	100,0 %
Cencorp Americas, LLC	McAllen, TX, USA	100,0 %
Cencorp Kft	Budapest, Hungary	100,0 %
Savcor Pacific Ltd	Hong Kong	100,0 %
Savcor Face (Beijing) Technologies Co., Ltd.	Beijing, China	100,0 %

Cencorp Corporation is part of Savcor Group Oy. The Group has 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.

The Group entered into the following transactions with related parties:

Continued operations		
Sales of goods and services	**2013**	**2012**
Savcor companies	175	120
Others	9	0
Total	**184**	**120**
Purchases of goods and services		
Savcor companies	474	548
Savcor Face Ltd	81	4
Idem Finland Oy	15	0
Others	2	2
Total	**571**	**554**
Interest income		
Savcor companies	2	1
Interest expenses and other financial expenses		
Savcor companies	354	348
SCI Invest Oy	60	10
Iikka Savisalo	2	0
Total	**416**	**358**
Discontinued operations		
Sales of goods and services		
Savcor companies	0	143
Purchases of goods and services		
Savcor companies	0	20

	2013	2012
Other non-current liabilities to related parties	185	519
Convertible subordinated loan from related parties	2,598	2,400
Interest payable to related parties	795	480
Other current liabilities to related parties	1,455	1,000
Trade payables and other non-interest-bearing liabilities to related parties	916	685
Trade receivables from related parties	136	87

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

Employment benefits of the management	**2013**	**2012**
Wages and other short-term employment benefits	713	765

The management has no defined benefit pension plans.

Wages and remuneration	**2013**	**2012**
Salaries of the CEO and his deputies	165	187
Board members and deputies		
Paasila Matti	0	34
Rautiainen Ismo	0	3
Karttunen Marjukka	17	0
Savisalo Hannu	0	3
Savisalo Iikka	0	3
Total	**17**	**42**

The CEO has a six-month term of notice. The CEO's pension is determined in accordance with the Employees Pensions Act. Board members remuneration includes benefits paid in 2013.

No share options were granted to the company's management during the financial year 1 January 2013–31 December 2013. On 31 December 2013, the company had valid share options in one series, which are exercisable as follows:

8,931,000 options connected to bond I/2010 with a subscription period ending on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010.

21,428,571 options connected to bond I/2012 with subscription period ending on 7 September 2014. Savcor Group Oy and SCI Invest Oy hold the options connected to bond I/2012.

30,000,000 options connected to bond I/2013 with subscription period ending on 2 June 2015. Etera Mutual Pension Insurance Company and Oyj Ingman Finance Ab hold the options connected to bond I/2013.

29. Financial risk management

Financial Risks

Cencorp's normal business activities expose the company to financial risks: interest rate risks, credit risks, currency risks and funding risks. Risk management aims to minimize the adverse effects that changes in the financial market may have on the Group's financial performance and balance sheet. The Group's general risk management policy is approved by the Board of Directors, and its implementation is the joint responsibility of the Group's centralized finance department and the business groups. The finance department identifies, assesses and acquires the instruments needed to hedge the company against risks in close cooperation with the operational units. Hedging transactions are carried out in compliance with the risk management policy approved by Group management. The Group has not hedged itself against currency or interest rate risks.

Liquidity risks

The financial statements have been prepared under the going concern assumption. The continuity of operations requires the company to be able to obtain supplementary funding and to negotiate changes to the terms of payment during 2014. The company continues discussions with its major financiers and shareholders on measures to strengthen the financing position until the company's cash flow is expected to return to positive. The sufficiency of the company's financing and working capital involve risks. Pursuant to the understanding of the management of the company on the date hereof, with the share issue and the extension of the financial agreements, the company has ensured the sufficiency of its working capital for the period of next twelve months, provided that the Company has at its disposal at least the credit limits corresponding to the current limits of 4.0 million Euros; the aforesaid Finnvera guarantee will be extended and will be valid also after 29 June 2014; the company has in its use separate financing for the investments pursuant to its investment program as planned; and the cash flow of the business operations of the company will turn positive during the second half of the year 2014, at the latest.

Based on the current information available to the company, the company believes that the cash flow of the business operations of the company will turn positive during the second half of the year 2014 with the company's current costs structure, provided that the company achieves its minimum turnover objective for 2014 the likelihood of which is in the company's view reasonable given its previous turnover levels, recent order book and tender activity. In case the cash flow of the company will not turn positive at the latest during the second half of the year 2014 pursuant to the objective of the company; and/ or the company does not have at least the credit limits corresponding to the current limits of 4.0 million euros; or the company does not manage to negotiate postponement of the maturity dates for its maturing loans; and/or the company does not manage to acquire separate financing for its investments pursuant to the investment program of the company (from clients, partners, venture capital investors or from other third parties such as Tekes - the Finnish Funding Agency for Technology and Innovation), the company may be obliged to reconsider the scope of its clean energy business and to lower its growth target for the future. As other alternatives, the company has considered, and will consider in the future, the possibilities to divest such business operations that do not belong to its key business operations pursuant to the current strategy of the Company. Such business operations are i.e. RFID and flexible electronics for mobile phones businesses. The company is investigating possible buyers for these business operations as disclosed previously. 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. This would jeopardize the company's operations in their current form.

The Group continuously assesses and monitors the financing needed for business in cooperation with the management of different business functions to ensure that it has enough liquid assets at its disposal to finance operations and repay loans falling due. The Group's financing policy determines the optimum size of the liquidity reserve. The maturity and amortization of loans are planned so as to optimize liquidity. The availability and flexibility of financing are ensured through sufficient credit limits.

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Cencorp Corporation has secured from Sampo Bank Plc credit limits in the amount of EUR 4 million, of which EUR 1.1 million were unused bank guarantee and export credit limits. These limits include normal covenants. If any of these covenants will be violated during the period under review, Sampo Bank Plc is entitled to renegotiate the loan terms. These covenants will be reviewed first time on 27.6.2014.

In order to maintain its liquidity, the company needs to have a sufficient business volume. Sampo Bank's credit limits are effective until 31 March 2015. However, the extension is subject to Finnvera extending accordingly its guarantee connected to the facility agreement. Finnvera's current guarantee, connected to the facility agreement, is valid until 29 June 2014. If Finnvera does not extend its guarantee, Danske Bank's facility agreement signed on 10 January 2014 will be valid until 27 June 2014.

Cencorp has a short-term subordinated loan of EUR 1.2 million from its parent company which will fall due during the financial year 2014 (the situation at the year end 2013). The subordinated loan and all the interests related to it have been converted into Cencorp's shares in the January 2014 share issue. The subordinated loan includes the right to convert it into Cencorp's shares based on the option rights offered to Savcor Group Oy. A fixed annual 10 percent interest is paid on the subordinated loan capital. In accordance with the subordinated loan conditions, Savcor Group Oy has the right to subscribe to 8,931,000 new shares in Cencorp by converting the subordinated loan into the company's shares. According to the loan terms, if Cencorp's financial position materially deteriorates, the company is subjected to recovery measures or the company organizes a share issue or otherwise changes its equity or enters into significant corporate transactions, the debtor may accelerate the loan so as to be immediately due.

In addition to the above subordinated loan I/2010 (1.2 million), also EUR 0.4 million of the subordinated loan I/2012 (initially 1.5 million) and EUR 0.8 million of interests related to it and other loans were converted into shares in the shae issue in January 2014. The total amount of liabilities to Savcor Group Oy, Savcor Invest B.V. and SCI Invest Oy converted into Cencorp's shares in the share issue in January 2014 was EUR 2.4 million.

At year end 2013 Cencorp Corporation has unpaid interests in the amount of EUR 0.6 million relating to a bond issued in 2006, to a bond converted in 2010, to a bond issued in 2012 and to a bond issued in 2013. EUR 0.45 million of the interests related to the subordinated loan have been converted into Cencorp's shares in the share issue in January 2014. The interest can only be repaid annually to the extent that the amount of Cencorp Corporation's unrestricted equity and all subordinated loans exceeds the amount of loss confirmed for the most recently ended financial year or included in the balance sheet of more recent financial statements. 8.75% interest is calculated on the unpaid interest, 10% on the bond converted in 2010 and 8% on the bond issued in 2012 and 2013. The company has no non-restricted equity at the end of the financial year.

Currency risks
The Group's international operations expose it to transaction risks caused by foreign exchange positions and to risks arising from the translation of foreign-currency investments into the parent company's functional currency. The most significant currencies for the Group are USD and CNY. Currency risks arise from purchases and sales carried out in currencies other than the Group's functional currency, from trade receivables and payables denominated in foreign currencies, as well as from net investments in foreign subsidiaries.

Cencorp has foreign net investments in its subsidiaries and is thus exposed to risks arising from the translation of its investments denominated in foreign currencies in its foreign subsidiaries into Cencorp Group's parent company's functional currency, the euro. The company has not hedged its foreign exchange position or net debts in foreign subsidiaries..

Interest rate risks
The Group's revenue and operational cash flows are mostly independent of interest rate fluctuations. During 2013, the Group was exposed to fair value interest rate risk (fixed-rate liabilities) and cash flow interest rate risk (floating-rate liabilities), mainly due to interest on liabilities. In compliance with the principles for risk management, at least 10% of the credit portfolio must be fixed-rate and the loan portfolio shall have an average duration of 3–6 years. Fixed-rate loans account for 76.5% of the company's interest-bearing liabilities.

Savcor Group's companies have granted the Group loans totalling EUR 3.5 million. These fixed-rate loans have market terms of interest.

Credit risks
Thanks to its broad and geographically widely distributed customer base, the Group has no significant external credit risk pools and it only grants loans to companies with a good credit rating.

Capital management
Capital management aims at ensuring the continuity of the company's operations and the increase of shareholder value. Capital structure management is based on decisions concerning share issues, the use of equity-settled instruments and distribution of dividends. Capital structure indicators include equity ratio and net gearing.

Exposure to financial risks	**2013**	**2012**
Impact of fluctuation in short-term interest rate +/-2%	+/-37	+/-27

The Group has credit limits in the amount of EUR 4 million, consisting of the following:

Checking account limit	EUR 1.25 million	EUR 1.25 million
Export credit limit	EUR 1.5 million	EUR 1.5 million
Bank guarantee limit	EUR 1.25 million	EUR 1.25 million

Exposure to currency risks
In 2013, the Group's rather small currency risks consisted of USD and CNY denominated financial assets and liabilities. The following sensitivity analysis is based on existing financial assets and liabilities denominated in foreign currencies on 31 December 2013.

Financial assets denominated in foreign currencies	**2013**	**2012**
USD	462	638
CNY	355	925
Financial liabilities denominated in foreign currencies		
USD	591	502
CNY	920	1,014
Net	**-693**	**47**

Impact on result	**2013**	**2012**
EUR/USD +/-10%	+/-8	+/-12
EUR/CNY +/-10%	+/-42	+/-7

Materials management risks
The most significant risks related to material prices are those related to the price of copper and steel and the general price risk related to components. The objective is to pass the price increases on to the sales prices and to improve price competitiveness through product development.

30. Events after the end of the reporting period

CENCORP'S SHARE ISSUE OVERSUBSCRIBED

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.

VIKRAM SOLAR AND CENCORP CONSIDER OPPORTUNITIES FOR BUSINESS AND PARTNERSHIP COLLABORATION

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.

Vikram Solar is the leading provider of solar energy projects in India and it belongs to a technology group Vikram Group (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 Annual Report.

EUR	Note	1.1. - 31.12.2013		1.1. - 31.12.2012	
Net sales	1-3	6,919,873.44	100.0 %	8,705,799.20	100.0 %
Cost of sales		-7,567,269.96	-109.4 %	-8,710,246.29	-100.1 %
Gross profit		**-647,396.52**	**-9.4 %**	**-4,447.09**	**-0.1 %**
Sales and marketing costs		-1,231,141.73		-1,662,122.57	
Administrative expenses		-1,299,664.51		-1,855,484.95	
Other operating income	4	770,921.04		129,038.41	
Other operating expenses	10	-159,242.31		-2,372,628.56	
Operating profit		**-2,566,524.03**	**-37.1 %**	**-5,765,644.76**	**-66.2 %**
Financial income	12	250,782.05		305,206.62	
Financial expenses	12	-7,218,066.87		-745,245.04	
Profit/loss before extraordinary items		**-9,533,808.85**	**-137.8 %**	**-6,205,683.18**	**-71.3 %**
Profit/loss before appropriations and taxes		**-9,533,808.85**		**-6,205,683.18**	
Appropriations	13	0.00		-22,542.76	
Income taxes	14	0.00		18,614.27	
Profit/loss for the financial year		**-9,533,808.85**	**-137.8 %**	**-6,209,611.67**	**-71.3 %**

Parent Company´s Balance Sheet (FAS)

As at 31 December 2013

EUR	Note	31/12/2013	31/12/2012
ASSETS			
Non-current assets			
Intangible assets	15	4,748,908.14	2,504,932.74
Tangible assets	16	136,590.18	203,549.41
Investments	17	8,085,753.86	14,084,753.86
		12,971,252.18	**16,793,236.01**
Current assets			
Inventories	18	849,773.78	1,059,862.40
Long-term receivables	19	6,220,708.37	6,286,327.74
Short-term receivables	20	3,416,171.86	2,511,897.55
Cash and cash equivalents		4,349.29	307,351.64
		10,491,003.30	**10,165,439.33**
TOTAL ASSETS		**23,462,255.48**	**26,958,675.34**
LIABILITIES			
Shareholders' equity			
Share capital	21	3,425,059.10	3,425,059.10
Premium fund	21	4,695,570.81	4,695,570.81
Reserve fund	21	211,384.16	211,384.16
Distributable non-restricted equity fund	21	38,916,019.95	38,436,019.95
Profit/loss carried forward	21	-31,768,253.14	-25,558,641.47
Profit/loss for the financial year	21	-9,533,808.85	-6,209,611.67
		5,945,972.03	**14,999,780.88**
Accumulated appropriations			
Depreciation difference		22,542.76	22,542.76
Obligatory provisions			
Other obligatory provisions	22	149,622.99	257,312.84
Liabilities			
Non-current liabilities	23	4,146,947.37	2,619,277.89
Current liabilities	24	13,197,170.33	9,059,760.97
		17,344,117.70	**11,679,038.86**
TOTAL LIABILITIES		**23,462,255.48**	**26,958,675.34**

Parent Company´s Cash Flow Statement

For the financial year ended 31 December 2013

1 000 EUR		1-12/2013	1-12/2012
Cash flow from operating activities			
Income statement profit/loss before extraordinary items		-9,534	-6,206
Non-monetary items adjusted on income statement			
Depreciation and impairment	+	919	980
Gains/losses on disposals of non-current assets	+/-	24	511
Unrealized exchange rate gains (-) and losses (+)	+/-	74	62
Other non-cash transactions	+/-	0	0
Financial income and expenses	+	6,893	378
Other adjustments	+/-	166	0
Total cash flow before change in working capital		-1,457	-4,275
Change in working capital			
Increase (-) / decrease (+) in inventories		124	-56
Change in reserves		-108	53
Increase (-) / decrease (+) in short-term trade and other receivables		-716	2,552
Increase (+) / decrease (-) in short term trade and other payables		1,097	621
Change in working capital		397	3,171
Cash flow from business operations before financial items and taxes		-1,059	-1,103
Adjustment of financial items and taxes to cash-based accounting			
Interest paid and payments for other financial expenses	-	-630	-306
Interest received	+	18	3
Taxes paid	-	0	19
Financial items and taxes		-612	-284
NET CASH FLOW FROM BUSINESS OPERATIONS		**-1,671**	**-1,387**
Cash flow from investments			
Investments in tangible and intangible assets	-	-2,300	-776
Proceeds on disposal of tangible and intangible assets	+	55	0
Granted loans	-	-9	-27
Repayment of loan receivables	+	0	20
Acquisition of subsidiaries and other business units	-	-1	0
Disposal of subsidiaries and other business units	+	0	0
NET CASH FLOW FROM INVESTMENTS		**-2,255**	**-783**
Cash flow from financing			
Proceeds on share issue	+	0	0
Increase in non-current loans	+	3,339	2,100
Repayment of non-current loans	-	-12	0
Increase in current loans	+	5,399	5,404
Repayment of current loans	-	-5,102	-5,111
NET CASH FLOW FROM FINANCING ACTIVITIES		**3,624**	**2,392**
INCREASE (+) OR DECREASE (-) IN CASH FLOW		**-303**	**223**
Cash and cash equivalents at the beginning of the financial year		307	85
Cash and cash equivalents at the end of the financial year		4	307
		-303	**223**

Accounting, measurement and accrual principles

Cencorp Corporation's financial statements have been prepared in accordance with the Finnish Accounting Act in force and with other regulations and provisions concerning the preparation of financial statements. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as have the parent company's financial statements, where possible. The accounting principles used in the parent company's financial statements differ from those used in the consolidated financial statements as follows:

Use of estimates in the financial statements

When preparing financial statements according to good accounting practice, the company management has to make estimates and assumptions that affect the amounts of the reported assets and liabilities on the balance sheet date and the amounts of income and expenses reported for the financial year. The estimates and assumptions have been made following the precautionary principle. The final figures may differ from these estimates.

Measurement of non-current assets

Tangible and intangible assets have been recorded on the balance sheet at original cost of acquisition less planned depreciation. Planned depreciation has been calculated from the original cost of acquisition with amortization on a straight-line basis according to the estimated useful life. Depreciations of new property, plant and equipment have been calculated as of the month of commissioning. The depreciations have been made by function.

The depreciation of development costs currently capitalized in the balance sheet is expected to end during the financial year 2019, because they include EUR 3.4 million capitalized costs, where the depreciations are estimated to start during the financial year 2014.

The planned depreciation periods are:

Intangible rights	5 - 10 years
Development costs	3 - 5 years
Goodwill	5 years
Other expenses with long-term effects	5 - 10 years
Buildings	25 years
Machinery and equipment	3 - 7 years

Gains and losses from the disposal of fixed assets are presented in the income statement.

Maintenance and repairs

Maintenance and repair costs are recognized as expenses for the financial year. Significant basic improvement costs are included in the carrying amount of the tangible fixed assets and depreciated over the remaining useful life of the asset.

Other long-term expenses and goodwill

In 2010, the merger of Savcor Alfa Oy on 31 December 2010 gave rise to merger assets. It is presented in goodwill, which will be fully amortised during the year 2015.

Research and product development costs

Research and product development have primarily been recognized as annual costs in the year in which they have been incurred. Development costs that accrue revenues for three or more years have been capitalized and are depreciated over 3 to 5 years.

Notes to the Parent Company´s Financial Statements
For the financial year ended 31 December 2013

Other intangible assets

Acquisition costs for patents, trademarks and licences are capitalized and depreciated on a straight-line basis over the useful life, as a general rule over 10 years. Acquisition costs for software licences are included in intangible rights and depreciated over 5 years.

Investments in non-current assets

In 2013 an impairment write-down of EUR 6.0 million was made on the shares of Savcor Pacific Limited, Cencorp's subsidiary, because the return expectations we less than the original investment. The value of the investment depends on how the company succeeds to realize its strategy. In 2012 Cencorp announced that it exits from its unprofitable decoration business and closes down its plant in Guangzhou, China, producing decoration applications. During 2013 Savcor Face (Guangzhou) Technologies Co., Ltd was sold.

The subcidiaries Cencorp AB in Sweden and Cencorp Kft in Hungary will be closed during the year 2014.

Measurement of inventories

Inventories are presented in compliance with the principle of weighted average price at the lower of acquisition cost or replacement price or likely sales price.

Items denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies have been translated into euros using the average rate quoted by the Bank of Finland on the balance sheet date.

Revenue recognition principles

When calculating net sales, indirect taxes, discounts and exchange rate differences related to sales are deducted from the sales revenue. Income from the sale of goods and services are recognized as revenue when they have been carried out.

Long-term contract revenue has been recognized as revenue on the basis of the stage of completion. The company has defined as long-term contract work projects which have started and ended in different financial periods and where the recognition of income as revenue has a substantial impact on net sales and result. The stage of completion of long-term contracts has been determined as the proportion of costs incurred in relation to the estimated total contract costs and is dependent on the eventual total revenue and costs and a reliable way to measure the progress of the project. A loss for a project is recognized as soon as it is known and can be estimated.

Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation that is likely to require the outflow of economic benefits or cause a financial loss and the amount of the obligation can be estimated in a reliable manner. The amount of the provision to be recognized corresponds to the best estimate of the company's management concerning the expenses required to settle the obligation on the balance sheet date. Provisions may relate to restructuring of operations, onerous contracts, legal cases or tax risks.

A warranty provision is recognized when the delivery of a product including a warranty clause has been approved. The amount of the warranty provision is based on experience concerning the realization of warranty expenses.

A provision is recognized for an onerous contract if the expenses required to settle the obligations exceed the benefits from the contract.

Notes to the Parent Company´s Financial Statements
For the financial year ended 31 December 2013

Revenues and expenses arising from previous financial years

In 2012 part of the taxes from previous years, totalling EUR 18,614.27, were credited by the tax authority. The income is recorded in profit or loss in income taxes.

Unless otherwise indicated, the figures in the following notes are given in thousands of euros.

Notes to the income statement

1. Distribution of net sales by market area

	2013	2012
Europe	3,825	5,489
Americas	2,408	2,155
Asia and Australia	687	1,061
Total	**6,920**	**8,706**

2. Distribution of net sales by business segment

Laser and Automation Solutions (LAS)	4,858	5,834
Life Cycle Management of Laser and Automation Solutions (LCM)	1,933	2,862
Cencorp Clean Energy (CCE)	129	10
Total	**6,920**	**8,706**

The distribution of net sales by business segments above has been changed to correspond with the business segments in the Group. The comparison figures for 2012 have been changed accordingly.

3. Long-term contract revenues recognized on the basis of the percentage of completion

	2013	2012
Proportion of net sales recognized under the percentage-of-completion method of the financial year's total net sales	26.3 %	20.6 %
Revenue recognised on percentage of comletion basis during the financial year	1,817	1,797
Revenue recognised on percentage of comletion basis during previous financial years	0	24
Amount not recognized as revenue based on the stage of completion	2,683	679
Amount not recognized as revenue according to delivery	317	31

4. Other operating income

Subsidies received from the EU	99	107
Subsidies received from others	600	0
Expenses invoiced further	25	0
Insurance accrual	10	10
Capital gains on disposal of fixed assets	26	2
Other income	11	10
Total	**771**	**129**

5. Materials and services

	2013	2012
Materials and supplies		
Purchases during the financial year	3,409	3,806
Change in inventories	201	173
	3,610	**3,978**
Third-party services	471	442
Total	**4,081**	**4,420**

6. Number of personnel

During the financial period on average		
Procurement and production	21	34
Product development	20	11
Sales and Marketing	7	9
Administration	6	9
Total	**54**	**63**
At the end of the year		
Procurement and production	21	24
Product development	22	18
Sales and Marketing	7	8
Administration	7	8
Total	**57**	**58**

7. Personnel expenses

Wages and remuneration	2,655	3,457
Retirement expenses	482	617
Other indirect employee expenses	123	176
Wages capitalized in the balance sheet	-407	-207
Indirect expenses capitalized in the balance sheet	-203	-103
Total	**2,649**	**3,940**

8. Management's salaries and remuneration

President and CEO and his deputy	165	187
Board members	17	42
Total	**182**	**229**

9. Depreciation and impairment

Depreciation on cost of sales	74	252
Depreciation on development costs	507	294
Depreciation on sales and marketing	5	16
Depreciation on administration	271	297
Total	**856**	**859**

10. Operating expenses	2013	2012
Other operating expenses	76	26
Expenses related to discontinued operations (Savcor Face Guangzhou)	0	116
Write-off of redeivables from Savcor Face Guangzhou	0	1,659
Bad debt	19	61
Impairment of non-current assets	25	511
Impairment of current assets	40	0
Total	**159**	**2,373**

11. Auditors' fees

Ernst & Young Oy		
Auditors' fees	125	85
Other services	86	113
Total	**211**	**198**

12. Financial income and expenses

Income from participations in group undertakings	6	6
Other interest and financial income		
Group undertakings	245	245
Others	0	54
Total	**245**	**299**
Total financial income	**251**	**305**
Impairment of investments in non-current assets	6,000	1
Impairment of marketable securities in current assets	4	7
Interest expenses and other financial expenses		
Group undertakings	354	348
Others	860	389
Total	**1,214**	**738**
Total financial expenses	**7,218**	**745**
Total financial income and expenses	**-6,967**	**-440**

13. Appropriations

Increase/decrease in depreciation in excess of plan	0	23

14. Income taxes	0	-19

In 2012 part of the taxes from previous years, totalling EUR 18,614.27, were credited by the tax authority. The income is recorded in profit or loss in income taxes.

Notes to the Parent Company´s Financial Statements
For the financial year ended 31 December 2013

Notes to the balance sheet

15. Intangible assets

1 000 EUR	Development costs	Intangible rights	Goodwill	Other long-term expenses	Total
Acquisition cost, 1 Jan 2013	1,897	542	1,187	85	3,710
Additions	2,978	138	0	103	3,219
Disposals	-313	-92	0	0	-405
Transfers between items	0	0	0	0	0
Acquisition cost, 31 Dec 2013	**4,562**	**588**	**1,187**	**188**	**6,524**
Accumulated depreciation and impairment, 1 Jan 2013	-312	-301	-527	-65	-1,205
Accumulated depreciation of disposals and transfers	107	71	0	0	178
Depreciation for the period	-422	-78	-237	-10	-747
Impairment	0	0	0	0	0
Accumul. depr., 31 Dec. 2013	**-627**	**-308**	**-764**	**-75**	**-1,775**
Carrying amount, 1 Jan 2013	1,585	240	660	20	2,505
Carrying amount, 31 Dec 2013	**3,934**	**280**	**423**	**113**	**4,749**

16. Tangible assets

1 000 EUR	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2013	0	0	506	0	506
Additions	0	0	67	0	67
Disposals	0	0	-73	0	-73
Transfers between items	0	0	0	0	0
Acquisition cost, 31 Dec 2013	**0**	**0**	**501**	**0**	**501**
Accumulated depreciation and impairment, 1 Jan 2013	0	0	-302	0	-302
Accumulated depreciation of disposals and transfers	0	0	47	0	47
Depreciation for the period	0	0	-109	0	-109
Impairment	0	0	0	0	0
Accumul. depr., 31 Dec. 2013	**0**	**0**	**-364**	**0**	**-364**
Carrying amount, 1 Jan 2013	0	0	204	0	204
Carrying amount, 31 Dec 2013	**0**	**0**	**137**	**0**	**137**

Notes to the Parent Company´s Financial Statements
For the financial year ended 31 December 2013

17. Investments

Shares and equity interest in Group companies	Domicile	Parent company's holding	Group's holding
PMJ testline Oy	Lohja, Finland	100,0 %	
Cencorp AB	Sollentuna, Sweden	100,0 %	
Cencorp AS	Tallinn, Estonia	100,0 %	
Cencorp Americas, LLC	McAllen, TX, USA	100,0 %	
Cencorp Kft.	Budapest, Hungary	100,0 %	
Savcor Pacific Ltd	Hong Kong	100.0 %	
Savcor Face (Beijing) Technologies Co., Ltd.	Beijing, China		100.0 %

The consolidated financial statements include the parent company Cencorp Corporation and all of its subsidiaries.

Investments in Group companies	**2013**	**2012**
PMJ Testline Oy, investment in Distributable non-restricted equity fund	1	0
Other shares and participations		
Kiinteistö Oy Musko II one-week share	3	3
Helsinki Halli Oy B shares, 2 shares	6	6
Total	**9**	**9**

The fair value of Kiinteistö Oy Musko II shares is expected to correspond to the carrying amount.
Helsinki Halli Oy B shares were written-off at fair value in 2012.

18. Inventories

Materials and supplies	628	840
Work in progress	106	127
Finished products/goods	115	93
Total	**850**	**1,060**

19. Long-term receivables

From group undertakings		
Loan receivables	6,221	6,286
Total	**6,221**	**6,286**

20. Short-term receivables

From group undertakings		
Trade receivables	2,109	1,464
Loan receivables	5	0
Other receivables	227	11
Total	**2,341**	**1,476**
Receivables from others		
Trade receivables	758	795
Other receivables	224	141
Accrued income	93	101
Total	**1,075**	**1,038**
Total short-term receivables	**3,416**	**2,514**

Material items of accrued income	**2,013**	**2,012**
Advances on purchases	88	90
Accrual of indirect employee costs	5	0
Receivables from percentage-of-completion contracts	0	11
Total	**93**	**101**

21. Shareholders' equity

	2013	**2012**
Share capital on 1 Jan	3,425	3,425
Share capital on 31 Dec	**3,425**	**3,425**
Premium fund on 1 Jan	4,696	4,696
Premium fund on 31 Dec	**4,696**	**4,696**
Reserve fund on 1 Jan	211	211
Reserve fund on 31 Dec	**211**	**211**
Total restricted equity	**8,332**	**8,332**
Distributable non-restricted equity fund on 1 Jan	38,436	38,436
Directed issue	480	
Distributable non-restricted equity fund on 31 Dec	**38,916**	**38,436**
Retained earnings on 1 Jan	-31,768	-25,558
Profit/loss for the financial year	-9,534	-6,210
Retained earnings on 31 Dec	**-41,302**	**-31,768**
Total non-restricted equity	**-2,386**	**6,668**
Total equity	**5,946**	**15,000**

Calculation of distributable non-restricted equity on 31 Dec 2013

Retained earnings on 31 Dec	-41,302	-31,768
Distributable non-restricted equity fund	38,916	38,436
Total	**-2,386**	**6,668**

22. Obligatory provisions

Provisions for charges	1	6
Warranty provisions	148	251
Total	**150**	**257**

23. Non-current liabilities

	2013	2013
Liabilities to Group companies		
Subordinated loans	0	750
Loans from Group undertakings	119	519
Accruals and deferred income	66	
Total	**185**	**1,269**

There are no items in non-current liabilities maturing in more than five years.

Liabilities to others		
Subordinated loans	2100	750
Loans from financial institutions	616	0
Total	**2,716**	**750**
Liabilities maturing in more than five years		
Loans from financial institutions	1245	600
Total	**1245**	**600**
Total non-current liabilities	**4,147**	**2,619**

24. Current liabilities

Liabilities to Group undertakings		
Subordinated loans	1,980	1,230
Loans from Group undertakings	1,400	1,000
Trade payables	313	262
Accrued expenses	874	611
Total	**4,568**	**3,104**
Liabilities to others		
Subordinated loans	750	0
Loans from financial institutions	2,596	2,337
Advances received	217	16
Trade payables	3,052	2,271
Other liabilities	298	342
Accrued expenses	1,716	991
Total	**8,629**	**5,956**
Total current liabilities	**13,197**	**9,060**
Material items of accrued expenses		
Subsidies received from the EU for product development projects	89	107
Accrued guarantee commission	92	92
Accrued interest	994	550
Accrued personnel expenses	500	639
Provisions for commissions	34	25
Accrued remuneration to Board members	194	131
Liabilities from percentage of completion	634	0
Other accrued expenses	53	59
Total	**2,591**	**1,602**

Notes to the Parent Company´s Financial Statements
For the financial year ended 31 December 2013

25. Notes concerning collateral and contingent liabilities

	2013	2012
Liabilities secured by mortgages		
Loans from financial institutions	1,245	1,247
Business mortgages	12,691	12,691
Export credit limit used	1,338	1,090
Trade receivables as collateral	499	695
Business mortgages	12,691	12,691
Lease liabilities		
Maturing the following year	17	49
Maturing later	1	38

The car lease contracts are primarily three-year lease contracts without ownership transfer clause.

Rent liabilities		
Maturing the following year	187	170
Maturing later	0	125
Other contingent liabilities		
Guarantee of advance payments	318	0
Assets pledged for Group undertakings		
Other guarantees	130	130

26. Related party transactions

No borrowings were made to persons within related party and no guarantees or other securities were given for their debts.
A convertible subordinated loan of EUR 0.75 million was subscribed by SCI Invest Oy, a company under control of Iikka Savisalo, Cencorp's CEO in 2012.

The company received a loan of EUR 55,000 from Iikka Savisalo, Cencorp's CEO during 2013.

27. Notes concerning an accountable entity belonging to the Group

Cencorp Corporation is the parent company of Cencorp Group. Cencorp Group is part of Savcor Group Oy (business ID: 0483411-7).

The consolidated financial statements can be obtained from the following address:
Insinöörinkatu 8, FI-50100 Mikkeli

Signatures of the Financial Statements and the Report of the Board of Directors

Helsinki, 25 March 2014

Hannu Savisalo
Chairman of the Board of Directors

Marjukka Karttunen
Vice Chairman of the Board of Directors

Iikka Savisalo
Member of the Board of Directors
President and CEO

Auditors’ note

A report has been issued today on the audit that has been conducted.

Helsinki, ___ March 2014

Ernst & Young Oy
Authorized Public Accountants

Mikko Rytilahti
Authorised Public Accountant

List of Accounting Books and Voucher Types

Journal and ledger		Computer files
Income statement		Computer print-outs
Balance sheet		Computer print-outs
Accounts payable and receivable specifications		Computer print-outs
Accounts payable payments	Voucher type 000 000	Computer print-outs
Payment of invoices	Voucher type 100 000	Computer files
Account transfers	Voucher type 200 000	Computer print-outs
Bank vouchers	Voucher type 400 000	Computer print-outs
Percentage-of-completion vouchers	Voucher type 320 000	Computer print-outs
Accrual vouchers	Voucher type 330 000	Computer print-outs
Payroll accounting	Voucher type 500 000	Computer print-outs
Fixed assets depreciation vouchers	Voucher type 600 000	Computer print-outs
Inventory transactions	Voucher type 700 000	Computer files
Hour records	Voucher type 750 000	Computer files
Memo vouchers	Voucher type 800 000	Computer print-outs
Financial statement vouchers	Voucher type 900 000	Computer print-outs
Invoices		in paper format
Purchase invoices		in paper format

Auditor's report (Translation)

To the Annual General Meeting of Cencorp Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Cencorp Oyj for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors 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
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. 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 and report of the Board of Directors 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 on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Emphasis of Matter
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.

Helsinki, 25 March 2014

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

Corporate Governance Statement

Cencorp Corporation and its subsidiaries are governed in accordance with the law, the company's Articles of Association, and the Finnish Corporate Governance Code effective as of 2010. The company also complies with the applicable standards issued by the Financial Supervisory Authority, and the rules and regulations of NASDAQ OMX Helsinki Ltd.

Cencorp's Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code approved by the Securities Market Association and Chapter 2, Section 6, Subsection 3 of the Securities Markets Act. An unofficial English translation of the Finnish Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi. Cencorp's Corporate Governance Statement is presented as a report separate from the Report of the Board of Directors. The Board of Directors handled the Corporate Governance Statement in its meeting in February 2014.

Cencorp abides by the Finnish Corporate Governance Code with the following exceptions:

- Recommendation 14 – The composition of Cencorp's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code, according to which the majority of the directors shall be independent of the company and, in addition, at least two of the directors representing this majority shall be independent of significant shareholders of the company. In 2013, one of Cencorp's three directors was independent of the company and significant shareholders. The non-compliance is justified by the fact that Cencorp is part of the Finnish Savcor Group. Therefore, the General Meeting of Cencorp has deemed it appropriate to ensure strong owner representation in its Board composition.
- Recommendation 24 – The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

GROUP STRUCTURE

Cencorp Group consists of the parent company Cencorp Corporation and its subsidiaries Cencorp AB, Cencorp Americas LLC, Cencorp AS, Cencorp Kft, Cencorp USA Inc, PMJ testline Oy, Savcor Pacific Limited and Savcor Face (Beijing) Technologies Co., Ltd. Cencorp's head office is located in Mikkeli. The company is part of the Finnish Savcor Group. Responsibility for Cencorp Group's corporate governance and operations is divided between the Board of Directors, which is appointed by the General Meeting, and the President and CEO.

GENERAL MEETING

The Annual General Meeting shall be held each year on a day decided by the Board of Directors, by the end of June. An Extraordinary General Meeting shall be held when deemed necessary by the Board of Directors or when legally required. The General Meeting shall be held at the Company's domicile, Mikkeli, or when the Board of Directors so decides, in Helsinki.

The invitation to the General Meeting shall be published, through a stock exchange release and on the Company's website, at the earliest three calendar months prior to the record date of the General Meeting and at the latest three weeks prior to the General Meeting, however, always at least nine days prior to the record date of the General Meeting. The Board of Directors may also decide to publish the invitation to the meeting in a national newspaper.

At the Annual General Meeting, the following shall be presented:

- Financial Statements
- Auditor's Report

At the Annual General Meeting, the following shall be decided upon:

- the approval and adoption of the Financial Statements
- the measures to be taken on the basis of the profit shown in the approved balance sheet,
- the discharge from liability of the members of the Board of Directors and the President and CEO
- the number of members on the Board of Directors
- the remuneration payable to the members of the Board of Directors and the principles for indemnifying travel expenses

At the Annual General Meeting, the following shall be elected:

- the members of the Board of Directors and, when necessary, deputy members
- the auditor and, when necessary, deputy auditor

BOARD OF DIRECTORS

The Board of Directors is responsible for the company's governance and the appropriate organisation of the company's operations. The Board comprises at least three and up to six members. The Board members are elected by the General Meeting for one year at a time. The Board elects a chairman from among its members. The Board of the parent company of Cencorp Group determines the composition of the Boards of its subsidiaries.

Main tasks of the Board of Directors

Under the Limited Liability Companies Act, the Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company accounts and finances. The Board is responsible for controlling and supervising the company's management; appointing and dismissing the President and CEO; approving the company's strategic goals, budget, total investments and their allocation, and bonus schemes; deciding on long-term contracts and the principles of risk management; ensuring the operation of the management system; approving the company's vision, values and organization model; approving and publishing interim reports, stock exchange releases, annual report and financial statements; determining the company's dividend policy; and summoning the General Meeting. It is the Board's duty to promote the best interest of the company and all its shareholders.

The Board of Directors convened 31 times in 2013. The attendance rate of the Board members was 100 percent.

Board Committees

In 2008, the Company's Board of Directors decided to discontinue the nomination and remuneration committee, as the addressing of these issues does not require preparation of matters by a group smaller than the entire Board of Directors.

The company's Board of Directors has not set up a separate audit committee because the scope of the company's business does not require matters related to financial reporting and supervision to be prepared by a group smaller than the entire Board of Directors. The Board of Directors handles the tasks of the audit committee.

Composition of the Board of Directors

The Annual General Meeting held in 2013 elected three members to the Board of Directors.

Corporate Governance Statement

Hannu Savisalo

Chairman of the Board since 2009
b. 1946, M.Sc. (Eng.), Industrial Counsellor (a Finnish honorary title)
Chairman of the Board of Savcor Group Oy and Managing Director and Chairman of the Board of Savcor Group Ltd

-119,235,078 shares in Cencorp Corporation on 31 December 2012 through Savcor Group Oy, 133,333,333 shares in Cencorp Corporation through
Savcor Group Ltd and 17,499,999 shares in Cencorp Corporation through Savcor Invest BV.
- 8,931,000 options connected to bond I/2010 through Savcor Group Oy
-10,714,285,5 options connected to bond I/2012 through Savcor Group Oy.

Marjukka Karttunen

Vice Chairman of the Board since 2013
b. 1967, M.Sc. (Econ.)

- an entrepreneur operating in the field of public relations and lobbying.
- Chairman of the Board of Port of Turku, Member of the Supervisory Board of Lähitapiola Varsinais-Suomi Keskinäinen Vakuutusyhtiö and a Board Member of TVT Asunnot Oy.

-Previously Marjukka Karttunen was a Member of Parliament of Finland for eight years in the National Coalition Party's parliamentary group and acted as CEO of the Central Association of Women Entrepreneurs in Finland.
- Shareholding within related party 1 478 759 Cencorp Corporation's shares on 31 December 2013.

Iikka Savisalo

member of the Board since 2009
b. 1972, BBA (Accounting)
CEO of Cencorp Corporation

-119,235,078 shares in Cencorp Corporation on 31 December 2012 through Savcor Group Oy, 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd and 17,499,999 shares in Cencorp Corporation through Savcor Invest BV.
- 8,931,000 options connected to bond I/2010 through Savcor Group Oy
-21,428,571 options connected to bond I/2012 through Savcor Group Oy and SCI Invest Oy.

Evaluation of the independence of Board members

The Board of Directors evaluates its members' independence of the company and major shareholders.

Based on the evaluation of independence carried out in 2013, the composition of Cencorp's Board of Directors does not comply with the recommendation concerning the independence of directors specified in the Finnish Corporate Governance Code.

– The Board member independent of the company and major shareholders was Marjukka Karttunen.

– Iikka Savisalo and Hannu Savisalo exercise control in Savcor Group Oy and act in the governing bodies of Savcor Group Oy and its affiliated companies. Cencorp is part of the Savcor Group.

The non-compliance is justified by the fact that Cencorp is part of the Finnish Savcor Group, and the General Meeting of Cencorp has deemed it appropriate to ensure strong owner representation in its Board composition.

PRESIDENT AND CEO

Under the Limited Liability Companies Act, the President and CEO shall attend to the company's day-to-day management in compliance with the instructions and orders given by the Board of Directors. The President and CEO 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. The President and CEO shall supply the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The President and CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorized by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible. The President and CEO is responsible for the day-to- day operations, budget compliance, the performance of Cencorp Group, and the performance of those reporting directly to the President and CEO.

MANAGEMENT TEAM

The Group's Management Team assists the President and CEO in the operative management of the company, prepares matters to be dealt with by the Board of Directors and the President and CEO and plans and oversees the operations of the business units. The Group's Management Team convenes when needed, however, at least twice a month. The Management Team is chaired by the President and CEO.

Composition of the Management Team

Iikka Savisalo
President and CEO since 2012
- Member of the Board of Directors since 2009
- b. 1972, BBa (Accounting)
- 119,235,078 shares in Cencorp Corporation on 31 December 2013 through Savcor Group Oy, 133,333,333 shares in Cencorp Corporation through Savcor Group Ltd and 17,499,999 shares in Cencorp Corporation through Savcor Invest BV.
-21,428,571 options connected to bond I/2012 through Savcor Group Oy and SCI Invest Oy.

Jari Ketoluoto
- Vice President, Projects and Supplier Partner Network, member of the management team since 2009
- b. 1962, diploma in marketing and business administration
- Jari Ketoluoto has recently acted as Director at Savcor Alfa Oy, and prior to that held several management positions in the electronics industry.
- no shares or share options in Cencorp Corporation

Petri Kivelä

- Vice President, Life Cycle Management, member of the Management Team since 2010
- b. 1968, Machine Automation Technician
- Petri Kivelä was previously Production Manager at Satel Oy and prior to that, held various production supervisor positions at Nokia Corporation and UPM.
- no shares or share options in Cencorp Corporation

Sami Lindfors

- CEO, Cencorp Clean Energy, member of the Management Team since 2010
- b. 1975, MBA
- Sami Lindfors joined the Savcor Group in 1996. In 2001, he transferred to Guangzhou, China, as President of Chinese operations and, since 2004, has served as President of Savcor Face China. In 2013 he was nominated as CEO of Cencorp Clean Energy.
- no shares or share options in Cencorp Corporation

Henrikki Pantsar

- Vice President, Product Development, member of the Management Team since 2010
- s. 1974, Doctor of Technology
- Henrikki Pantsar has long-term experience in the development of industrial laser processes and engineering related to production and research equipment and applications of laser technology to meet the needs of the new energy industry. He has recently worked at Fraunhofer USA Inc's Center for Laser Technology.
- no shares or share options in Cencorp Corporation

Seija Kurki

Chief Financial Officer, member of the Management Team since 2012

-s. 1963, BBA (Accounting)

- Seija Kurki has held different financial management positions at Savcor Group Oy since 1984.
- no shares or share options in Cencorp Corporation

REMUNERATION

The General Meeting decides on the remuneration of the Board members and auditors. The Board of Directors decides on and approves the President and CEO's terms of employment with a written contract. The Board of Directors decides on the principles of remuneration for senior management. The Board of Directors annually approves, if appropriate, an incentive system for the Company's employees.

The Board of Directors has decided not to set up separate committees since the scope of the Company's business and the size of the Board of Directors do not require matters to be prepared by a group smaller than the Board of Directors. Therefore, the task of preparing the remuneration of the Board of Directors has not been assigned to the nomination committee and the task of preparing the remuneration of other executives has not been assigned to the remuneration committee.

Remuneration of the Board of Directors

The Annual General Meeting held in spring 2013 decided that an annual remuneration of EUR 40,000 be paid to both the Chairman and the Vice Chairman of the Board of Directors and an annual remuneration of EUR 30,000 be paid to the Board members. In addition, travel expenses are indemnified in accordance with Cencorp Corporation's travel policy. The Board members do not have fringe benefits or other benefits outside their remuneration.

Remuneration of the President and CEO and other Management Team members

The Company's President and CEO is Iikka Savisalo. The period of notice on the President and CEO agreement is six months, both for the Company and for Iikka Savisalo. Should Iikka Savisalo terminate the President and CEO agreement for a reason not attributable to the Company, the Company shall not be liable to pay Iikka Savisalo any other compensation than the notice period pay. If the Company cancels the President and CEO agreement, the Company shall not be liable to pay Iikka Savisalo the above-mentioned severance pay or any other compensation.

The Board of Directors decides on the principles of remuneration of the members of the Management Team. The remuneration system consists of a monthly salary and an annual bonus.

The salaries, fees and fringe benefits paid to President and CEO Iikka Savisalo in 2013 totaled EUR 165 478.00. There are no option-based incentive schemes in place for the President and CEO. In 2013, a total of EUR 547 757.00 was paid to the Management Team members as salaries, fees and fringe benefits. No remuneration was paid to the members of the Management Team under the bonus scheme in 2013.

The shares and options held by the Management Team can be found on Cencorp's website. (Corporate Governance > Insiders).

Bonus schemes for employees

Cencorp has in place a salary-based bonus scheme for management and other employees based in Finland. The Board of Directors decides on the application of the bonus scheme annually.

Depending on the job, the maximum amount payable under the bonus scheme 2014 can vary between 8 and 12 percent of the person's regular annual salary. The amount payable to the President and CEO and other executives under the bonus scheme can be up to 15 percent of their regular annual salary.

The payment of the amount under the bonus scheme is linked to the realization of the company's business targets and those set for the person's field of responsibility. In addition, indicators related to processes, personal goals and projects are used.

Cencorp's production plant in China has introduced various remuneration schemes relating to production targets.

On 31 December 2013, the company had 8,931,000 options connected to bond I/2010 with a subscription period ending on 25 May 2015. Savcor Group Oy holds the options connected to bond I/2010. On 31 December 2013 the company hold 21,428,571 options connected to bond I/2012 with subscription period ending on 7 December 2014. Options connected to bond I/2012 are held by SCI Invest Oy and Savcor Group Oy. On 31 December 2013 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.

INSIDERS AND INSIDER ADMINISTRATION

Cencorp has in place insider rules complying with the guidelines for insiders approved by NASDAQ OMX Helsinki Ltd. According to the insider rules, insiders, persons under their guardianship and corporations under their control are not permitted to trade in the Company's shares and options during a period of 14 days prior to the publication of its financial results (closed window period).

The Company's statutory insiders include the members of the Board of Directors, the President and CEO, the auditors and the accounting firm's auditor with principal responsibility. In addition, the Company's permanent insiders include, as specified insiders, the members of the Management team and specified persons from the Group's financial and other administration. Persons involved in corporate transactions or other projects that affect the value of the Company's shares are included in the Company's project-specific insiders and are subject to a temporary prohibition of trading.

DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

Control Environment

Cencorp's business idea

Cencorp Corporation is a leading provider of industrial automation solutions. The equipment included in the product portfolio designed for depaneling, odd-form assembly, testing and laser materials processing substantially improves the efficiency of customers' production. The product range also includes EMI shielding solutions, flexible circuits and RFID antennas. Cencorp is changing from a company manufacturing only production automation applications and special components into a company developing and providing cleantech solutions. The company's objective is to have a strong market position as a provider of locally produced, high-quality photovoltaic modules, having a special edge in laser and automation technology.

Strategically necessary transition phase is going on and proceeding as planned. Cencorp's customers are automotive electronics manufacturers and manufacturers operating in telecommunications, industrial automation and EMS, and companies operating in the renewable energy sector.

Environmental Policy
The company complies with the environmental legislation in force. The company aims to take environmental issues into consideration in management systems and decision-making.

Planning and monitoring processes
The Group's operations are planned and reviewed annually using a strategic planning process and a budgeting process. The implementation of plans and the development of the business environment are monitoring in connection with monthly reports, quarterly reports and financial statements.

At Cencorp Group, risk analysis and risk management are part of the annual strategic planning process and day-to-day operations. The purpose of internal control and risk management is to ensure the effective and profitable operations of the company, reliable information and compliance with the relevant regulations and operating principles.

Internal control activities
Authority and responsibility are assigned to persons responsible for budget compliance and to line organization supervisors, in accordance with their roles and duties. Compliance with laws and regulations is ensured using internal guidelines. The objectives of internal control include operational targets, financial reporting and compliance with laws and regulations.

Board of Directors
- Defining the operating principles of internal control
- Monitoring the performance of internal control
- Approving the company's risk management principles
- Reviewing auditors' reports
- Determining the company's bonus scheme

President and CEO
- Monitoring the existence and performance of internal control in practice
- Ensuring that operations are in compliance with the company's values
- Adjusting operating principles and policies
- Ensuring the appropriate and efficient use of resources
- Determining control mechanisms (approval processes, balancing and reporting)
- Determining risk management principles and methods

Chief Financial Officer
- Management accounting: monitoring and analysis of performance
- Financial accounting and reporting
- Maintenance and development of planning processes
- Ensuring liquidity

Auditor
- Statutory audit
- Expanded audit at the Board's separate request
- Reporting to the Board

Internal control and risk management
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.

Due to the small size of the company and the limited scope of its business operations, Cencorp does not have an internal auditing organization or an audit committee. The Board aims to evaluate and continuously develop the company's risk management, internal control and management processes, also by using the interim audits and internal control reports prepared by external auditors in connection with interim reports.

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.

Reporting system
Cencorp prepares its consolidated financial statements and interim reports in compliance with the International Financial Reporting Standards (IFRS) adopted in the EU. The report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Accounting Act and the guidelines and published opinions of the Accounting Board.

In accordance with the reporting system, the CEO reports to the Board of Directors monthly on the operations, performance and deviations from the budget and adjusted forecasts (monthly report) of the Group and its business units; quarterly on the operating result based on the interim report/financial statements; and immediately on any significant changes in the business environment. The President and CEO reports to the Board of Directors regularly on the implementation of the company's strategy and long-term plans.

The CFO is responsible for Group reporting. Accounting for the Finnish Group companies and consolidated financial statements is carried out in the financial department of Cencorp's parent company, Savcor Group Oy. Accounting and reporting for foreign subsidiaries are carried out using local, qualified accounting firms or other external experts.

Corporate Governance Statement

The accuracy of reporting is ensured by using financial reporting guidelines, maintaining the professional skills of employees, ensuring the reliability of information systems, using normal internal control mechanisms and an expanded audit. Any deviations from the budget or plans detected in reports are investigated.

The CFO and external auditors are responsible for verifying the accuracy of the financial reporting.

Communications

The Board of Directors and the President and CEO are together responsible for the Group's communications. The President and CEO is responsible for communications within the company.

Monitoring

The performance of internal control is evaluated regularly in connection with management and control measures, and separately upon the completion of audit reports. Monitoring measures carried out continuously include comparing the actual and targeted figures in financial reports, various balancing measures, and the monitoring of the regularity of operational reports.

The Board's annual plan includes planning and monitoring meetings. Information systems are, for the most part, established, and their reliability is regularly assessed by an external expert.

Auditing

The auditor is elected for one term at a time by the Annual General Meeting. The term ends at the end of the following Annual General Meeting. The company's auditor is Authorized Public Accountants Ernst & Young Oy, with Mikko Rytilahti, Authorized Public Accountant, acting as the principal auditor. Information concerning the fees paid to the auditors can be found on page 72 of the Annual Report.

Corporate Directory

CENCORP OYJ

Corporate Identity number 0749606-1
Incorporated in Mikkeli, Finland
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DIRECTORS

Hannu Savisalo (Chairman)
Marjukka Karttunen (Independent Board Member)
Iikka Savisalo (Board Member)

CEO

Iikka Savisalo

SECURITIES EXCHANGE LISTING

NASDAQ OMX Helsinki Oy
Listing Identity CNC1V

AUDITOR

Ernst & Young
Elielinaukio 5 B
FI00100 Helsinki
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ANNUAL GENERAL MEETING

Cencorp Oyj´s Annual General Meeting will be held on 25 April, 2014 cencorp

www.cencorp.com