VALOE OYJ

ANNUAL REPORT 2015

VALOe

CONTENT

VALOE

VALOE IN BRIEF

- Valoe is an innovative technology company based in Finland that specialises in efficient utilisation of solar energy.
- Valoe develops and sells Finnish solar energy technology to global markets.
- Valoe's most important products and services include automated solar module manufacturing plants and production lines that are based on Conductive Back Sheet developed by Valoe as well as other parts for production lines.
- Further, Valoe's portfolio includes special components out of which the most important for the moment is Conductive Back Sheet (CBS) developed by the company.
- Valoe also sells next generation back contact modules it has manufactured in Finland and delivers solar power plants designed by the company.
- Valoe's strategy is based on strong partnership network. Valoe's manufacturing partners use the company's module technology, production lines and manufacturing recipe.
- Valoe operates globally. The company's clean energy customers are providing their products and services locally or worldwide.
- Valoe's head office is located in Mikkeli, Finland.
- Valoe's shares are listed on the NASDAQ OMX Helsinki Ltd..

YEAR 2015 IN BRIEF

- The restructuring of Valoe from a company providing electronics automation solutions to a technology company focusing on clean energy solutions, particularly on solar energy solutions, was completed during 2015.
- In February 2016, after the end of the reporting period Valoe received a ca. EUR 15.8 million order for a solar module manufacturing plant from Ethiopia.
- The general meeting authorized the Board of Directors to issue 900,000,000 new company shares at the most. During the year 2015 the Board of Directors issued a convertible bond and resolved to start preparing a share issue. The purpose of these actions was to acquire operating capital for the company and to secure sufficient equity until the company's operations turn into profit. The total amount of the convertible bond was EUR 7,700,000 and the convertible bond was fully subscribed.
- Valoe Group's net sales decreased by 16.9 percent to EUR 0.7 million (EUR 0.8 million in 2014).
- The operating profit was EUR -3.5 million (EUR -10.9 million) and profit before taxes was EUR -4.7 million (EUR -11.7 million). The earnings per share were EUR -0.005 (EUR -0.014).
- Valoe Corporation's equity ratio at the end of 2015 was 15.6 percent and Valoe Group's equity ratio was -235.7 percent (-130.9 percent).
- In December 2015 Valoe disclosed financial guidance for the year 2016 according to which the company's net sales will be ca. EUR 11 – 13 million and the EBITDA ca. EUR 1.5 – 2.0 million. In order to meet the financial goals the company should carry out the Ethiopia project according to the agreed schedule.
- All of Valoe's stock exchange releases and other releases can be found on the company's website www.valoe.com.

MANAGING DIRECTOR`S REPORT
IIKKA SAVISALO

Dear Shareholders

Valoe's financial year 2015 was full of events. The year started with great enthusiasm as the company focused all its resources on development and sales of solar energy solutions. The name Cencorp was transferred to a new owner in a transaction. Thus the company had to find a new name illustrating the company's new solar energy business. After reviewing several options the company registered the new trade name, Valoe Corporation on 13 May 2015. The name Valoe comprises the words light, in Finnish VALO, and energy as solar energy is converted precisely from sunlight. Our customers and other stakeholders have given a lot of positive feedback on the new name.

Valoe's business strategy was published in 2014 and it has been the same since then. The solar energy market has developed according to our estimations as well. Valoe believes its strategy to be right with basis on local manufacturing partnerships and sales of solar module manufacturing plants and key components to manufacturing partners. Though it took longer time than expected to close the first partnership and to secure relating financing agreements, the company trusts its strategy to be right when the company is aiming for exceptional strong growth in the near future. The first remarkable milestone of the strategy was reached as Valoe signed its first partnership agreement for Ethiopia in February 2016.

During the fiscal year 2015 a lot of effort was required to secure sufficient funding. A positive turn took place as Valoe's convertible bond was oversubscribed in the summer 2015. Both Valoe's previous major shareholders and several new, high-profile investors put their trust on the company's strategy and subscribed the bond with terms beneficial for the investors.

After a long transition period the company in December 2015 disclosed financial guidance for 2016 that is based on strong growth and profitability. At the end of the fiscal year Valoe also received funding from the Finnish Funding Agency for Technology and Innovation ("Tekes") that gave Valoe a significant loan of EUR 4.1 million to further develop photovoltaic modules based on the back contact technology.

During the financial year 2016 the most important objectives are successful delivery of the first manufacturing plant and signing of new manufacturing partnership agreements. The company has several promising prospects for new partnership agreements. The company focuses its research and development resources mainly on further developing the manufacturing recipe and to develop its own architecture for back contact cells. With regard to cell production Valoe depends on the manufacturing capacity of its partner, although Valoe is aiming to have some cell manufacturing capacity of its own. Valoe has continuous interest in electricity storages and fuel cell technology. These technologies are expected to be increasingly important in deliveries of next generation solar power plants.

Overall, the year 2016 will be a year of growth during which we will strive for making Valoe one of the fastest growing export companies in Finland. For this we will need our staff to work persistently and tirelessly. Further, our goal is to stabilize the company's economical and financial situation in a way that investors looking for investments with reasonable risk level would consider Valoe shares to be an attractive target.

I would like to thank all our stakeholders for supporting us to achieve our goals during the year 2015.

Iikka Savisalo

Managing Director

VALOE´S STRATEGY

OUR VISION

The future of energy is in Solar.

OUR MISSION

We will enable the use of solar energy in the form of electricity everywhere, at any time 24 -7 - 365. We will accomplish this together with our manufacturing, technology and distribution partners.

STRATEGIAMME

We believe that the use of photovoltaic energy will grow strongly. The use of abundant and free solar power will expand, especially in areas that do not currently have a reliable electric grid. Local production of electricity is efficient and cost effective. Once energy storage and conversion to other storable forms mature solar energy can cover all global electricity demands.

Valoe will do its share to tear down the obstacles preventing wide scale utilization of solar energy. We invest in the research and development together with our world renowned technology partners. We monitor the technological advances that will benefit further implementation of solar energy and adopt the most promising ones to our use. We thrive to grow quickly and profitably.

Valoe's business comprises four product and service concepts:

1. Sales and supply of photovoltaic modules and systems

Sales of modules and small photovoltaic systems are probably Valoe's most visible but in terms of revenue potential the smallest product group. All Valoe's PV modules are manufactured at the company's factory in Mikkeli for the time being. They are mainly delivered to the company's distributors and future manufacturing partners. Further, the company provides solar power plants and systems to its customers in Finland and abroad. Valoe enhances the sale of its modules and solar systems in Finland by building sales channels for its products systematically.

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

Valoe's modules have passed the demanding test programs of the German Fraunhofer ISE, which enables Valoe's modules to be certified in all market areas the company is targeting.

2. Development and sales of production lines and related components

Valoe has long experience in industrial automation and mass production. Alongside antenna production Valoe developed flexible conductive back sheet for solar modules that has been a crucial innovation in developing new kind of module manufacturing technology. Traditional H-pattern modules are manufactured on massive production lines and the process requires a lot of manual work. Valoe's production plant is based on high level of automation and efficient use of space. A production line is manufactured and the process tested in Mikkeli, Finland, from where the line is shipped to a customer, installed and production started together with the customer. Typical price of a production line for back contact modules is EUR 4 – 8 million.

3. Manufacturing partner network

Cornerstones of Valoe's strategy are manufacturing partnership agreements with manufacturing partners who as newcomers on the market would commit themselves to both Valoe's production technology and module manufacturing recipe. Valoe provides a partner with a turnkey delivery project and commits to minority shareholding in a manufacturing company. Manufacturing partners operate mainly on developing markets and produce solar energy modules for local and nearby markets. Value of a typical turnkey plant delivery is more than ten million euros. Valoe is aiming to sign at least 10 manufacturing partnership contracts in the next five years.

4. Module components sales mainly to manufacturing partners

Special components, mainly for Valoe's manufacturing partners, are the most important part in Valoe's strategy and most remarkable in terms of net sales potential. Valoe's first component is Conductive Back Sheet (CBS) that has been developed by Valoe and is one of the most important components in a module. One normal size module production plant using back contact technology needs approximately 300,000 – 500,000 conductive back sheets in a year when operating at full capacity. Based on current estimation, considering price level in the near future, each production line will annually require back sheets worth approximately 5 – 11 million Euros.

Left from top:

Valoe´s installation on the roof top of a company in Southern Finland.

Valoe´s modules on a power plant in India.

Valoe´s solar power system of a country house In Finland

Right from top:

Valoe´s solar power plant installed on roof top of a barn (listed historic building).

Solar boat with Valoe modules, build by the University of Applied Sciences Kymenlaakso, Award Winner in the Monte Carlo World Championship of Solar Boats

Solar power plant of a farm in Southern Finland.


CIVON
CIVON Y01
006
Solar1
KYAMK
cencorp
Jacomp
ABB
Fortum
BANG & BONSOMER
ASHLAND

Directors' Report

FINANCIAL DEVELOPMENT

During the whole financial year Valoe continued its work in solar module manufacturing plant sales and strengthened its sales force in Finland too. After the end of the financial year Valoe received its first order for manufacturing plant from Ethiopia. The order will have a significant influence in the company's profitability provided the plant will be delivered according to the plans.

In the future Valoe reports its financial results as a one entity. The company's operations comprise now only the clean energy business. Valoe transferred its electronics automation business to Cencorp Automation Oy and sold at first 70 percent and in December 2014 the remaining 30 percent of this company to FTTK. In its award of 18 April 2016 the arbitral tribunal has confirmed that the 30 percent ownership in Cencorp Automation Oy has been transferred from Valoe to FTTK Company Limited on 21 January 2015. The gain of the sale between Valoe and FTTK amounted to EUR 0.276 million and was fully recognized in 2014. The figures of Cencorp Automation Oy have not been consolidated in Valoe's financial reports in 2015. In Valoe's financial reports the profit of discontinued operations (the LAS and LCM Segments that were sold to FTTK) is reported on a separate line. The group's financial information is based on the management's internal reporting and on the organization structure of the company.

On 31 December 2014 Valoe's equity had decreased below half of the share capital. Thus, in the spring 2015 the Board of Directors convened a general meeting to consider measures to remedy the financial position of the company and to reduce the share capital among other things. The extraordinary general meeting authorized the Board of Directors to issue 900,000,000 new company shares at the most. Since then the Board of Directors has issued a convertible bond of EUR 7,700,000 that was fully subscribed and resolved to start preparing a share issue. Further, the company's share capital has been decreased to EUR 80,000 pursuant to the resolution of the general meeting. Due to the successful Convertible Bond and decrease in the share capital Valoe's equity ratio including the capital loans was ca. 15.6 per cent as per 31 December 2015.

The figures in brackets are comparison figures for the corresponding period in 2014, unless stated otherwise.

Valoe's factory in Beijing has been closed and Valoe Group has no longer any future expectations or assets relating to the factory in its balance sheet. However, the group balance sheet includes all of the debts of the Beijing subsidiary i.e. EUR 3.9 million.

Valoe stopped keeping the accounting records of the Beijing subsidiary in February 2015 for reasons beyond the control of the company as all employees of the Beijing company resigned and Valoe's access to the accounting records were blocked. The operations of the Beijing company had been closed already at the beginning of 2014 and since then there were no major accounting entries. Valoe will decide by 30 June 2016 how the closing of the Beijing company will be done.

For the moment Valoe negotiates with debtors connected to the Beijing factory and with the related company of the Savisalo family. Should the negotiations have positive outcome Valoe would be released of all or at least major part of the liabilities related to the operations of the Beijing factory, which would improve Valoe Group's result and balance sheet. Valoe Group's financial statements would mainly comprise Valoe Corporation's (the mother company) financial statements.

On 5 April 2016 Valoe announced that Savcor Communications Pty Ltd has notified Valoe that it has agreed with EMEFCY Group Ltd (former Savcor Group Ltd.), an Australian company, that Valoe's loan of ca. EUR 0.8 million with interests has been transferred from the Australian company, former Savcor Group Ltd to Savcor Communications on 5 April 2016.The loan shall fall due on 31 December 2016 unless the parties agree otherwise. The interest rate of the loan is 10.75%. There is no guarantee provided for the loan. Valoe has started negotiations with Savcor Communications Pty Ltd for new loan terms. Valoe's object is to agree with Savcor Communications Pty Ltd on converting the loan to a subordinated loan.

Valoe has resolved to write down a revenue of EUR 0.7 million recognized on the first quarter of 2015 based on a claim against Australian Savcor Group Ltd Creditors Trust (former Savcor Group Ltd), in the financial statements for 2015. The claim was based on the share and asset sale agreement, signed in 2009, regarding the factories in China between Savcor Group Ltd and Cencorp Corporation (now Valoe Corporation). Valoe claimed Savcor Group Ltd Creditors Trust to pay taxes provided for in China that were recognized during Savcor Group Ltd's ownership. According to the information Valoe received it has become clear that Savcor Group Ltd Creditors Trust which is under Australian liquidation process does, in Valoe's opinion, no longer have enough assets or income to pay the compensation even if the claim would be successful. In the last quarter of 2015 Valoe recognized a tax cost of EUR 0.7 million related to the above mentioned claim. This one-off cost related to the Beijing factory was based on afterwards changed taxation of equipment imported in 2018.

NET SALES AND RESULT

The net sales of Valoe Group's continuing operations in 2015 were EUR 0.7 million (EUR 0.8 million). The order book at the end of December stood at ca. EUR 0.05 million (EUR 0.3 million). EBITDA was EUR -2.8 million (EUR -3.3 million). Operating profit was EUR -3.5 million (EUR-10.9 million). Profit before taxes was EUR -4.7 million (EUR-11.7 million). Profit for the period was EUR -4.7 million (EUR -11.7 million). Earnings per share were EUR -0.005 (EUR -0.014) and diluted earnings per share were EUR -0.005 (EUR -0.014). The equity ratio at the end of December was -235.7 per cent (-130.9 %). The equity ratio including capital loans was -128.9 per cent (-88.8 %). The mother company's, Valoe Corporation's equity ratio was -61.0 percent and +15.6 percent including capital loans.

OPERATING ENVIRONMENT

Valoe operates in industries applying clean energy technology. Valoe's operating environment is global. The company's customers are companies that provide products and services locally or worldwide.

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

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

Valoe has previously announced that according to the company's view the focus of its future business will be in the developing countries. The company's view has strengthened during 2015 and the order from Ethiopia in February 2016 further strengthens this view. Many of the mega trends such as national climate protection objectives; increasing industrialisation in the developing countries and increasing energy self-sufficiency, favour local manufacturing of solar modules. For the moment major part of the world's solar module manufacturing is concentrated in China. Modules are manufactured in large labour-intensive units and are delivered from there to the world market to be installed.

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

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

FINANCING

Cash flow from business operations before investments in January – December was EUR -3.1 million (EUR -4.0 million). Trade receivables at the end of the reporting period were EUR 0.1 million (EUR 1.0 million). Net financial items amounted to EUR 1.2 million (EUR 0.8 million).

At the end of December the equity ratio of Valoe Group was -235.7 percent (-130.9 %) and equity per share was EUR -0.015 (EUR -0.011). The equity ratio including capital loans was -128.9 percent (-88.8 %). At the end of the reporting period, the Group's liquid assets totaled EUR 0.03 million (EUR 0.2 million) and unused export credit limits and bank guarantee limits amounted to EUR 0.0 million (EUR 0.0 million).

In order to strengthen Valoe's capital structure the company resolved to issue a Convertible Bond of EUR 5,000,000 at the most at the end of May 2015 (Convertible Bond I/2015). Due to oversubscription the maximum amount of the Convertible Bond was increased to EUR 7,700,000. The Convertible Bond was fully subscribed and the Board of Directors of Valoe approved all subscriptions on 9 October 2015. One loan share of EUR 0.01 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for one new share. Based on the subscriptions made pursuant to the loan shares Valoe shall issue a maximum amount of 770,000,000 new Valoe shares. The loan period and the conversion period expire on 1 August 2018.

The financing situation of Valoe has improved remarkably due to the successful Convertible Bond I/2015. However, the financing situation continues to be tight but according to the company's management the EUR 15.8 million order received in February 2016, out of which EUR 9.5 million will be paid in cash, turns the company's financing situation clearly more stable. However, this is subject to the company being able to arrange financing for building period and advance payment guarantee that are typical of export business and to deliver the order as agreed.

Since the end of the financial year the company's financing situation has declined. Valoe has to arrange an advance payment guarantee that is typical of export business and financing of ca. EUR 2.0 – 4.0 million for building period for the Ethiopian order from its suppliers and financers.

By the disclosure of the Annual Report Valoe has received loan commitments of ca. EUR 1.3 million for building period financing for the EUR 15.8 million order from Ethiopia from the company's shareholders and promissory note holders. Valoe views that this financing will enable the company to continue with the delivery with maximum effort and provides time to arrange additional funding and guarantees. Negotiations for additional funding and advance payment guarantee are ongoing but not yet finished.

According to Valoe's management financing for building period or necessary guarantees will be secured in required schedule. If the company is able to arrange financing for the building period the Ethiopian order will lead the cash flow from operations to turn positive during the first quarter of 2017 and according to the company's management no other bridging financing would be needed.

The company has planned to get long-term financing to finance the company's growth by arranging a share issue. A share issue is planned to be directed to investors in Finland and abroad. The schedule of a possible share issue is not yet known.

Valoe and the Finnish Funding Agency for Innovation, Tekes have agreed on new funding for Valoe. Tekes gives Valoe a subsidized loan of ca. EUR 4 million to further develop photovoltaic modules and to develop solar cells based on the back contact technology. The loan can amount to max. 70 per cent of the project's total costs which are estimated to be ca. EUR 5.8 million. The loan will be withdrawn in 2016 - 2019. The loan period is seven years.

As the company has previously informed negotiations for production technology deliveries have made progress.

After the financial year end, during disclosure of the Annual Report Valoe continues negotiating with Danske Bank Plc on extending the overdraft facility of EUR 0.95 million available to the company. Further, Valoe negotiates with Danske Bank Plc on repayment schedule of the export credit limit of EUR 0.45 million. Valoe has agreed with Savcor Group Oy on extending the loan period of a convertible bond of ca. EUR 0.364 million until 31 March 2017. Out of Savcor Invest B.V.'s loan of EUR 1 million a total of ca. EUR 0.876, including interests, was converted to Valoe's Convertible Bond I/2015 and the rest of the loan i.e. ca. EUR 0.324 million has been extended until 31 March 2017. SCI Invest Oy's convertible bond of ca. EUR 0.841 million, including interests, has been converted to loan shares of Valoe's Convertible Bond I/2015.

Until above mentioned financing arrangements, guarantees and other arrangements have been secured Valoe's financing situation continues to be tight and until then the sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. If the company does not succeed to secure sufficient financing for the building period of the order from Ethiopia, the continuity of the company's operation may be jeopardized. If the above mentioned financing and guarantee for the order from Ethiopia would be delayed or if the market situation gets worse it may take longer time to turn orders into revenue. This would affect significantly the schedule in which cash flow before investments would turn positive. In such a case the company's financing situation would further tighten. Valoe's financial and other risks have been handled in the item "Risk management, Risks and Uncertainties" of this Annual Report.

RESEARCH AND DEVELOPMENT

The knowledge and competence Valoe has gained so far and technological success of the company's products have based on significant investments in the research and development. The module developed by Valoe and its production technology have already proven to be well functional and the targets set for the research and development have been exceeded. Also in the future, commercial success will highly depend on how well the research and development will succeed. The ca. EUR 4 million loan granted by Tekes in December 2015 enables Valoe to continue systematic research and development and to invest in development areas that fastest improve the company's market position.

Valoe's strategically important products have already been tested and are functional. If Valoe succeeds in its research and development and achieves the objectives it has set the company may obtain cell and module technology that further improves the competitiveness of Valoe's products and services. The company continues to make significant investments in research and development and tries to utilize both national and European research funding to finance the company's research and development also in the future.

The Group's research and development costs during the January – December period amounted to EUR 1.1 million (EUR 1.7 million) or 132.8 (25.7) percent of net sales. The research and development costs of the Group's continuing operations during the January – December period totaled EUR 1.1 million (EUR 1.1 million) or 154.2 (131.8) percent of net sales.

INVESTMENTS

Gross investments in the continuing operations during January - December period amounted to EUR 0.4 million (EUR 0.4 million). The investments on the reporting period as well as on the corresponding period were mainly in development costs.

PERSONNEL

At the end of December the Group employed 20 (26) people, out of which 19 persons worked in Finland and 1 person in the USA. During 2015 the Group's salaries and fees totaled EUR 1.6 million (EUR 3.3 million).

SHARES AND SHAREHOLDERS

Valoe's share capital amounted to EUR 80,000.00 at the end of the reporting period. The number of shares was 862,472,136. The company has one series of shares, which confer equal rights in the company. Valoe did not own any of its own shares at the end of the reporting period.

The company had a total of 6,259 shareholders at the end of December 2015, and 20.3 percent of the shares were owned by foreigners. The ten largest shareholders held 79.6 percent of the company's shares and voting rights on 31 December 2015.

The largest shareholders on 31 December 2015

		shares	percent
1	SAVCOR GROUP OY	328 451 387	38,08
2	EMEFCY LIMITED (FORMER SAVCOR GROUP LIMITED)	133 333 333	15,46
3	GASELLI CAPITAL OY	95 000 000	11,01
4	KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ETERA	63 673 860	7,38
5	SAVCOR INVEST B.V.	39 374 994	4,57
6	FRATELLI OY	9 223 250	1,07
7	SCI INVEST OY	6 870 645	0,80
8	NORDEA PANKKI SUOMI OYJ	4 482 364	0,52
9	VUORENMAA TIMO ANTERO	3 841 860	0,45
10	PARPOLA VILLE	2 498 759	0,29
	OTHERS	175 721 684	20,37
	TOTAL	862 472 136	100,00

The list of the largest shareholders does not include e.g. the changes in ownership that would realize if subscriptions of the Convertible Bond I/2015 approved on 9 October 2015 would be converted to shares at a price of EUR 0.01 in the future. Subscriptions for a total of EUR 7,700,000 were made which equals to max. 770,000,000 new shares in Valoe.

On 5 April 2016 the company announced that Savcor Communications Pty Ltd, a company fully owned by the Savisalo family, has bought the Valoe shares owned by EMEFCY Limited.

The members of the Board of Directors and the President and CEO, either directly or through companies under their control, held a total of 377,195,785 shares in the company on 31 December 2015, representing about 43.7 percent of the company's shares and voting rights. Iikka Savisalo, Valoe's Managing Director, either directly or through companies under his control, held a total of 374,697,026 shares in the company and 5,194,481 options connected to bond I/2012.

The price of Valoe's share varied between EUR 0.007 and 0.02 during the January – December period. The average price was EUR 0.013 and the closing price at the end of December EUR 0.019. A total of 105.0 million Valoe shares were traded at a value of EUR 1.3 million during the January – December period. The company's market capitalization at the end of December stood at EUR 16.4 million.

During the reporting period the Board of Directors of Valoe resolved the terms and conditions of a stock option scheme. The maximum total number of stock options issued is 130,000,000 and they entitle their owners to subscribe for a maximum total of 130,000,000 new shares in the company. The stock options will be issued for free. The Board of Directors shall annually decide upon the distribution of the stock options to the key employees of the Group. Of the stock options, 50,000,000 are marked with the symbol 2015A, 40,000,000 are marked with the symbol 2015B and 40,000,000 are marked with the symbol 2015C.

During the reporting period Ingman Finance Oy and Keskinäinen Vakuutusyhtiö Etera converted the loan capital and interests of the Convertible Bond I/2013 to loan shares in the Convertible Bond I/2015.

Options connected to bond I/2012 are held by Savcor Group Oy.

SHARE ISSUE AUTHORIZATIONS IN FORCE

There is no share issue authorizations in force as the Convertible Bond I/2015 has been fully subscribed and the company has resolved on the stock option scheme during the reporting period.

THE MAJOR EVENTS DURING THE FINANCIAL YEAR 2015 IN ACCORDANCE TO THE COMPANY'S STOCK EXCHANGE RELASES

16 February 2015: WRITE-DOWNS IN THE ASSETS RELATED TO ITS FACTORY IN BEIJING

During the financial year, to the continuing operation has been made write-down of total EUR 6.2 million in the current and fixed assets of the factory in Beijing.

The company decided on 20 August 2014 to make a write-down of EUR 3.2 million in the assets related to the Beijing factory and transferred the production of Conductive Back Sheets for solar modules to its factory in Mikkeli.

Valoe Corporation has not been able to find a buyer for the production of RFID components and flexible electronics for mobile phones who could utilize the technology in its production. Thus Valoe made on 16 February 2015 another write-down of EUR 3.0 million in the assets related to its factory in Beijing to the financial statement of the year 2014. After the write-down the value of the Beijing factory has been totally written down. However, despite the write-down Valoe continues to take actions to sell the technology and production machinery related to the production of RFID components and flexible electronics for mobile phones.

2 March 2015: CHANGE IN THE SCHEDULE FOR THE EXECUTION OF THE SHARE TRANSFER AGREEMENT BETWEEN FTTK AND VALOE FOR THE REMAINING 30 PERCENT OF ALL THE SHARES IN CENCORP AUTOMATION OY

Valoe has previously estimated that the share transfer of the remaining 30 percent of all the shares in Cencorp Automation Oy between FTTK Company Limited (”FTTK”) and Valoe will be completed by 1 March 2015. The entire purchase price has been paid but the closing of the transaction has been postponed. The change in the schedule relates to division of costs of an unfinished customer project in electronics automation business between Valoe and FTTK. The parties are aiming to close the transaction as soon as possible.

17 March 2015 and 29 June 2015: THE ESTIMATED REALIZATION OF VALOE'S FINANCING NEGOTIATIONS AND THE FIRST MANUFACTURING PARTNERSHIP AGREEMENT. THE COMPANY'S FINANCING SITUATION CONTINUES TO BE VERY TIGHT

Valoe has previously estimated that the company's long-term financing arrangement will be secured during the first quarter of 2015, and that the schedule of the long-term financing negotiations will be highly depended on whether the company succeeds to sign its first manufacturing partnership agreement on solar module manufacturing technology during the first quarter of 2015. On 17 March 2015 the company announced that it postpones the targeted schedule for signing of the first manufacturing partnership agreement and the long-term financing negotiations from the end of the first quarter of 2015 to the second quarter.

On 29 June 2015 Valoe announced that the negotiations for signing the first manufacturing partnership agreement have improved, as, however, the financing situation continues to be very tight. The company announced as follows:
“Valoe has concluded business negotiations for the first manufacturing partnership agreement with a foreign customer. However, a sale of a module manufacturing plant is subject to local project financing that is under negotiation and it is not yet certain whether the negotiations will be successful. Valoe estimates that the negotiations for local project financing will be concluded by the end of September 2015. The company will disclose a separate release on a possible order relating to the manufacturing partnership agreement after project financing will be secured.

In addition to the above-mentioned Valoe is negotiating for delivering solar module plants or production lines with several customers interested in Valoe's manufacturing technology worldwide. These negotiations have improved but are still going on.

Previously Valoe has estimated that the company is able to finalize long-term financing in the second quarter of 2015 and that the schedule of long-term financing negotiations will be highly depended on whether the company succeeds in signing its first manufacturing partnership agreement on solar module production technology during the second quarter of 2015. Since then the company has announced that it issues a convertible bond to secure a bridging financing and starts preparing a share issue to be carried out during 2015. The company plans to arrange its long-term financing with the aforesaid share issue to national and international investors.

On 29 May 2015 Valoe has issued a convertible bond. The total principal amount of the convertible bond is EUR 5,000,000 and subscription period continues until 30 July 2015. Minimum subscription amount is EUR 100,000. The terms of the convertible bond have been disclosed on a separate release on 29 May 2015.

Despite improving negotiations for both financing and deliveries of production technology Valoe's financing situation continues to be very tight. The sufficiency of the company's financing for the next twelve months involves very significant risks. According to the current view of Valoe's management the company needs to obtain bridging financing until a long-term financing arrangement has been secured by the planned share issue and the cash flow of the business operations of the company has turned positive. The bridging financing is supposed to be secured with the convertible bond issued on 29 May 2015. The company will have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. If the company does not succeed in securing sufficient short-term and long-term financing, the continuity of the company's operation may be jeopardized.

Attainment of the project financing for the first manufacturing partnership agreement and the success of the convertible and the share issue involve risks. It is not certain whether the company is able to collect max. five million Euros with the convertible bond to strengthen the company's capital structure, or capital with a share issue to materialize the company's cleantech strategy and to secure long-term financing. Further, it is not certain that local project financing for building a solar module plant in accordance with the manufacturing partnership agreement will be secured. Should negotiations for local project financing fail, the manufacturing partnership agreement and a possible order relating to it will not materialize."

Valoe's financing situation continues to be very tight. Very significant risks are involved in sufficiency of Valoe's working capital for the next twelve months. Valoe's management views that the company requires bridging financing until long-term financing arrangement has been secured and the cash flow from the business operations of the company has turned positive. The company is also having ongoing negotiations for arranging bridging financing. The company continues to have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. If the company does not succeed to secure sufficient short-term and long-term financing, the continuity of the company's operation may be jeopardized.

Negotiations for the first manufacturing partnership agreement with a foreign customer were delayed during the second half of the year, which Valoe announced on separate releases. An order for solar module manufacturing plant relating to a manufacturing partnership agreement was secured on 10 February 2016, of which an announcement is listed in the item Major events since the end of the financial year in the Annual Report's Notes.

31 March 2015: VALOE HAS AGREED WITH DANSKE BANK PLC ON AMENDMENT OF THE OVERDRAFT FACILITY, AND ON EXPIRY OF THE EXPORT CREDIT LIMIT AND THE BANK GUARANTEE LIMIT; AND WITH SAVCOR GROUP OY, SAVCOR INVEST BV AND SCI INVEST OY ON TRANSFERRING THE LOAN MATURITY DATES

Valoe announced on 31 March 2015 that it has agreed with Danske Bank Plc on extending the overdraft facility of EUR 0.95 million available to the company until 30 September 2015. The export credit limit and the bank guarantee limit have expired. For the moment Valoe does not have significant number of projects which would require export credit limits and bank guarantee limits. In the future Valoe is aiming to have necessary export credit limits and bank guarantee limits available when the company has signed new export contracts. On 19 March 2015 Valoe announced that it postpones the targeted schedule for signing the first manufacturing partnership agreement from the end of the first quarter of 2015 to the second quarter.

Valoe has agreed with Savcor Group Oy on extending the loan period of a convertible bond of ca. EUR 0.364 million until 30 September 2015, with SCI Invest Oy on extending the loan period of a convertible bond of ca. EUR 0.746 million until 30 September 2015, and with Savcor Invest B.V. on extending the loan period of a loan of EUR 1.0 million until 30 September 2015.

1 April 2015: THE FINNISH FINANCIAL SUPERVISORY AUTHORITY GRANTED VALOE AN EXEMPTION PERMIT

The Finnish Financial Supervisory Authority has granted Valoe an exemption permit to deviate from the deadline of the disclosure of the Financial Statement and the Report of the Board of Directors pursuant to the Finnish Securities Market Act. According to the exemption permit, Valoe has to publish the Financial Statement and the Report of the Board of Directors on 30 April 2015 at latest.

29 April 2015: VALOE BOOKS AN ADDITIONAL EXPENCE AND MAKES A WRITE-DOWN IN THE PARENT COMPANY'S FINANCIAL STATEMENTS 31.12.2014. THE COMPANY'S EQUITY DECEREASES BELOW HALF OF THE SHARE CAPITAL. THE BOOK ENTRIES HAVE NO INFLUENCE IN THE FIGURES OF THE PUBLISHED CONSOLIDATED FINANCIAL STATEMENTS

On 29 April 2015 Valoe announced that it has resolved to write down the value of the shares of its subsidiary Savcor Pacific Ltd ("Pacific") in the financial statements for 2014. Pacific owns the shares of the Beijing company. As the process of selling the machinery and equipment of the closed Beijing factory is still going on, the company writes down the value of Pacific according to the prudence principle. Further, according to the prudence principle the company books a guarantee liability relating to the Beijing factory as an additional expense and parent company's liability. According to the company's current view the guarantee liability will not realize. The book entries do not change the consolidated financial statements figures in the Financial Statement Release published on 18 February 2015.

Due to the above mentioned facts Valoe's equity decreases below half of the share capital as on 31 December 2014. Thus, the Board of Directors will convene a general meeting to consider measures to remedy the financial position of the company. The matter will be handled in the annual general meeting to which a notice will be published later on a separate announcement.

In practice Valoe has already commenced measures to remedy the financial position of the company. In the extraordinary general meeting to be held today on 29 April 2015 the Board of Directors proposes to the general meeting that it gives an authorization for a share issue of max. 900,000,000 e.g. to enable the company to realize its financial arrangements fast after financial negotiations have been finished. Valoe will publish its Financial Statements for 2014 on 30 April 2015.

29 April 2015: RESOLUTIONS OF VALOE'S EXTRAORDINARY GENERAL MEETING

The following resolutions were made at the extraordinary general meeting held 29 April 2015.

It was resolved to amend the Article 1 in the company's Articles of Association as follows: "1§ The trading name and domicile of the company: The trading name of the company is Valoe Oyj, Valoe Abp in Swedish and Valoe Corporation in English. The company's domicile is Mikkeli."

The registration date of the company's new name is not yet known. The company will announce the registration date separately later on.

It was resolved to amend the article 2 in the company's Articles of Association as follows: "2§ The company's line of business: The company's line of business is to develop, sell and manufacture industrial applications and solutions for clean energy production. The company may also own and be in possession of real estate property and securities."

It was resolved to amend the article 4 in the company's Articles of Association as follows: "4§ Board of Directors: The company's administration and appropriate activity shall be attended to by a Board of Directors with at least three and no more than seven members. The term of notice of the members of the Board of Directors shall end with the ending of the next annual general meeting of the company following their election. The Board of Directors shall elect a chairman and a vice chairman among the board members. The Board of Directors has a quorum when more than half of the members of the Board are present at a meeting. Issues are decided by majority rule. In case of equality of votes the chairman has a casting vote."

It was resolved that the article regarding the company's financial year, currently number 13, is changed to an article number 12 and the current article 12 saying "Removed" is totally removed from the Articles of Association. Thus, from now on there are only 12 articles in the company's Articles of Association.

It was resolved that by revoking the previous authorizations the general meeting authorizes the Board of Directors to decide on a share issue with and/or without payment, either in one or in several occasions, including right to resolve on option rights and other rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act so that the number of new shares issued based on the authorization or number of shares issued based on option rights and other special rights entitling to the shares pursuant to the Chapter 10, Section 1 of the Finnish companies Act, would equal to the total amount of max. 900,000,000 shares which equals to ca. 51.1 percent, at the most, of all shares in the company including shares issued based on the authorization and/or shares to be issued based on option rights and other special rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. The authorization does not exclude the Board's right to decide also on directed issue of shares or option rights and other special rights pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. It was proposed that the authorization may be used for important arrangements from the company's point of view e.g. to strengthen the capital structure, to finance investments, for acquisitions and business transactions or other business arrangements, or to expand ownership structure, or for incentive plans, or for other purposes resolved by the Board involving a weighty financial reason for issuing shares or option rights or special rights entitling to shares pursuant to the Chapter 10, Section 1 of the Finnish Companies Act. The share issue may be executed by deviating from the shareholders' pre-emptive subscription right provided the company has a weighty financial reason for that. The authorization is in force until 30 June 2017.

13 May 2015: THE COMPANY'S NEW TRADE NAME VALOE CORPORATION HAS BEEN REGISTERED ON THE FINNISH TRADE REGISTER

The company's new trade name Valoe Corporation adopted at the extraordinary general meeting held 29 April 2015 has been registered on the Finnish Trade Register on 13 May 2015.

28 May 2015: DECISIONS AT VALOE'S ANNUAL GENERAL MEETING AND ORGANIZING OF THE BOARD OF DIRECTORS

Valoe Corporation's Annual General Meeting was held on 28 May 2015 in Mikkeli, Finland. The AGM approved the 2014 financial statements and discharged the members of the Board and the President and CEO from liability for the financial year 2014. According to the Board' proposal, it was decided that no dividend for the financial year 2014 will be distributed. It was also decided that the loss for the financial period that ended on 31 December 2014 will be entered in retained earnings.

It was decided that the Board of Directors will have three members. Ville Parpola (b. 1972) who was elected as a new member in the Board of Directors has a degree of Master of Laws and works as Vice President, Legal Affairs, in the Savcor Group. Parpola has a long experience in Valoe Corporation. He has worked as Vice President, Legal Affairs, also in Valoe's predecessors in PMJ Automec Oy and Cencorp Corporation in 1999 – 2010. Parpola is the Chairman of Board of Directors of Tonfisk Design Oy, Oy Marville Ab, Idem Finland Oy and Lumonator Oy. Parpola owns 2,498,759 shares in Valoe Corporation.

Industrial counsellor Hannu Savisalo and Iikka Savisalo continue as old Board members in the Board of Directors.

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

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

KPMG Oy Ab, Authorized Public Accounting Firm, was elected as the company's auditor and Petri Kettunen, APA, as the responsible auditor.

The general meeting resolved to reduce the company's share capital of EUR 3,425,059.10 by EUR 3,345,059.10 to cover losses. The accrued losses from the financial year ended on 31 December 2014 and the previous financial years will be partly covered by reducing the company's share capital by EUR 3,345,059.10 and the distributable non-restricted equity fund by EUR 44,031,988.69, the reserve fund by EUR 211,384.16 and the premium fund by EUR 4,695,570.81. After the reductions the company's new share capital will be EUR 80,000.00. The reductions would be allocated to the losses in chronological sequence starting from the oldest one.

Finally the Board of Directors informed the general meeting on the company's financing situation pursuant to the item 17 on the Notice to the annual general meeting. The general meeting discussed actions to remedy the company's financing position pursuant to the resolutions done at the annual general meeting and the extraordinary general meeting held 29 April 2015.

29 May 2015: VALOE ISSUES A CONVERTIBLE BOND AND STARTS PREPARING A SHARE ISSUE

On 29 May 2015 Valoe announced that in order to strengthen Valoe's capital structure the company issues Convertible Bond of EUR 5,000,000 at the most. Loan shares of the Convertible Bond can be converted to max. 500,000,000 new shares of the company. Subscription price is EUR 0.01 per share. The convertible bond is issued in deviation from the shareholders' pre-emptive subscription rights to the shareholders approved by the Board of Directors. Convertible bond can also be subscribed against a loan receivable of min. EUR 100,000 from Valoe, undisputed during the subscription period, by conversing the loan's capital and/or interest into convertible bond pursuant to the terms of the convertible bond. The minimum amount of subscription and one loan share shall be EUR 100,000. The loan period shall commence on the payment date and expire on 1 August 2018 on which date the convertible bond shall expire to be repayable in its entirety in accordance with the terms of the loan.

The shareholders' pre-emptive subscription rights are deviated from as the stock options are issued to secure financing required to strengthen the capital structure of the company cost effectively and considering the size of the financing. Thus, there is from the company's point of view a weighty financial reason to issue the stock options.

As of the date of withdrawal an annual interest of eight (8) percent shall be paid to the capital of the Convertible Bond. The interest shall be added to the loan capital annually on 30 July. The interest shall be paid in shares at the end of the loan period.

A promissory note holder shall be entitled to participate in potential future share issues arranged by the Company in which the subscription period shall terminate at the latest on 1 August 2018 by subscribing the shares at the subscription price that is 20 per cent lower compared to the subscription price offered in the respective share issues.

One loan share of EUR 100,000 entitles the promissory note holder to subscribe for 10,000,000 new share of the company. Based on the subscriptions made pursuant to the loan shares the company shall issue a maximum amount of 500,000,000 new company shares. The company has one (1) class of shares.

Additionally Valoe announced that it will also start preparing a share issue. The objective of the share issue is to collect capital to execute the Clean Energy business plan of the company. The share issue is expected to be carried out by the end of this year. The company will disclose a separate release on the terms and schedule of the share issue.

Later on Valoe increases the maximum amount of the convertible bond to EUR7,700,000 and extended the subscription period so that it ended 9 October 2015 when the final result of the convertible bond was announced.

18 June 2015: CHANGE IN THE SHARE CAPITAL OF VALOE CORPORATION

The annual general meeting of Valoe Corporation hold 28 May 2015 resolved to reduce the company's distributable non-restricted equity fund by EUR 44,031,988.69, the reserve fund by EUR 211,384.16, the premium fund by EUR 4,695,570.81 and the company's share capital by EUR 3,345,059.10 to cover losses accrued on the financial year ended on 31 December 2014 and the previous financial years. The reduction of the share capital has been registered on the Finnish Trade Register today. The reduction had no effect on the number of the shares of the company.

The company's new share capital is EUR 80,000.00.

24 June 2015: FTTK HAS INFORMED VALOE CORPORATION THAT IS HAS SUBMITTED A REQUEST FOR ARBITRATION

Valoe Corporation has been informed by FTTK Company Limited ("FTTK") that FTTK has submitted a request for arbitration. The arbitration concerns the transaction between the companies in which the ownership of 30 percent of the shares of Cencorp Automation Oy will be transferred and a dispute relating to that. In the request the claimant requests the arbitration to confirm that the transaction has been closed and the title to the shares has been transferred to FTTK as the purchase price has been fully paid. Valoe denies the claims as groundless and views that the transaction will not be closed until the other conditions pursuant to the the share transfer agreement have been fulfilled. Valoe will claim its legal costs and other possible damages in full from FTTK.

11 August 2015: THE BOARD OF DIRECTORS OF VALOE CORPORATION RESOLVED THE TERMS AND CONDITIONS OF AN STOCK OPTION SCHEME

The Board of Directors of Valoe Corporation has resolved the terms and conditions of an stock option scheme according to which stock options will be issued to the key employees of the Valoe Group. The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the Group's incentive, remuneration and commitment program for the key employees.

The maximum total number of stock options issued is 130,000,000 and they entitle their owners to subscribe for a maximum total of 130,000,000 new shares in the Company. The amount of the stocks to be subscribed for, pursuant to the option rights, equals to a maximum total of 8.7 percent of the current shares and votes in the Company including max. 500,000,000 shares and votes to be subscribed based on the convertible bond I/2015 after possible subscriptions. The stock options will be issued for free. The Board of Directors shall annually decide upon the distribution of the stock options to the key employees of the Group. Of the stock options, 50,000,000 are marked with the symbol 2015A, 40,000,000 are marked with the symbol 2015B and 40,000,000 are marked with the symbol 2015C.

The share subscription price shall be:

- for stock option 2015A, the trade volume weighted five months' average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 March—31 July 2015 expressed to three decimal places
- for stock option 2015B, the trade volume weighted five months' average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 March—31 July 2016 expressed to three decimal places
- for stock option 2015C, the trade volume weighted five months' average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 March—31 July 2017 expressed to three decimal places.

The share subscription price shall, nevertheless, always amount to at least EUR 0.01.

The share subscription period shall be

- for stock option 2015A 1 January 2017—31 December 2018
- for stock option 2015B 1 January 2018—31 December 2019
- for stock option 2011C 1 January 2019—31 December 2020.

The Board of Directors of Valoe has made the resolution on the stock option scheme based on the authorisation of the extraordinary general meeting held on 28 April 2015.

30 September 2015: VALOE CORPORATION HAS AGREED ON THE FINANCING FACILITIES

Valoe Corporation has agreed with Danske Bank Plc on extending the overdraft facility of EUR 0.95 million available to the company until 31 March 2016. Further, Valoe has agreed with Danske Bank on repayment of the export credit limit of EUR 0.65 million in instalments by 31 March 2016.

Valoe has agreed with Savcor Group Oy on extending the loan period of the convertible bond of ca. EUR 0.364 million until 31 March 2016.

Valoe has agreed with Savcor Invest B.V. on extending the loan period of the loan of ca. one million Euro until 31 March 2016.

The Convertible Bond of ca. EUR 0.746 million owned by SCI Invest Oy has been converted to loan shares in Valoe's Convertible Bond I/2015.

9 October 2015: THE RESULT OF THE CONVERTIBE BOND I/2015 OF VALOE CORPORATION: THE CONVERTIBLE BOND HAS BEEN FULLY SUBSCRIBED. VALOE'S EQUITY RATIO INCLUDING CAPITAL LOANS IS ESTIMATED TO INCREASE TO CA. 30 PER CENT.

On 29 May 2015 Valoe announced that it will issue a convertible bond in order to strengthen its capital structure. Valoe Corporation has received subscriptions for the maximum amount of the Convertible Bond I/2015 i.e. EUR 7.7 million. Out of the subscriptions, a total of ca. EUR 5.0 million was paid by setting the subscription price off against the subscribers' receivables from the company. During the subscription period of the Convertible Bond new investments of ca. EUR 2.7 million paid in cash, including the short-term loans taken by Valoe after the beginning of the subscription period and converted to the Convertible Bond, were made in the company.

As the Convertible Bond has been fully subscribed Valoe's equity ratio including capital loans is estimated to increase to ca. 30 per cent.

The Board of Directors of Valoe has approved all subscriptions for the Convertible Bond on 9 October 2015.

One loan share of EUR 0.01 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for one new share. Based on the subscriptions made pursuant to the loan shares Valoe shall issue a maximum amount of 770,000,000 new Valoe shares. The loan period and the conversion period expire on 1 August 2018.

14 December 2015: VALOE'S FINANCIAL GUIDANCE FOR 2016

On 21 August 2012 Valoe Corporation ("Valoe" or "Company") stopped announcing financial guidance for the time being because the Company's restructuring from a company manufacturing only production automation systems for electronics industry to a technology company specializing only in clean energy solutions commenced.

The restructuring of the Company was finished during the first half of the year 2015. Valoe is now a technology start-up that specializes in photovoltaic systems in particular.

Since 2012 the Company has released non-binding long-term objectives for the Managing Director in the Company's Interim reports. The long-term objectives were not to be considered as financial guidance. The Company has now resolved to stop releasing reviews of the long-term objectives for the Managing Director and to start announcing financial guidance in accordance with existing market practices.

In its meeting held on 14 December 2015 the Board of Directors of the Company has evaluated the outlook of Valoe for 2016 and especially the progress of the negotiations for the manufacturing partnership agreement. The Board of Directors has resolved to announce the following financial guidance for the year 2016:

Valoe estimates that the net sales of Valoe Group will be ca. EUR 11 – 13 million in 2016 (Q3/2015: EUR 0.5 million) and the EBITDA ca. EUR 1.5 – 2.0 million (Q3/2015: EUR-0.8 million). The financial year 2016 is estimated to be profitable (Q3/2015: EUR –2.0 million). All comparison figures concern the continuing operations.

Valoe estimates that the net sales of Valoe Group's continuing operations for 2015 will be ca. EUR 0.7 million with negative result.

Further, the Board of the Directors of the Company wishes to emphasize that there are risks relating to the Company, especially in terms of sufficiency of financing. The Convertible Bond I/2015 enabled the Company to stabilize its short-term financing remarkably. Also negotiations for deliveries of production technology have made good progress. However, the financing situation of Valoe continues to be tight. The sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. According to the current view of Valoe's management the company continues to need financing until the cash flow from the business operations has turned positive or a long-term financing arrangement has been secured with the planned share issue. The company will have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. If the company does not succeed to secure sufficient financing, the continuity of the company's operation may be jeopardized.

If the company does not receive new orders as fast as it expects or if the market situation gets worse it may take longer time to turn orders into revenue. This would affect significantly the schedule in which cash flow before investments would turn positive. In such a case the company's financing situation would further tighten.

28 December 2015: VALOE EXPANDS ITS KNOW-HOW OF THE BACK CONTACT CELLS TOGETHER WITH ITS PARTNERS - TEKES GIVES VALOE A NEW LOAN OF CA. 4 MILLION EUROS

Valoe Corporation (”Valoe” or ”Company”), specializing in the clean energy, especially in the photovoltaic (“PV”) solutions, and the Finnish Funding Agency for Technology and Innovation (“Tekes”) have agreed on new funding for Valoe. Tekes gives Valoe a subsidized loan of ca. EUR 4 million to further develop photovoltaic modules and to develop solar cells based on the back contact technology. The loan can amount to max. 70 per cent of the project's total costs which are estimated to be ca. EUR 5.8 million. The loan will be withdrawn in 2016 - 2019. The loan period is seven years.

Valoe's advances in solar PV-business have been based on the understanding in automation, laser technology and the company's experience in flexible circuits. Further, laser technology is one of the key technologies in the production of the cells based on the back contact technology. Additionally, Valoe has a deep understanding in physical metallurgy that is one of the key sciences in developing the PV-cells. Together with its strategic partners Valoe plans, in the future, to expand its offering with solar cells based on back contact technology.

”The decision of Tekes to fund Valoe's photovoltaic technology based on the next generation back contact is significant. Valoe has been co-operating closely with Tekes for several years in relation to the development of the next generation solar cells. The decision of Tekes to provide Valoe with more funding strengthens remarkably Valoe's possibilities to create an ecosystem based on the technology developed by Valoe. I believe that in the near future we will see new initiatives supporting Valoe's understanding that the market share of the back contact modules will grow fast in the next few years”, says Iikka Savisalo, Valoe's CEO.

The loan arrangement with Tekes has a positive impact on Valoe's financing situation. Further, the Board of the Directors of the Company wishes to emphasize that there are risks relating to the Company, especially in terms of sufficiency of financing. The Convertible Bond I/2015 and the loan now given by Tekes have enabled the Company to stabilize its short-term and long-term financing remarkably. Also negotiations for deliveries of production technology have made good progress. However, the financing situation of Valoe continues to be tight. The sufficiency of the company's financing and working capital for the next twelve months involves significant risks. According to the current view of Valoe's management the company continues to need financing until the cash flow from the business operations has turned positive or a long-term financing arrangement has been secured with the planned share issue. The company will have a significant deficit in its working capital until the first delivery of production technology for solar modules will start to generate positive cash flow. If the company does not succeed to secure sufficient financing, the continuity of the company's operation may be jeopardized. If the company does not receive new orders as fast as it expects or if the market situation gets worse it may take longer time to turn orders into revenue. This would affect significantly the schedule in which cash flow before investments would turn positive. In such a case the company's financing situation would further tighten.

THE MAIN EVENTS SINCE THE END OF THE FINANCIAL YEAR 2015

The main events since the end of the financial year 2015 have been handled in this Annual Report's items: Financial Result, Financing, and Shares and Shareholders. The main events since the end of the financial year 2015 have been listed in the item Notes to the Consolidated Financial on the page 57 of this Annual Report.

RISK MANAGEMENT, RISKS AND UNCERTAINTIES

Valoe'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, Valoe does not have an internal auditing organization or an audit committee.

Valoe's objective is to achieve a strong market position as a provider of, in various geographical areas, locally produced high-quality photovoltaic modules. Achievement of the objectives involves risks. Even though Valoe'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. Valoe'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 financing.

The Convertible Bond I/2015 enabled the company to stabilize its short-term financing remarkably. According to the management of the company the EUR 15.8 million order for a module manufacturing plant received from Ethiopia in 2016, out of which EUR 9.5 million will be paid in cash, turns the company's cash flow from operations positive during the first quarter of 2017. However, Valoe has to arrange advance payment guarantee, typical of export business, for the order and financing of ca. EUR 2.0 – 4.0 million for building period from its suppliers and financers. Until the afore said financing and guarantee have been arranged Valoe's financing situation continues to be tight and until then the sufficiency of the company's financing and working capital for the next twelve months involve very significant risks. If the company does not succeed to secure sufficient financing for the delivery time of the order from Ethiopia, the continuity of the company's operation may be jeopardized. If the above mentioned financing and guarantee for the order from Ethiopia would be delayed or if the market situation gets worse it may take longer time to turn orders into revenue. This would affect significantly the schedule in which cash flow before investments would turn positive. In such a case the company's financing situation would further tighten.

The execution of the non-binding cooperation agreement signed between Valoe and Vikram Solar involves typical business risks. Arrangements pursuant to the non-binding cooperation agreement are subject to several terms and conditions, especially to Valoe's financing.

The execution of the non-binding Memorandum of Understanding signed with a Chinese photovoltaic module manufacturer involves significant 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 Valoe's financing.

The module manufacturing plant order from Ethiopia involves business, financial and country risks that are typical of international equipment sales.

The certain statements in this Annual Report and especially the company's financial guidance as well as non-binding estimations in Valoe's strategy are targeted to the future and based on the management's current estimations. They involve risks and uncertainty by their nature and may be affected by changes in general financial situation or business environment.

MARKET OUTLOOK

Valoe estimates that the net sales of Valoe Group will be ca. EUR 11 – 13 million in 2016 (2015: EUR 0.7 million) and the EBITDA ca. EUR 1.5 – 2.0 million (2015: EUR-2.8 million). The financial year 2016 is estimated to be profitable (2015: EUR –4.7 million). All comparison figures concern the continuing operations.

CORPORATE GOVERNANCE STATEMENT

Valoe applies the Finnish Corporate Governance Code approved by the Securities Market Association effective as of 1 October 2010. Valoe's Corporate Governance Statement drawn in accordance with Recommendation 51 will be released on the week 17 of 2016 as a separate report.

THE BOARD OF DIRECTORS' PROPOSAL CONCERNING THE DISTRIBUTION OF PROFIT

The Board of Directors proposes to the Annual General Meeting that no dividend from the financial year 2015 will be paid.

KEY FIGURES

EUR 1 000	2015	2014	2013
Continuing operations	**12 months**	**12 months**	**12 months**
Net sales	699	841	3 315
Operating profit	-3 540	-10 885	-3 144
% of net sales	-506,4 %	-1294,2 %	-94,8 %
Result before taxes	-4 731	-11 689	-4 932
% of net sales	-676,8 %	-1389,8 %	-148,8 %
Return on equity, %	n/a	n/a	n/a
Return on capital employed, %	n/a	n/a	-129,4
Equity ratio, %	-235,7 %	-130,9 %	-6,9 %
Net gearing, %	neg.	neg.	neg.
Non-interest-bearing liabilities	7 493	6 693	9 594
Interest-bearing liabilities	10 354	8 928	10 017
Gross investments	395	377	3 045
% of net sales	56,5 %	44,9 %	91,9 %
Research and development costs	1 078	1 109	903
% of net sales	154,2 %	131,8 %	27,2 %
Order book, EUR million	0,05	0,3	3,7
Personnel on average	22	74	155
Personnel at the end of the period	20	26	149
Share key indicators			
Earnings per share (basic)	-0,006	-0,015	-0,011
Earnings per share (diluted)	-0,006	-0,015	-0,011
Earnings per share (basic) -continuing operations	-0,005	-0,014	-0,008
Earnings per share (diluted) - continuing operations	-0,005	-0,014	-0,008
Equity / share, EUR	-0,015	-0,011	-0,004
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)	-3,4	-0,6	-3,6
P/E ratio (diluted)	-3,4	-0,6	-3,7
Share price at the end of the period	0,019	0,009	0,04
Market capitalization of shares at the end of the period, MEUR	16,4	7,8	13,8
Share trading adjusted for share issue	105 004 021	161 180 397	31 439 123
Portion of weighted average of shares, %	12,2 %	19,7 %	9,2 %
Weighted average number of shares adjusted for share issue over the financial year	862 472 136	819 064 263	342 533 873
Number of shares adjusted for share issue at the end of the financial year	862 472 136	862 472 136	346 161 270
Average number of shares diluted by share option and adjusted for share issue over the financial year	862 472 136	849 064 263	391 057 827

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

CALCULATION OF KEY FIGURES

Return on equity (ROE), %:	Profit/loss for the period - 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 + non-controlling interests
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

EUR 1 000	Note	1 Jan – 31 Dec 2015		1 Jan – 31 Dec 2014	
Continuing operations					
Net sales	1	699	100 %	841	100 %
Cost of sales		-937	-134 %	-8 398	-999 %
Gross profit		**-237**	**-34 %**	**-7 557**	**-899 %**
Other operating income	3	150		23	
Product development expenses		-1 078		-1 109	
Sales and marketing expenses		-686		-840	
Administrative expenses		-982		-1 146	
Other operating expenses	4	-705		-256	
Operating loss		**-3 540**	**-506 %**	**-10 885**	**-1294 %**
Financial income	7	306		903	
Financial expenses	8	-1 497		-1 707	
Profit/loss before taxes from continuing operations		-4 731	-677 %	-11 689	-1390 %
Income taxes	9	0		-4	
Profit/loss for the period continuing operations		**-4 731**	-677 %	**-11 693**	-1390 %
Discontinued operations	10				
Profit/loss after tax for the period from discontinued operations		-91		-712	
Profit/loss for the financial year		**-4 822**	**-690 %**	**-12 405**	**-1475 %**
Profit/loss attributable to:					
Shareholders of the parent company		-4 822		-12 405	
Earnings/share (basic), EUR	11	-0,006		-0,015	
Earnings/share (diluted), EUR	11	-0,006		-0,015	
Continuing operations					
Earnings/share (basic), EUR	11	-0,005		-0,014	
Earnings/share (diluted), EUR	11	-0,005		-0,014	
Profit/loss for the financial year		**-4 822**		**-12 405**	
Other comprehensive income					
Translation difference		-468		-1 114	
Other comprehensive income for the period, which shall subsequently be transferred to profit or loss		-468		-1 114	
Total comprehensive income for the financial year		**-5 290**	**-757 %**	**-13 519**	**-1607 %**
Total comprehensive income attributable to:					
shareholders of the parent company		-5 290		-13 519	

EUR 1 000	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Property, plant and equipment	12	64	44
Consolidated goodwill	13	441	441
Other intangible assets	13	3 737	4 092
Available-for-sale investments	14	9	9
Deferred tax assets	15	0	0
Total non-current assets		**4 251**	**4 586**
Current assets			
Inventories	16	254	67
Trade and other non-interest-bearing receivables	17	799	2 013
Cash and cash equivalents	18	31	161
Total current assets		**1 084**	**2 240**
Assets classified as held for sale	10	0	733
Total assets		**5 336**	**7 560**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	19	80	3 425
Other reserves	19	0	49 460
Translation difference	19	-750	-281
Retained earnings	19	-11 910	-62 500
		-12 579	-9 897
Non-controlling interests		9	8
Total equity		**-12 570**	**-9 889**
Non-current liabilities			
Non-current loans	22	7 222	1 571
Deferred tax liabilities	15	0	0
Total non-current liabilities		**7 222**	**1 571**
Current liabilities			
Current interest-bearing liabilities	22	3 131	7 357
Trade and other payables	23	7 030	6 693
Current provisions	21	0	0
Total current liabilities		**10 162**	**14 050**
Liabilities directly associated with assets classified as held for sale	10	522	1 828
Total liabilities		**17 852**	**17 449**
Equity and liabilities total		**5 336**	**7 560**

STATEMENT OF CONSOLIDATED CASH FLOW

EUR 1 000	Jan-Dec 2015	Jan-Dec 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Income statement profit/loss before taxes for continuing operations	-4 731	-11 689
Income statement profit/loss before taxes for discontinuing operations	-91	-712
Income statement profit/loss before taxes	-4 822	-12 401
Non-monetary items adjusted on income statement		
Depreciation and impairment	696	7 844
Gains/losses on disposals of non-current assets	0	-298
Unrealized exchange rate gains (-) and losses (+)	-311	-256
Other non-cash transactions	-62	87
Financial income and expenses	1 502	1 060
Total cash flow before change in working capital	**-2 251**	**-3 963**
Change in working capital		
Increase (-) / decrease (+) in inventories	-159	179
Increase (-) / decrease (+) in trade and other receivables	1 076	289
Increase (+) / decrease (-) in trade and other payables	-1 358	-516
Changes in provision	-86	-5
Change in working capital	**- 527**	**-53**
Adjustment of financial items and taxes to cash-based accounting		
Interest paid	-294	-308
Interest received	1	3
Taxes paid	-3	304
Other financial items	-68	-17
Financial items and taxes	**-364**	**-17**
NET CASH FLOW FROM BUSINESS OPERATIONS	**-3 142**	**-4 034**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-396	-1 084
Proceeds on disposal of tangible and intangible assets	34	29
Loans granted	-260	0
Loans to associated companies	0	-103
Repayment of loan receivables	363	0
Acquisition of subsidiaries and other business units	0	-1
Disposals of subsidiaries and other business units	640	3 048
NET CASH FLOW FROM INVESTMENTS	**381**	**1 890**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	0	2 400
Increase in non-current loans	3 381	256
Repayment of non-current loans	-8	-7
Increase in current loans	265	3 737
Repayment of current loans	-1 004	-3 878
NET CASH FLOW FROM FINANCING ACTIVITIES	**2 634**	**2 509**
INCREASE (+) OR DECREASE (-) IN CASH FLOW	**-127**	**364**
Cash and cash equivalents at the beginning of the financial year	161	116
Translation adjustment to cash and cash equivalents	-3	-320
Cash and cash equivalents at the end of the financial year	31	161
	-127	**364**

Statement of Changes in Equity, 1 Jan – 31 Dec 2015

EUR 1 000	Share capital	Other reserves	Translation difference	Distributable non-restricted equity fund	Retained earnings	Total	Non-controlling interests	Total
31 Dec 2014	**3 425**	**4 908**	**-281**	**44 552**	**-62 500**	**-9 897**	**8**	**-9 889**
Own equity component of the convertible bond					2 608	**2 608**		**2 608**
Transfer between items				-520	520	**0**		**0**
Reduction of share capital	-3 345	-4 908		-44 032	52 285	**0**		**0**
Translation difference, comprehensive income			-468			**-468**	1	**-468**
Profit/loss for the financial period					-4 822	**-4 822**		**-4 822**
31 Dec 2015	**80**	**0**	**-750**	**0**	**-11 910**	**-12 579**	**9**	**-12 570**

Statement of Changes in Equity, 1 Jan – 31 Dec 2014

EUR 1 000	Share capital	Other reserves	Translation difference	Distributable non-restricted equity fund	Retained earnings	Total	Non-controlling interests	Total
31 Dec 2013	**3 425**	**4 908**	**833**	**39 661**	**-50 095**	**-1 269**	**0**	**-1 269**
Directed share issue				204		204		**204**
Share issue				4 882		4 882		**4 882**
Decrease from share issue				-194		-194		**-194**
Investment of non-controlling interests						0	8	**8**
Translation difference, comprehensive income			-1 114			-1 114		**-1 114**
Profit/loss for the financial year					-12 405	-12 405		**-12 405**
31 Dec 2014	**3 425**	**4 908**	**-281**	**44 552**	**-62 500**	**-9 897**	**8**	**-9 889**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

General Information

Valoe Corporation specializes in the clean energy, especially in photovoltaic solutions. Valoe provides automated production technology for solar modules based on the company's own technology; production lines for modules, solar modules and special components for solar modules.

The Group's parent company is Valoe Corporation, a Finnish public limited company domiciled in Mikkeli. The company's registered address is Insinöörinkatu 8, FI-50150 Mikkeli.

A copy of the consolidated financial statements is available online at www.valoe.com or at the Group's headquarters at Insinöörinkatu 8, FI-50150 Mikkeli.

Valoe Corporation's Board of Directors approved the financial statements on 29 April 2016. 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 2014. 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.

Application of the going concern assumption

The financing situation of Valoe has improved remarkably due to the successful Convertible Bond I/2015. However, the financing situation continues to be tight but according to the company's management the EUR 15.8 million order received in February 2016, out of which EUR 9.5 million will be paid in cash, turns the company's financing situation clearly more stable. However, this is subject to the company being able to arrange financing for building period and advance payment guarantee that are typical of export business and to deliver the order as agreed.

Since the end of the financial year the company's financing situation has declined. Valoe has to arrange an advance payment guarantee that is typical of export business and financing of ca. EUR 2.0 – 4.0 million for building period for the Ethiopian order from its suppliers and financers.

By the disclosure of the Annual Report Valoe has received loan commitments of ca. EUR 1.3 million for building period financing for the EUR 15.8 million order from Ethiopia from the company's shareholders and promissory note holders. Valoe views that this financing will enable the company to continue with the delivery with maximum effort and provides time to arrange additional funding and guarantees. Negotiations for additional funding and advance payment guarantee are ongoing but not yet finished.

After the financial year end, during disclosure of the Annual Report Valoe continues negotiating with Danske Bank Plc on extending the overdraft facility of EUR 0.95 million available to the company. Further, Valoe negotiates with Danske Bank Plc on repayment schedule of the export credit limit of EUR 0.45 million. Valoe has agreed with Savcor Group Oy on extending the loan period of a convertible bond of ca. EUR 0.364 million until 31 March 2017. Out of Savcor Invest B.V.'s loan of EUR 1 million a total of ca. EUR 0.876, including interests, was converted to Valoe's Convertible Bond I/2015 and the rest of the loan i.e. ca. EUR 0.324 million has been extended until 31 March 2017. SCI Invest Oy's convertible bond of ca. EUR 0.841 million, including interests, has been converted to loan shares of Valoe's Convertible Bond I/2015.

The company trusts the cash flow from its business operations turns positive at the end of 2016. However, this is subject to the company being able to secure the above mentioned timely project financing of EUR 2 – 4 million. Additionally the company has to be able to agree with Danske Bank on extending the financing limits.

The new standards and interpretation guidelines that have come into effect from 1 January 2015 had no impact on Valoe's consolidated financial statements.

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting policies requires consideration.

Management consideration connected with accounting policies and their adoption

The Group's management uses discretion in the selection and application of accounting principles. When preparing the financial statements the major issues for which the management has used discretion are evaluation of the going concern assumption and in appreciation of goodwill and product development costs. In 2014 the management used discretion in valuation of the assets of the Beijing factory and in the sale of the electronics automation business.

Uncertainties relating to financing and continuity of the company's business operations have been described above in the accounting principles as well as the arguments for going concern assumption. The company's management has resolved to close the Beijing company during 2016 and has during 2015 recognized an impairment loss of EUR 0.2 million for receivables relating to the Beijing factory. In 2014 the company recognized impairment loss of a total of EUR 6.2 million in relation to production equipment, other fixed assets and current assets. Valoe's factory in Beijing has been closed and Valoe Group has no longer any future expectations or assets relating to the factory in its balance sheet. However, the group balance sheet includes all of the debts of the Beijing subsidiary i.e. EUR 3.9 million. Valoe will decide by 30 June 2016 how the closing of the Beijing company will be done.

Valoe transferred its electronics automation business to Cencorp Automation Oy and sold at first 70 percent and in December 2014 the remaining 30 percent of this company to FTTK. In its award of 18 April 2016 the arbitral tribunal has confirmed that the 30 percent ownership in Cencorp Automation Oy has been transferred from Valoe to FTTK Company Limited on 21 January 2015.

Uncertainties connected with estimates

Estimates made when compiling the financial statements are based on the management's best views on the closing date of the reporting period. The estimates are based on previous experience and assumptions about the future that are deemed the most likely on the balance sheet date. Management estimates are used especially in goodwill impairment testing and the capitalization of product development costs (Note 13.). 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. The company has performed the impairment testing on goodwill and development expenditure in accordance with IFRS.

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 Valoe Corporation and all of its subsidiaries. Subsidiaries are entities in which the Group exercises control. A position of control arises when the Group, by being an investor, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The information of subsidiaries is given in Related party transactions, Note 28. The Group has no subsidiaries with a significant proportion of non-controlling interests.

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 IFRS, 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. Valoe 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
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 recognized 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 accounted for in accordance with this Standard.

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 2015.

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 10 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 licenses	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. The Group has no assets leased by financial leasing during the financial year 2014 and 2015.

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.

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 2015.

Other employee benefits

After a long period of employment, employees receive a reward or paid holiday. Long-term employee benefits are booked as deferred liability at the balance sheet at the present value at the reporting date. Actuarial gains and losses are recognized in profit or loss.

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 on 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 tax is recognized in the case of investment in subsidiaries, except if the Group is able to determine the time the temporary difference was eliminated and the extent to which the difference will probably not be eliminated during the foreseeable future.

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.

Non-current assets classified as held for sale and discontinued operations

Non-current assets (or disposal group) and assets and liabilities related to discontinued operations are classified as held for sale if the amount of their book value will be recovered through the sale of them instead of continuous use. Conditions for classification as held for sale are fulfilled when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition on customary terms and conditions, and when the management is committed to the sale and the sale is expected to occur within one year of the classification.

From the moment of the classification as held for sale (or disposal group) the assets are valued at book value or fair value less costs to sell, depending on whichever is lower. Depreciation of these assets is discontinued at the time of classification.

A discontinued operation is a component of the Group, which has been disposed or is classified as held for sale and which meets one of the following conditions;

1. It represents a separate major business unit or geographical area
2. It is part of a coordinated plan to dispose a separate major business unit or geographical area
3. It is a subsidiary acquired exclusively with a view to resale

The profit or loss of discontinued operations is presented separately in the consolidated statement of comprehensive income. Assets held for sale, disposal groups, items recognized in other comprehensive income related to assets held for sale and liabilities included in the disposal group are presented in the balance sheet separately from other items.

Valoe has reported the electronics automation business sold to FTTK as discontinued operations during the financial years 2015 and 2014.

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 The Group has no financial assets recognized at fair value through profit or loss during the financial years 2014 and 2015.

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.

The Group had no derivative contracts during the financial years 2014 and 2015.

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

The Group also capitalizes the borrowing costs for the acquisition, construction or production of a qualifying asset that are directly attributable as part of the cost of the asset when it is probable that they will generate future economic benefits, and the costs can be measured reliably. The Group no longer capitalizes the costs when the asset is substantially ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they occur.

Shareholder's equity

The Group classifies the instruments issued on the basis of their nature either as equity or as a liability (financial debt). Any contract that entitles to the assets of an entity after deducting all of its liabilities is an equity instrument. Expenses associated with the issuance or purchase of equity instruments are presented as an equity reduction item. If the company buys back its own equity instruments, the cost of these instruments is deducted from equity.

On 29 May 2015 Valoe Corporation issued a Convertible Bond of EUR 5000,000 at the most, but due to over subscription resolved to amend the maximum amount to EUR 7,700,000. The Convertible Loan is a capital loan and is booked in the Company's balance sheet as non-current capital loan. One loan share of EUR 0.01 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for one new share. Based on the subscriptions made pursuant to the loan shares Valoe shall issue a maximum amount of 770,000,000 new Valoe shares. The loan period and the conversion period expire on 1 August 2018.

As of the date of withdrawal an annual interest of eight (8) percent shall be paid to the capital of the Convertible Bond. The interest shall be added in the loan capital annually once a year on 30 July. An interest shall not be paid to capitalized interest. The interest shall be paid in shares at the end of the loan period so that an interest amount of EUR 0.01 shall be converted to one new share of the Company. The last interest period shall end on 30 July 2018.

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

Valoe has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016). The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The interpretation is not assessed to have a significant impact on Valoe's consolidated financial statements.

Annual Improvements to IFRSs (2012-2014 cycle)* (effective for financial years beginning on or after 1 January 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in four standards. Their impacts vary standard by standard but are not significant.

New IFRS 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15 an entity shall recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently assessing the impact of IFRS 15.

New IFRS 9 Financial Instruments* (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is assessing the impact of IFRS 9.

Other new or amended standards and interpretations have no impact on Valoe's consolidated financial statements

Presentation of figures

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

1. Segment information

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

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.

The Group has one customer whose revenues exceeded 10 percent of the Group's net sales of the continuing operations, totalling 156 thousand euros.

Business segments in 2015	**Clean Energy Solutions (=continuing)**	**Discontinued operations**	**Eliminations**	**Total**
Net sales	699	113	0	812
EBITDA	-2 844	-91	0	-2 935
Operation profit	-3 540	-91	0	-3 631
Assets	5 336	0	0	5 336
Liabilities	17 384	522	0	17 906
Investments	395	0	0	395
Depreciation	696	0	0	696
Impairment	0	0	0	0

Business segments in 2014	**Clean Energy Solutions (=continuing)**	**Discontinued operations**	**Eliminations**	**Total**
Net sales	841	5 666	0	6 506
EBITDA	-3 342	-411	0	-3 753
Operation profit	-10 885	-712	0	-11 597
Assets	6 827	733	0	7 560
Liabilities	15 621	1 828	0	17 449
Investments	377	173	0	550
Depreciation	1 318	301	0	1 619
Impairment	6 225	0	0	6 225

Geographical information

Finland, the rest of Europe, the Americas, Asia and Africa 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.

Continuing operations	Finland	Other European countries	America	Asia	Africa	Group
2015						
External net sales	656	26	17	0	0	**699**
Non-current assets	4 200	0	0	0	51	**4 251**
2014						
External net sales	66	430	11	333	0	**841**
Non-current assets	4 586	0	0	0	0	**4 586**

Distribution of net sales	2015	2014
Continuing operations		
Revenues from services	111	67
Revenues from the sale of goods	588	774
Total	**699**	**841**

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

	2015	2014
Cumulative net sales	31	2 151
Recognized as revenue for the financial period	31	1 281
Amount not recognized as revenue	34	199
Advance payments received	0	64
Receivables from percentage-of-completion contracts	31	208

From the fiscal year 2015 the above long-term contract revenues recognized on the basis of the percentage of completion are related to the continuing operations. From the year of reference 2014, those are related to the discontinued operations.

3. Other operating income

	2015	2014
Continuing operations		
Proceeds from sale of property, plant and equipment	1	3
Subsidies received	30	0
Sales of used products	36	0
Other income items	83	20
Total	**150**	**23**

4. Other operating expenses

	2015	2014
Continuing operations		
Credit loss	0	112
Changed tax treatment of importation in China	682	0
Other expense items	24	144
Total	**705**	**256**

Auditors' fees	2015	2014
Authorized Public Accountants KPMG Oy Ab		
Auditors' fees	30	0
Taxation advice	2	0
Other services	0	0
Total	**33**	**0**
Authorized Public Accountants Ernst & Young Oy		
Auditors' fees	57	136
Other services	0	14
Total	**57**	**150**

The EY's auditors' fees during 2015 were related to the audit of 2014.

Other accounting firms		
Auditors' fees	0	4
Total	**0**	**4**

Unlike other specifications, the auditors' fees are reported here in full, not only for continuing operations.

Rental expenses - continuing operations		
Rental expenses	228	939

5. Employee benefits

	2015	2014
Salaries	1 595	3 273
Retirement expenses – defined contribution plans	210	455
Other indirect employee expenses	35	226
Total	**1 840**	**3 955**

Employee benefits above includes both continuing and discontinued operations, because the split between those two categories is not reliably available.

Employee benefits total	2015	2 014
Continuing operations	1 829	1 882

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

Continued operation's employees by function were	2015	2014
During the financial period on average		
Procurement and production	7	23
Product development	6	6
Sales and marketing	3	6
Administration	6	8
Total	**22**	**44**

At the end of the year	2015	2014
Procurement and production	8	6
Product development	5	7
Sales and marketing	3	4
Administration	4	9
Total	**20**	**26**

Discontinued operation's employees by function were	2015	2014
During the financial period on average		
Procurement and production	0	18
Product development	0	8
Sales and marketing	0	3
Administration	0	1
Total	**0**	**30**

At the end of the year	2015	2014
Total	**0**	**0**

6. Depreciation and impairment

Depreciation by asset group continuing operations	2015	2014
Intangible assets		
Development cost	646	640
Patents	10	0
Intangible rights	10	26
Other expenses with long-term effects	22	10
Total	**688**	**676**
Property, plant and equipment		
Machinery and equipment	8	635
Other tangible assets	0	7
Total	**8**	**642**
Impairment by asset group continuing operations		
Inventories	0	939
Intangible assets	0	251
Other long-term assets	0	119
Machinery and equipment	0	4 781
Other tangible assets	0	134
Total	**0**	**6 225**

Income statement items are divided into continuing and discontinued operations to the operating profit. Financial income and expenses, or profit taxes are not shared, but they are shown in the figures of the entire Group.

7. Financial income

	2015	2014
Interest gains	1	3
Exchange rate gains	304	900
Total	**306**	**903**

The items above the operating profit include a total of EUR 7,000 in ecxhange rate losses (2014: EUR 4,000 in exchange rate gains).

8. Financial expenses

	2015	2014
Interest expenses	1 274	915
Exchange rate losses	-13	164
Other financial expenses	77	628
Impairment of receivables	158	0
Total	**1 497**	**1 707**

9. Income taxes

	2015	2014
Tax based on the taxable income for the financial year	0	1
Taxes carried forward	0	2
Deferred tax	0	1
Total	**0**	**4**

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:

	2015	2014
Profit before taxes	-4 822	-12 401
Taxes at the parent entity's statutory income tax rate of 20 % (2014: 20 %)	-964	-2 480
Different tax rates of subsidiaries	-33	614
Tax-free revenue / non-deductible expenses	2	3 164
Change in deferred taxes	0	1
Loss to be confirmed in taxation not recognized as deferred tax assets	996	-1 298
Other	0	1
Taxes carried forward	0	2
Taxes in the income statement	**0**	**4**

10. Discontinued operations

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

During the year 2015 the discontinued operations include the finishing up of few remaining projects of the electronics automation business sold to FTTK and finalising the sale of the shares.

The results and major classes of assets and liabilities of electronics automation business, are as follows:

EUR 1 000	**Jan-Dec 2015**	**Jan-Dec 2014**
Revenue	113	5 666
Expenses	-204	-6 824
Other opeating income	0	171
Profit/loss from discontinued operation	-91	-987
Gain on sale of discontinued operations	0	276
Assets		
Machinery and equipment	0	0
Tangible assets	0	0
Inventories	0	28
Trade and other non-interest-bearing receivables	0	705
Cash and cash equivalents	0	0
Assets classified as held for sale	0	733
Liabilities		
Trande and other payables	463	1 683
Reserves	59	145
Liabilities directly associated with assets classified as held for sale	522	1 828
Net assets directly associated with disposal group	**-522**	**-1 095**

Net cash flow of electronic automation business:

EUR 1 000	**Jan-Dec 2015**	**Jan-Dec 2014**
Operating cash flow	-536	-1 858
Investing cash flow	96	2 701
(including the return on sales from discontinued operations in 2014)		
Earnings/share (basic), from discontinued operations	-0,0001	-0,001
Earnings/share (diluted) from discontinued operations	-0,0001	-0,001

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.

	Jan-Dec 2015	Jan-Dec 2014
Loss attributable to shareholders of the parent (EUR 1,000)		
for continuing operations	-4 731	-11 693
Loss attributable to shareholders of the parent (EUR 1,000)		
for discontinued operations	-91	-712
Loss attributable to shareholders of the parent (EUR 1,000)	**-4 822**	**-12 405**
Weighted average number of shares during the period (1,000)	862 472	819 064
Basic earnings per share (EUR/share) continuing operation	-0,005	-0,014
Basic earnings per share (EUR/share)	-0,006	-0,015

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.

12. Property, plant and equipment

2015	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost, 1 Jan 2015	15 712	472	0	16 183
Exchange rate difference	1 154	32	0	1 186
Additions	11	0	51	62
Disposals	94	0	0	94
Acquisition cost, 31 Dec 2015	16 971	503	51	17 525
Accumulated depreciation and				
impairment, 1 Jan 2015	-15 668	-472	0	-16 140
Exchange rate difference	-1 154	-32	0	-1 186
Accumulated depreciation of disposals				
and transfers - continued operations	-128	0	0	-128
Depreciation for the period	-8	0	0	-8
Accumulated depreciation and				
impairment, 31 Dec 2015	-16 958	-503	0	-17 461
Carrying amount, 1 Jan 2015	44	0	0	44
Carrying amount, 31 Dec 2015	**13**	**0**	**51**	**64**

2014	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost, 1 Jan 2014	14 279	426	490	15 194
Exchange rate difference	1 653	46	53	1 752
Additions	2	0	0	2
Disposals and reclassifications	362	0	-543	-180
Disposal - discounted operations	-584	0	0	-584
Acquisition cost, 31 Dec 2014	15 712	472	0	16 183
Accumulated depreciation and impairment, 1 Jan 2014	-9 302	-287	0	-9 590
Exchange rate difference	-1 590	-43	0	-1 633
Accumulated depreciation of disposals and transfers - continued operations	174	0	0	174
Accumulated depreciation of disposals and transfers - discontinued operations	526			526
Depreciation for the period	-694	-7	0	-701
Impairment	-4 781	-134	0	-4 915
Accumulated depreciation and impairment, 31 Dec 2014	-15 668	-472	0	-16 140
Carrying amount, 1 Jan 2014	4 976	138	490	5 604
Carrying amount, 31 Dec 2014	**44**	**0**	**0**	**44**

Finance lease agreements

Property, plant and equipment did not include any property obtained on finance lease agreements in 2015 or 2014.

13. Intangible assets

2015	Consolidated goodwill	Development costs	Patents	Other intangible assets	Total
Acquisition cost, 1 Jan 2015	743	4 690	94	1 387	6 914
Exchange rate difference	0	0	0	66	66
Additions	0	312	21	0	332
Disposals	0	-199	0	-149	-348
Acquisition cost, 31 Dec 2015	743	4 803	114	1 304	6 964
Accumulated depreciation and impairment, 1 Jan 2015	-302	-817	-11	-1 250	-2 380
Exchange rate difference	0	0	0	-66	-66
Accumulated depreciation of disposals and transfers	0	199	0	149	348
Depreciation for the period	0	-646	-10	-32	-688
Accumulated depreciation and impairment, 31 Dec 2015	-302	-1 264	-22	-1 199	-2 787
Carrying amount, 1 Jan 2015	441	3 873	82	137	4 533
Carrying amount, 31 Dec 2015	**441**	**3 539**	**93**	**105**	**4 178**

2014	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost, 1 Jan 2014	14 279	426	490	15 194
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Carrying amount, 1 Jan 2015	441	3 873	82	137	4 533
Carrying amount, 31 Dec 2015	**441**	**3 539**	**93**	**105**	**4 178**

2014	Consolidated goodwill	Development costs	Patents	Other intangible assets	Total
Acquisition cost, 1 Jan 2014	4 426	5 539	163	1 679	11 806
Exchange rate difference	0	157	0	100	257
Additions	0	636	17	5	657
Disposals	-3 683	-482	0	-85	-4 250
Disposals - discontinued operations		-1 159	-86	-312	-1 556
Acquisition cost, 31 Dec 2014	743	4 690	94	1 387	6 914
Accumulated depreciation and impairment, 1 Jan 2014	-1 889	-826	-40	-1 003	-3 757
Exchange rate difference	0	-19	0	-91	-110
Accumulated depreciation of disposals and transfers - continuing operations	1 587	352	0	80	2 018
Accumulated depreciation of disposals and transfers - discontinued operations		467	43	247	756
Depreciation for the period	0	-790	-15	-113	-918
Impairment	0	0	0	-370	-370
Accumulated depreciation and impairment, 31 Dec 2014	-302	-817	-11	-1 250	-2 380
Carrying amount, 1 Jan 2014	2 538	4 712	123	676	8 050
Carrying amount, 31 Dec 2014	**441**	**3 873**	**82**	**137**	**4 533**

Intangible assets and goodwill

Valoe's other intangible assets include capitalized development costs for EUR 3.5 million, of which EUR 1.7 million is related to R & D projects, where amortizations will be started in 2016. The useful lifetime of the capitalized development expenditure is 10 years, during which capitalized costs are recognized on straight-line basis as an expense during the financial year. During the financial year Valoe has revised the capitalization period of the photovoltaic modules CBS-component production transferred from Beijing to Mikkeli to 10 years, which corresponds to the useful life of products.

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 unfinished capitalized R&D expenditure 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 end of the financial year the consolidated goodwill totaled EUR 0.44 million, no additions or disposals were booked in 2015. In the acquisition of Face (Telecom) business carried out on 30.11.2010 the entities controlled by the same party were merged. Valoe uses book values in the consolidation of the acquired and merged businesses. The difference between the acquired assets and the liabilities of the acquired entities, at the time of the acquisition, were booked in the retained earnings. No goodwill was booked in the transaction.

The impairment testing included the cash flow generated by the Group's continuing operations. The impairment was tested on goodwill and other intangible assets. The consolidated goodwill of EUR 0.4 million and other intangible assets of EUR 3.7 million were entirely allocated to continuing operations in the impairment testing.

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 2015. The estimated recoverable cash flows are based on projections approved by the management, which cover a period of three years. The discount interest rate is 16.6 % after taxes (16.6 % in 2014).

Estimates are based on the net sales amounting to EUR 12.7 million which is expected to increase to EUR 36 million during the planning period, after which growth expectation is five. The planning period is 4 years, and the net sales projected for 2016 are based on the budget. The sales margin projected for the planning period corresponds to the budgeted sales margin of 2016. The sales margin is expected to improve from the actual for 2015 when the net sales are increasing. Fixed costs have been estimated in accordance with the cost level of 2015 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 20 % of net sales growth. Investments have been adjusted in accordance with the net sales projected for the planning period.

The terminal value calculated after the planning period plays a key role in the testing, because the significant resources focused on developing are about to start generating profit. However, a business development involves naturally considerable risks. Should the company fail in its business plan implementation, it could generate a need for a write-off in goodwill and other intangible assets.

14. Available-for-sale financial assets

	Level 1	Level 2	Level 3
Financial assets available for sale, 31 Dec 2015			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 2015.

15. Deferred tax assets and liabilities

The parent company has confirmed deductible losses, totalling EUR 31.7 million, out of which 11.0 million is due within the next three years. Since the operation has changed foreign-born losses are not reported here, since their utilization is unlikely. The group has not recognized deferred tax assets based on its deductible losses as their utilization is uncertain.

16. Inventories

	2015	2014
Materials and supplies	247	65
Finished products	7	1
Inventories - discontinued operations	0	28
Total	**254**	**95**

An impairment in inventories was not recognized as an expense in 2015 (2014: EUR 939,000 by which Savcor Face Beijing inventories were fully written off in continued operations).

17. Trade and other non-interest-bearing receivables

	2015	2014
Trade receivables	142	257
Receivables from percentage-of-completion contracts	31	208
Prepayments and accrued income	51	661
Other receivables	574	887
Total continuing operations	**799**	**2 013**
Trade receivables	0	705
Other receivables	0	0
Total discontinued operations	**0**	**705**

Age distribution of trade receivables and recognized impairment losses	2015	2014
Undue	5	253
Due 0–30 days	16	113
Due 30–60 days	3	254
Due 61–90 days	3	77
Due over 90 days	116	266
Total	**142**	**962**

In 2015, other receivables include EUR 0.5 million related to China. The use of these assets is restricted, because they consist of a guarantee given to the landlord and the bank account pledged as security for liabilities.

18. Cash and cash equivalents

	2015	2014
Cash on hand and deposits - continuing operations	31	161
Total	**31**	**161**

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 Dec 2010	**314 394**	**3 425**	**4 695**	**213**	**35 104**
Share issue	27 767	0	0	0	3 332
31 Dec 2011	**342 161**	**3 425**	**4 695**	**213**	**38 436**
Share options of convertible bond	0	0	0	0	347
31 Dec 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 Dec 2013	**346 161**	**3 425**	**4 695**	**213**	**39 661**
Share issue	508 151	0	0	0	4 912
Directed share issue	8 160	0	0	0	204
Decrease from share issue	0	0	0	0	-194
Value of the options of convertible bond acknowledge	0	0	0	0	-30
31 Dec 2014	**862 472**	**3 425**	**4 695**	**213**	**44 552**
The share capital reduction to cover losses	0	-3 345	-4 695	-213	-44 032
Transfer to retained earnings	0	0	0	0	-520
31 Dec 2015	**862 472**	**80**	**0**	**0**	**0**

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. General meeting of Valoe Oyj decided on 28th of May 2015 to reduce the entire premium fund to cover accumulated losses.

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. General meeting of Valoe Oyj decided on 28th of May 2015 to reduce the entire reserve fund to cover accumulated losses.

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. During the year the general meeting of Valoe Oyj decided on 28th of May 2015 to reduce the entire distributable non-restricted equity fund to cover accumulated losses. Furthermore, the presenting of the equity component of the convertible bond was clarified. It will be presented in the retained earnings, not in distributable non-restricted equity fund. This way the distributable non-restricted equity fund reset also in the corporation level.

20. Share-based payments and convertible bonds

During the financial year, the Group had in place options related to bond I/2012 (nominal value and book value on 31.12.2015 EUR 0,4 million, as SCI Invest Oy converted the whole EUR 0,7 million of loan shares with accrued interest to Valoe's Convertible Bond I/2015) and options related to bond I/2013 (nominal value and book value on 31.12.2015 EUR 0 million, as Etera Mutual Pension Insurance Company and Oyj Ingman Finance Ab converted all the loan shares in Valoe's Convertible Bond I/2013 together with accrued interest of the loan to Valoe's Convertible Bond I/2015).

The options related to bond I/2013 ended on 2 June 2015. Etera Mutual Pension Insurance Company and Oyj Ingman Finance Ab converted all the loan shares in Valoe's Convertible Bond I/2013 together with accrued interest on the loan to Valoe's Convertible Bond I/2015.

The Board of Directors of Valoe Corporation resolved the terms and conditions of an stock option scheme during the financial year. The maximum total number of stock options issued is 130,000,000 and they entitle their owners to subscribe for a maximum total of 130,000,000 new shares in the Company. The Board of Directors shall annually decide upon the distribution of the stock options to the key employees of the Group. Of the stock options, 50,000,000 are marked with the symbol 2015A, 40,000,000 are marked with the symbol 2015B and 40,000,000 are marked with the symbol 2015C.

In order to strengthen Valoe's capital structure the company decided to issue Convertible Bond of EUR 5,000,000 at the most. The maximum amount of the Convertible Bond was increased to EUR 7,000,000 as it was over subscribed. The Convertible Bond was fully subcribed and the Board of Directors of Valoe approved all subsciptions on 9 October 2015. One loan share of EUR 0.01 pursuant to the Promissory Note entitles the Promissory Note Holder to subscribe for one new share. Based on the subscriptions made pursuant to the loan shares Valoe shall issue a maximum amount of 770,000,000 new Valoe shares. The loan period and the conversion period expire on 1 August 2018.

Outstanding options		**2015**		**2014**	
	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 financial year	VVK I/2010		0	0,16*	8 931
	VVK I/2012		0	0,07	21 429
	VVK I/2013	0,07	30 000	0,07	30 000
New share options granted			-		-
Expired options	VVK I/2010			0,16*	8 931
Expired options	VVK I/2012			0,07	21 429
Expired options	VVK I/2013	0,07	30 000	0,07	0
At the end of the financial year	VVK I/2013		0	0,07	30 000
Exercisable share options at the end of the financial year	VVK I/2013		0	0,07	30 000

No options were exercised during 2015 or 2014.

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

	Exercice price	**Vesting period (years)**	**Number of shares**
2015	-	-	0
2014	0,07	0,4	30 000

21. Provisions

	2015	2014
Provisions at the beginning of the financial year	145	150
Additions to provisions	15	101
Provisions exercised	-39	-14
Reversals of provisions	-63	-92
Provisions at the end of the financial year	**59**	**145**
Long-term provisions	0	0
Current provisions	59	145
Total	**59**	**145**

In the end of the period, 31.12.2015 and 31.12.2014, all the provisions are related to the discontinued operations.

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 2015, warranty provisions totalled EUR 59,000 (31 Dec 2014: EUR 110,000). 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	**2015**	**2014**
R&D loan	1 886	1 563
Convertible bond 1/2015	5 336	0
Other liabilities	0	8
Total	**7 222**	**1 571**
Current financial liabilities at amortized cost		
Loans from financial institutions	1 398	2 269
Convertible bond 1/2012	364	1 159
Convertible bond 1/2013	0	2 015
Other liabilities	1 370	1 915
Total	**3 131**	**7 357**

The non-current financial liabilities include a EUR 7.7 million convertible subordinated loan. The liability component (book value 31.12.2015: 5.3 million) is recognized at amortized cost and the equity share (2.6 million) is recognized under equity. The equity share is measured at fair value on the issue date of the convertible bond. The key assumptions in the calculation were: Share price EUR 0.015; option's subscription price in conversion EUR 0.01; safe interest: 3 years Swap rate, per 30.6.2015 (0,32 %) and subscription period and due date for based on the main terms of the convertible bond.

The current financial liabilities include a EUR 0.4 million convertible subordinated loan. Originally the amount of the convertible bond was EUR 1.5 million, but in the share issue which ended 24.1.2014 Savcor Group Oy and SCI Invest Oy suscribed EUR 0.4 milloin of shares. Further, EUR 0.7 million was converted to new non-current an enquity Convertible Bond in 2015. The liability component (book value 31.12.2014: 0.4 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 Finnish Funding Agency for Technology and Innovation - Tekes gives Valoe (former 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 2016, as the duration of the project was extended. The loan period is ten years. The nominal value of the withdrawn amount till December 31, 2015 is EUR 2.7 million. The interest of the loan is 1 %. In accordance with IAS 39 the grant component has been deducted and the amortized 8% interest expense added to the loan amount in consolidated accounts.

Maturity analysis of interest-bearing liabilities

31 Dec 2015	**2016**	**2017**	**2018**	**2019**	**2020 and later**
R&D loan	52	27	621	615	1 512
Other liabilities	2 551	1 149	0	0	0
Total interest-bearing liabilities	**2 602**	**1 176**	**621**	**615**	**1 512**

31 Dec 2014	**2015**	**2016**	**2017**	**2018**	**2019 and later**
R&D loan	44	23	23	617	1 741
Other liabilities	8 736	8	0	0	0
Total interest-bearing liabilities	**8 780**	**31**	**23**	**617**	**1 741**

23. Trade payables and other short-term non-interest-bearing liabilities

	2015	**2014**
Trade payables	2 747	2 924
Accruals and deferred income	1 548	1 501
Advances received for long-term contracts	0	64
Tax liabilities	0	3
Other liabilities	2 736	2 201
Total for continued operations	**7 030**	**6 693**
Trade payables	329	1 541
Accruals and deferred income	80	50
Other liabilities	54	91
Total for discontinued operations	**463**	**1 683**

EUR 3.0 million out of trade payables of EUR 3.1 million above (including both continuing and discontinued operations) was overdue at the year end 2015. EUR 2.9 million out of other short-term liabilities, accruals and deferred income as well as tax liabilities (total EUR 4.4 million above) was overdue at the year end 2015. Significant items in accrued liabilities consist of personnel expenses, accrrued intrest and other accrued expenses.

24. Fair values of financial assets and liabilities

The carrying amount of the financial assets equals with the fair value of the financial assets in 2015 and 2014.The financial assets available-for-sale are investments that belong to categorie 3.

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

The carrying amount of financial liabilities equals with the fair value of the financial liabilities in 2015 and 2014.

The fair value of non-current liabilities is expected to correspond to the carrying amount as the loans were recognized to their fair value when recorded. There has been no significant change in genereal interest level since withdrawals.

At the year end, other short-term loans included a loan to Savcor Group Limited/The Savcor Creditor's Trust, totalling EUR 0.5 million and the export credit limit to Danske Bank, EUR 0.4 million, which were overdue.

The hierarchy level for fair values is 2.

Average interest rates on interest-bearing liabilities	2015	2014
Loans from financial institutions	6,34 %	5,24 %

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

25. Non-cash transactions

	2015	2014
Depreciation	696	1 619
Impairment	0	6 225
Exchange rate differences	-311	-256
Fixed asset transfer to client project	0	129
Other items	-2	-41
Total	**383**	**7 676**

Non-cash transactions include both continued and discontinued operations.

26. Leases

	2015	2014
Group as lessee		
Minimum lease payments payable on the basis of other non-terminable leases:		
Continuing operations		
Within one year	61	58
Discontinued operations		
Within one year	0	0
Within 2–5 years	0	0
Over five years	0	0

27. Other contingent liabilities

	2015	2014
Assets pledged for the company		
Loans from financial institutions	950	948
Promissory notes secured by pledge	12 691	12 691
Export credit limit	448	1 307
Trade receivables	0	91
Collaterals given from other short-term loans		
Deposits	509	477

28. Related party transactions

Valoe complies with the Finnish Companies Act and International Financial Reporting Standards (IAS 24) obligations for monitoring of related party transactions. The Group's related parties include parent company Valoe Oyj and Group subsidiaries. Key members of the Board of Directors and Management Team, also CEO and the persons, who have a significant influence over the Group, are included with their families to the related parties. Also those communities which are controlled or influenced by, or is under common control or influence over the persons, who are included to the related parties, are included to the related parties. The Group's related parties also include those companies that have a significant control over the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Company	Business area	Domicile	Group's holding
Parent company Valoe Oyj	Development, manufacture and sales of clean energy solutions	Mikkeli, Suomi	100,0 %
PMJ Testline Oy	Sale of industrial machinery	Lohja, Suomi	100,0 %
Cencorp AB	Sale of automation and production machinery	Sollentuna, Ruotsi	100,0 %
Savcor Pacific Ltd	Holding and merchanting	Hong Kong	100,0 %
Savcor Face (Beijing) Technologies Co., Ltd.	Sale of electronic components	Peking, Kiina	100,0 %
LSCorp Clean Energy PLC	Development, manufacture and sales of clean energy solutions	Addis Ababa, Etiopia	93,75 %
Valo Clean Energy USA Inc	Development, manufacture and sales of clean energy solutions	Canton MI, USA	100,0 %

The Group has sold and purchased goods and services from companies in which the majority holding and/or power of decision granting control of the company is held by members of the Group's related parties. Sales of goods and services carried out with related parties are based on market prices. Valoe Corporation has also sold and purchased goods and services from its associated company, Cencorp Automation Oy. Sales of goods and services carried out with the associated company are based on the costs, according to the agreement. Cencorp Automation Oy is not regarded as a related party in 2015.

The Group entered into the following transactions with related parties:

Continuing operations	2015	2014
Sales of goods and services		
Savcor companies - financial management and production services	92	67
Cencorp Automation Oy - financial management services	0	19
Savcor Face Ltd - solar modules / production services	36	20
Others	0	0
Total	**128**	**106**
Purchases of goods and services		
Savcor companies - financial management, legal and IT services	227	196
Savcor Face Ltd - marketing services	51	36
SCI-Finance Oy - marketing and administration services	98	14
Others - legal service	30	0
Total	**405**	**246**
Interest income		
Savcor companies	1	3
Interest expenses and other financial expenses		
Savcor companies	162	213
SCI Invest Oy	57	60
Others	58	0
Total	**277**	**273**

The interest paid to related parties has been between 7 – 15 % depending on the nature of the liability.

Discontinued operations	2015	2014
Sales of goods and services		
Cencorp Automation Oy - financial management services	0	87

Purchases of goods and services		
Savcor companies - financial management, legal and IT services	7	194
Savcor Face Ltd - marketing and administration services	0	46
Cencorp Automation Oy - production services	0	395
SCI-Finance Oy - administration services	9	30
Others - legal services	1	0
Total	**18**	**665**
Other non-current liabilities to related parties	1 882	0
Interest payable to related parties	156	416
Other current liabilities to related parties	705	1 769
Current convertible subordinated loan from related parties	364	1 159
Trade payables and other non-interest-bearing liabilities to related parties	197	1 363
Trade receivables from related parties	25	369
Other receivables from related parties	0	2

From the beginnin of 2015 Savcor Group Limited in Australia is no longer part of Savcor Group, and liabilities to the company are not included in related party transactions.

Savcor companies are under influence of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.

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

Savcor Face Ltd is a company under control of Iikka Savisalo, Valoe's CEO and Hannu Savisalo, Valoe's Chairman of the Board.

SCI-Finance Oy is a company under control of Hannu Savisalo, Valoe's Chairman of the Board.

Employment benefits of the management	**2015**	**2014**
Wages and other short-term employment benefits	764	805
Wages and remuneration		
Salaries of the CEO and his deputies	231	181
Board members and deputies		
Rautiainen Ismo	0	0
Karttunen Marjukka	17	40
Kiuru Sauli	13	20
Parpola Ville	23	0
Savisalo Hannu	40	40
Savisalo Iikka	0	0
Total	**92**	**100**

The presentation of the salaries of the management and Board has been changed from receipts basis to accrual basis, also for the comparison year 2014.

The CEO has a six-month term of notice. The CEO's pension is determined in accordance with the Employees Pensions Act.

No share options were granted to the company’s management during the financial year 1 January 2015–31 December 2015. On 31 December 2015, the company did not have valid share options.

29. Financial risk management

Financial risks

Valoe'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.

Valoe's objective is to achieve a strong market position as a provider of, in various geographical areas, locally produced high-quality photovoltaic modules. Achievement of the objectives involves risks. Even though Valoe'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. Valoe'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 financing.

Liquidity risks

The financial statements have been prepared under the going concern assumption The financing situation of Valoe has improved remarkably due to the successful Convertible Bond I/2015. However, the financing situation continues to be tight but according to the company's management the EUR 15.8 million order received in February 2016, out of which EUR 9.5 million will be paid in cash, turns the company's financing situation clearly more stable. However, this is subject to the company being able to arrange financing for building period and advance payment guarantee that are typical of export business and to deliver the order as agreed.

Since the end of the financial year the company's financing situation has declined. Valoe has to arrange an advance payment guarantee that is typical of export business and financing of ca. EUR 2.0 – 4.0 million for building period for the Ethiopian order from its suppliers and financers.

By the disclosure of the Annual Report Valoe has received loan commitments of ca. EUR 1.3 million for building period financing for the EUR 15.8 million order from Ethiopia from the company's shareholders and promissory note holders. Valoe views that this financing will enable the company to continue with the delivery with maximum effort and provides time to arrange additional funding and guarantees. Negotiations for additional funding and advance payment guarantee are ongoing but not yet finished.

Valoe Corporation has agreed with Savcor Group Oy on extending the loan period of the convertible bond of ca. EUR 0.36 million until 31 March 2017 and with Savcor Invest B.V. on extending the loan period of the loan of ca. EUR 0.32 million until 31 March 2017.

Valoe negotiates with Danske Bank for an extension of the overdraft facility of EUR 0.95 million available to the company until 31 March 2017. Further Valoe negotiates with Danske Bank for extending the repayment schedule of the export credit limit of EUR 0.45 million that was due on 31 March 2016. The company discloses a separate release on the result of the negotiations when the negotiations have been finished.

Savcor Communications Pty. Ltd has notified Valoe on 5 May 2016 that it has agreed with EMEFCY Group Ltd (former Savcor Group Ltd.), an Australian company, on a transfer of receivables. A loan of ca. EUR 0.8 million with interests granted by EMEFCY Group (former Savcor Group Ltd) to Valoe has been transferred to Savcor Communications on 5 April 2016. The loan between Valoe and Savcor Communications shall fall due on 31 December 2016 unless the parties agree otherwise. The interest rate of the loan is 10.75%. There is no guarantee provided for the loan. Valoe has started negotiations with Savcor Communications Pty Ltd for new loan terms. Valoe's object is to agree with Savcor Communications Pty Ltd on converting the loan to a subordinated loan.

For the moment Valoe negotiates with debtors connected to the Beijing factory and with the related company of the Savisalo family. Should the negotiations have positive outcome Valoe would be released of all or at least major part of the liabilities related to the operations of the Beijing factory, which would improve Valoe Group's result and balance sheet. Valoe Group's financial statements would mainly comprise Valoe Corporation's (the mother company) financial statements.

The company trusts the cash flow from its business operations turns positive at the end of 2016. However, this is subject to the company being able to secure the above mentioned timely project financing of EUR 2 – 4 million. Additionally the company has to be able to agree with Danske Bank on extending the financing limits.

The module manufacturing plant order from Ethiopia involves business, financial and country risks that are typical of international equipment sales.

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.

At year end 2015 Valoe Corporation has unpaid interests in the amount of EUR 0.1 million relating to a bond issued in 2012. The interest can only be repaid annually to the extent that the amount of Valoe 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% interest is calculated on the bonds issued in 2012 and 2015. Regarding the bond issued in 2015 the interst shall be added in the loan capital annually once a year on 30 July and paid in shares at the end of the loan period so that an interest amount of EUR 0.01 shall be converted to one new share of the company. An interest shall not be paid to capitalized interest. The company has no non-restricted equity at the end of the financial year.

The sufficiency of the shareholders' equity of Valoe Group's parent company may involve risks if the company's financial situation does not develop as estimated by the company's management..

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.

Valoe has very minor foreign investments in its subsidiaries after the write off of Beijing factory's assets, and therefor the risks arising from the translation of its investments denominated in foreign currencies in its foreign subsidiaries into Valoe Group's parent company's functional currency, the euro, is minor. The company has not hedged its foreign exchange position or net debts in foreign subsidiaries.

Interest rate risk

The Group's revenue and operational cash flows are mostly independent of interest rate fluctuations. During 2015, 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 89.6% of the company's interest-bearing liabilities.

Credit risk

The company's business involves the normal cross-border trade-related credit risks to which the company aims to manage with advance payments and by monitoring the customers payment behavior and the credit information.

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	2015	2014
Impact of fluctuation in short-term interest rate +/-2%	+/-18	+/-26

The Group has credit limits in the amount of EUR 1.4 million, consisting of the following:

Check account limit	EUR 0,95 million	EUR 0,95 million
Export credit limit	EUR 0,45 million	EUR 1,5 million
Bank guarantee limit	EUR 0 million	EUR 0,75 million

Valoe negotiates with Danske Bank for extending the repayment schedule of the export credit limit of EUR 0.45 million that was due on 31 March 2016.

Exposure to currency risks

In 2015, the Group's rather small currency risks consisted of CNY and USD denominated financial assets and liabilities. The following sensitivity analysis is based on existing financial assets and liabilities denominated in foreign currencies on 31 December 2015.

Financial assets denominated in foreign currency	2015	2014
USD	25	226
CNY	0	46
Financial liabilities denominated in foreign currency		
USD	179	256
CNY	1 032	967
Net	**-1 186**	**-951**

Impact on result	2015	2014
EUR/USD +/-10%	+/-14	+/-5
EUR/CNY +/-10%	+/-103	+/-69

Materials management risks

The most significant risks related to material prices and availability are those related to the copper and silicon 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

10. February 2016: VALOE RECEIVED A CA. EUR 15.8 MILLION ORDER FOR A SOLAR MODULE MANUFACTURING PLANT FROM ETHIOPIA

On 29 June 2015 Valoe Corporation announced that it had concluded the business negotiations for the first manufacturing partnership agreement with a foreign customer, but that the sale of a module manufacturing plant was subject to local project financing that has now been secured. The main financer of the project is The Development Bank of Ethiopia.

The order for a solar module manufacturing plant relating to a manufacturing partnership agreement totals to ca. EUR 15.8 million. The plant will be delivered to Ethiopia during the year 2016. About EUR 9.5 million of the sales price will be paid in cash to Valoe and the rest of the sales price in shares of the customer company resulting in Valoe having a 30 percent shareholding in its Ethiopian manufacturing partner. The customer will secure the payment of the delivery with an irrevocable letter of credit from a solvent European bank.

Valoe has to arrange advance payment guarantee that is typical of export business and financing of ca. EUR 2.0 – 4.0 million for building period from its suppliers and financers.

The order from Ethiopia is the first order consistent with Valoe's long-term strategy. During the negotiations Valoe has become more convinced that the strategic decisions it has made were right. Valoe has new and advanced technology. With the material Valoe has provided the company has convinced its customers and their financers of Valoe's advanced technology as well as technical and commercial competence to support Valoe's manufacturing partners also in the future.

The module manufacturing plant order involves business, financial and country risks that are typical of international equipment sales.

15 March 2016: VALOE POSTPONES THE RELEASE OF ITS ANNUAL REPORT FOR 2015

Valoe Corporation publishes its annual report for 2015 including the Financial Statements, the Report of the Board of Directors and the Corporate Governance Statement on 30 April 2016 at the latest. The company has previously announced that it publishes the Annual Report on 16 March 2016. The release has been postponed because the company's financial statements have not yet been finalized.

31 March 2016: VALOE CORPORATION HAS AGREED ON THE FINANCING FACILITIES WITH THE SAVCOR COMPANIES. NEGOTIATIONS WITH DANSKE BANK CONTINUE

Valoe Corporation has agreed with Savcor Group Oy on extending the loan period of the convertible bond of ca. EUR 0.36 million until 31 March 2017 and with Savcor Invest B.V. on extending the loan period of the loan of ca. EUR 0.32 million until 31 March 2017.

Valoe negotiates with Danske Bank for an extension of the overdraft facility of EUR 0.95 million available to the company until 31 March 2017. Further Valoe negotiates with Danske Bank for extending the repayment schedule of the export credit limit of EUR 0.45 million that is due on 31 March 2016. The company discloses a separate release on the result of the negotiations when the negotiations have been finished.

5 April 2016: VALOE HAS RECEIVED AN ANNOUCEMENT OF A TRANSFER OF RECEIVABLES FROM SAVCOR COMMUNICATIONS

Savcor Communications Pty. Ltd has notified Valoe that it has agreed with EMEFCY Group Ltd (former Savcor Group Ltd.), an Australian company, on a transfer of receivables. A loan of ca. EUR 0.8 million with interests granted by EMEFCY Group (former Savcor Group Ltd) to Valoe has been transferred to Savcor Communications on 5 April 2016.

The loan between Valoe and Savcor Communications shall fall due on 31 December 2016 unless the parties agree otherwise. The interest rate of the loan is 10.75%. There is no guarantee provided for the loan.

18 April 2016: VALOE HAS RECEIVED A NOTIFICATION OF AN AWARD OF THE ARBITRAL TRIBUNAL IN THE CASE CONCERNING THE SHARES IN CENCORP AUTOMATION

In its award of today the arbitral tribunal has confirmed that the 30 percent ownership in Cencorp Automation Oy has been transferred from Valoe to FTTK Company Limited on 21 January 2015.

19. April 2016: VALOE POSTPONES ITS ANNUAL GENERAL MEETING TO BE HELD LATER ON

Deviating from the previously announced, Valoe's Board of Directors has today resolved to postpone the annual general meeting to be held later on. As previously announced an annual general meeting was supposed to be held on 11 May 2016. The reason for postponing the meeting is that the company's financial statement for the financial year 2015 is not yet available. Valoe discloses its annual report for 2015 including the financial statement, directors' report and corporate governance statement latest on 30 April 2016.

PARENT COMPANY´S INCOME STATEMENT

EUR	Note	1 Jan – 31 Dec 2015		1 Jan – 31 Dec 2014	
Net sales	1-3	811 860,00	100 %	5 489 099,47	100 %
Cost of sales		-2 684 413,52	-331 %	-6 402 495,61	-117 %
Gross profit		**-1 872 553,52**	**-231 %**	**-913 396,14**	**-17 %**
Sales and marketing costs		-675 931,89		-1 348 324,32	
Administrative expenses		-1 038 252,68		-1 417 954,06	
Other operating income	4	149 535,79		2 145 303,31	
Other operating expenses	10	-24 685,26		-942 580,20	
Operating loss		**-3 461 877,56**	**-426 %**	**-2 476 951,41**	**-45 %**
Financial income	12	1 515,76		267 535,82	
Financial expenses	12	-937 098,18		-10 895 399,46	
Profit/loss before extraordinary items		**-4 397 469,98**	**-542 %**	**-13 104 815,05**	**-239 %**
Profit/loss before appropriations and taxes		**-4 397 469,98**		**-13 104 815,05**	
Appropriations	13	0,00		22 542,76	
Income taxes	14	0,00		0,00	
Profit/loss for the financial year		**-4 397 469,98**	**-542 %**	**-13 082 272,29**	**-238 %**

PARENT COMPANY´S BALANCE SHEET

EUR	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	15	9 904 994,72	10 780 974,91
Tangible assets	16	13 363,91	43 561,33
Investments	17	132 981,99	132 981,11
		10 051 340,62	**10 957 517,35**
Current assets			
Inventories	18	254 032,88	94 903,69
Short-term receivables	19	215 953,39	2 025 029,36
Cash and cash equivalents		1 737,52	6 267,75
		471 723,79	**2 126 200,80**
TOTAL ASSETS		**10 523 064,41**	**13 083 718,15**
LIABILITIES			
Shareholders' equity			
Share capital	20	80 000,00	3 425 059,10
Premium fund	20	0,00	4 695 570,81
Reserve fund	20	0,00	211 384,16
Distributable non-restricted equity fund	20	0,00	44 031 988,69
Profit/loss carried forward	20	-2 100 331,52	-41 302 061,99
Profit/loss for the financial year	20	-4 397 469,98	-13 082 272,29
		-6 417 801,50	**-2 020 331,52**
Accumulated appropriations			
Depreciation difference		0,00	0,00
Obligatory provisions			
Other obligatory provisions	21	58 690,50	144 502,30
Liabilities			
Non-current liabilities	22	10 373 000,00	2 309 453,79
Current liabilities	23	6 509 175,41	12 650 093,58
		16 882 175,41	**14 959 547,37**
TOTAL LIABILITIES		**10 523 064,41**	**13 083 718,15**

PARENT COMPANY´S CASH FLOW STATMENT (FAS)

EUR 1 000		1-12/2015	1-12/2014
Cash flow from operating activities			
Income statement profit/loss before extraordinary items		-4 397	-13 082
Non-monetary items adjusted on income statement			
Depreciation and impairment	+	1 364	813
Gains/losses on disposals of non-current assets	+/-	0	-22
Unrealized exchange rate gains (-) and losses (+)	+/-	3	15
Other non-cash transactions	+/-	0	0
Financial income and expenses	+	932	10604
Other adjustments	+/-	0	-1269
Total cash flow before change in working capital		-2 098	-2 941
Change in working capital			
Increase (-) / decrease (+) in inventories		-159	179
Change in reserves		-86	-5
Increase (-) / decrease (+) in short-term trade and other receivables		1 066	1 340
Increase (+) / decrease (-) in short term trade and other payables		-1 434	-1 163
Change in working capital		-612	350
Cash flow from business operations before financial items and taxes		-2 710	-2 591
Adjustment of financial items and taxes to cash-based accounting			
Interest paid and payments for other financial expenses	-	-364	-596
Interest received	+	1	966
Taxes paid	-	0	0
Financial items and taxes		-362	370
NET CASH FLOW FROM BUSINESS OPERATIONS		**-3 072**	**-2 222**
Cash flow from investments			
Investments in tangible and intangible assets	-	-493	-8 290
Proceeds on disposal of tangible and intangible assets	+	34	29
Granted loans	-	-272	-311
Repayment of loan receivables	+	375	4 947
Acquisition of subsidiaries and other business units	-	0	-120
Disposal of subsidiaries and other business units	+	640	3 060
NET CASH FLOW FROM INVESTMENTS		**284**	**-685**
Cash flow from financing			
Proceeds on share issue	+	0	2 595
Increase in non-current loans	+	3 530	462
Repayment of non-current loans	-	-8	-7
Increase in current loans	+	267	3 737
Repayment of current loans	-	-1 004	-3 878
NET CASH FLOW FROM FINANCING ACTIVITIES		**2 784**	**2 909**
INCREASE (+) OR DECREASE (-) IN CASH FLOW		**-5**	**2**
Cash and cash equivalents at the beginning of the financial year		6	4
Cash and cash equivalents at the end of the financial year		2	6
		-5	**2**

Accounting, measurement and accrual principles

Valoe Oyj'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.

Comparability

In September 2014 Valoe Corporation sold the electronics automation business. Clean energy business was still at a start-up phase during the year 2015 not providing significant revenues. So the financial years 2015 and 2014 are not fully comparable.

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 booked by function.

The planned depreciation periods are:

Intangible rights	5-10 years
Development costs	3-10 years
Goodwill	5 years
Other expenses with long-term effects	5-10 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 was 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 10 years.

The development cost of Conductive Back Sheet production for solar modules which was transferred from Beijing to the Mikkeli factory is depreciated over 10 years which is in line with the expected useful life.

Development costs in the balance sheet include EUR 1.7 million capitalized costs where the depreciations are estimated to start during the financial year 2016. The depreciation of development costs currently capitalized in the balance sheet is expected to end during the financial year 2024.

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 December 2015 the Swedish Bolagsverket registered the start of the closing process of the subsidiary Cencorp AB in Sweden.

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.

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

	2015	2014
Europe	731	3 842
Americas	42	1 010
Asia and Australia	39	638
Total	**812**	**5 489**

2. Distribution of net sales by business segment

	2015	2014
Laser and Automation Solutions (LAS)	113	3 656
Life Cycle Management of Laser and Automation Solutions (LCM)	0	1 473
Clean Energy (CCE)	699	360
Total	**812**	**5 489**

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

	2015	2014
Proportion of net sales recognized under the percentage-of-completion method of the financial year's total net sales	3,9 %	39,2 %
Revenue recognised on percentage of comletion basis during the financial year	31	1 281
Revenue recognised on percentage of comletion basis during previous financial years	0	870
Amount not recognized as revenue based on the stage of completion	34	199

4. Other operating income

	2015	2014
Subsidies received from the EU	0	30
Subsidies received from others	30	23
Business sales	0	2 006
Insurance accrual	36	0
Capital gains on disposal of fixed assets	1	23
Other income	83	63
Total	**150**	**2 145**

5. Materials and services

	2015	2014
Materials and supplies		
Purchases during the financial year	612	2 616
Change in inventories	-187	669
	425	**3 285**
Third-party services	220	832
Total	**645**	**4 117**

6. Number of personnel

	2015	2014
During the financial period on average		
Procurement and production	7	17
Product development	5	12
Sales and Marketing	3	6
Administration	5	6
Total	**20**	**42**

At the end of the year	2015	2014
Procurement and production	8	6
Product development	4	6
Sales and Marketing	3	3
Administration	4	5
Total	**19**	**20**

7. Personnel expenses

	2015	2014
Wages and remuneration	1 249	2 556
Retirement expenses	207	393
Other indirect employee expenses	16	117
Wages capitalized in the balance sheet	-185	-330
Indirect expenses capitalized in the balance sheet	-90	-165
Total	**1 197**	**2 572**

8. Management's salaries and remuneration

	2015	2014
CEO and his deputy	231	181
Board members	92	100
Total	**323**	**281**

The presentation of the salaries of the management and Board has been changed from receipts basis to accrual basis, also for the comparison year 2014.

9. Depreciation and impairment

	2015	2014
Depreciation on cost of sales	0	44
Depreciation on development costs	1 260	558
Depreciation on sales and marketing	0	3
Depreciation on administration	104	208
Total	**1 364**	**813**

10. Operating expenses

	2015	2014
Other operating expenses	11	4
Expenses paid behalf of Savcor Face Beijing	14	145
Expenses paid behalf of Cencorp AB	0	32
Bad debt	0	112
Guarantee on lease liability given on behalf of subsidiary	0	650
Total	**25**	**943**

11. Auditors' fees

	2015	2014
KPMG Oy		
Auditors’ fees	29	0
Taxation advice	2	0
Total	**32**	**0**
Ernst & Young Oy		
Auditors’ fees	56	136
Other services	1	14
Total	**57**	**150**

The Ernst & Young’s fees during 2015 were related to the audit of 2014.

12. Financial income and expenses

	2015	2014
Income from participations in group undertakings	0	4
Other interest and financial income		
Group undertakings	0	186
Others	2	77
Total	**2**	**263**
Total financial income	**2**	**268**
Impairment of investments in non-current assets	0	7 871
Impairment of marketable securities in current assets	0	1 755
Interest expenses and other financial expenses		
Group undertakings	0	212
Others	937	1 055
Total	**937**	**1 268**
Total financial expenses	**937**	**10 895**
Total financial income and expenses	**-936**	**-10 628**

13. Appropriations

	2015	2014
Increase/decrease in depreciation in excess of plan	0	23

14. Income taxes

Total income taxes	0	0

Notes to the balance sheet

15. Intangible assets

EUR 1 000	Development costs	Intangible rights	Goodwill	Other long-term expenses	Total
Acquisition cost, 1 Jan 2015	10 761	241	891	108	12 002
Additions	460	21	0	0	481
Disposals	0	0	0	0	0
Transfers between items	0	0	0	0	0
Acquisition cost, 31 Dec 2015	**11 221**	**261**	**891**	**108**	**12 482**
Accumulated depreciation and impairment, 1 Jan 2015	-297	-107	-794	-23	-1 221
Accumulated depreciation of disposals and transfers	0	0	0	0	0
Depreciation for the period	-1 217	-21	-98	-22	-1 356
Impairment	0	0	0	0	0
Accumul. depr., 31 Dec. 2015	**-1 514**	**-128**	**-891**	**-44**	**-2 577**
Carrying amount, 1 Jan 2015	10 464	133	98	86	10 781
Carrying amount, 31 Dec 2015	**9 707**	**134**	**0**	**64**	**9 905**

Should the company fail in its business plan implementation, it could generate a need for a write-off in intangible assets.

16. Tangible assets

EUR 1 000	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan 2015	0	0	180	0	180
Additions	0	0	11	0	11
Disposals	0	0	-55	0	-55
Transfers between items	0	0	0	0	0
Acquisition cost, 31 Dec 2015	**0**	**0**	**136**	**0**	**136**
Accumulated depreciation and impairment, 1 Jan 2015	0	0	-136	0	-136
Accumulated depreciation of disposals and transfers	0	0	21	0	21
Depreciation for the period	0	0	-8	0	-8
Impairment	0	0	0	0	0
Accumul. depr., 31 Dec 2015	**0**	**0**	**-123**	**0**	**-123**
Carrying amount, 1 Jan 2015	0	0	44	0	44
Carrying amount, 31 Dec 2015	**0**	**0**	**13**	**0**	**13**

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 %	
LSCorp Clean Energy Private Limited Co.	Addis Ababa, Ethiopia	93,75 %	
Savcor Pacific Ltd	Hong Kong	100,0 %	
Savcor Face (Beijing) Technologies Co., Ltd.	Beijing, China		100,0 %
Valo Clean Energy USA Inc.	Canton MI, USA	100,0 %	

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

Investments in Group companies	**2 015**	**2 014**
PMJ Testline Oy, investment in Distributable non-restricted equity fund	1	1
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

	2015	**2014**
Materials and supplies	247	65
Work in progress	0	28
Finished products/goods	7	1
Total	**254**	**95**

19. Short-term receivables

From group undertakings	2015	2014
Other receivables	11	1
Total	**11**	**1**

Receivables from others		
Trade receivables	57	752
Loan receivables	0	103
Other receivables	65	301
Accrued income	83	869
Total	**205**	**2 024**
Total short-term receivables	**216**	**2 025**

Relevant items of accrued income	2015	2014
Instalment plan receivables	11	0
Accrual of indirect employee costs	0	3
Receivables from the business trade	0	640
Receivables from percentage-of-completion contracts	31	208
Accrual of business partnership	40	16
Total	**83**	**867**

20. Shareholders' equity

	2015	2014
Share capital on 1 Jan	3 425	3 425
Decrease in share capital to cover the losses	-3 345	
Share capital on 31 Dec	**80**	**3 425**
Premium fund on 1 Jan	4 696	4 696
Premium fund used to cover the losses	-4 696	
Premium fund on 31 Dec	**0**	**4 696**
Reserve fund on 1 Jan	211	211
Reserve fund used to cover the losses	-211	
Reserve fund on 31 Dec	**0**	**211**
Total restricted equity	**80**	**8 332**
Distributable non-restricted equity fund on 1 Jan	44 032	44 032
Distributable non-restricted equity fund used to cover the losses	-44 032	0
Distributable non-restricted equity fund on 31 Dec	**0**	**44 032**
Retained earnings on 1 Jan	-54 384	-41 302
Losses covered with Funds	52 284	
Profit/loss for the financial year	-4 397	-13 082
Retained earnings on 31 Dec	**-6 498**	**-54 384**
Total non-restricted equity	**-6 498**	**-10 352**
Total equity	**-6 418**	**-2 020**
Subordinated loans	8 064	3 210
Total equity and subordinated loans	**1 646**	**1 189**

Calculation of distributable non-restricted equity on 31 Dec 2015	**2015**	**2014**
Retained earnings on 31 Dec	- 6 497,80	- 54 384,33
Distributable non-restricted equity fund	-	44 031,99
Total	**- 6 497,80**	**- 10 352,35**

21. Obligatory provisions

	2015	**2014**
Provisions for charges	0	34
Warranty provisions	59	110
Total	**59**	**145**

22. Non-current liabilities

Liabilities maturing in one to five years	**2015**	**2014**
Subordinated loans	7 700	0
Loans from financial institutions	1 604	602
Total	**9 304**	**602**
Liabilities maturing in more than five years		
Loans from financial institutions	1 069	1 708
Total	**1 069**	**1 708**
Total non-current liabilities	**10 373**	**2 309**

23. Current liabilities

Liabilities to Group undertakings	**2015**	**2014**
Subordinated loans	0	364
Loans from Group undertakings	2	1 773
Trade payables	17	106
Accrued expenses	0	411
Total	**19**	**2 654**
Liabilities to others		
Subordinated loans	364	2 846
Loans from financial institutions	1 398	2 269
Trade payables	1 303	2 716
Other liabilities	1 603	293
Accrued expenses	1 823	1 872
Total	**6 490**	**9 996**
Total current liabilities	**6 509**	**12 650**

Material items of accrued expenses		
Subsidies received from the EU for product development projects	67	60
Accrued interest	661	822
Accrued personnel expenses	274	440
Guarantee on lease liability given on behalf of subsidiary	650	650
Provisions for commissions	44	48
Accrued remuneration to Board members	13	106
Liabilities from percentage of completion	0	64
Other accrued expenses	114	93
Total	**1 823**	**2 283**

24. Notes concerning collateral and contingent liabilities

Liabilities secured by mortgages	**2015**	**2014**
Loans from financial institutions	950	948
Business mortgages	12 691	12 691
Export credit limit used	448	1 307
Trade receivables as collateral	0	91
Business mortgages	12 691	12 691
Rent liabilities		
Maturing the following year	61	58
Maturing later	0	0
Other contingent liabilities		
Guarantee of advance payments	0	518

25. Related party transactions

No borrowings were made to persons within related party and no guarantees or other securities were given for their debts.

New convertible subordinated loans in total of EUR 2.52 million was subscribed by Iikka Savisalo (CEO of Valoe Oyj), Hannu Savisalo (Chairman of Valoe Oyj) and his wife Ulla Savisalo, and companies Savcor Technologies, SCI Invest Oy and Savcor Invest BV which are under control of Iikka Savisalo and Hannu Savisalo. Subscriptions were partly made by converting previous convertible subordinated loans and other loans.

26. Notes concerning an accountable entity belonging to the Group

Valoe Oyj is the parent company of Valoe Group.

The consolidated financial statements can be obtained from the following address:

Insinöörinkatu 8, FI-50150 Mikkeli

SIGNATURES OF FINANCIAL STATEMENTS AND DIRECTORS´ REPORT

Mikkeli, 29 April 2016

Hannu Savisalo
Chairman of the Board of Directors

Ville Parpola
Vice Chairman of the Board of Directors

Iikka Savisalo
Member of the Board of Directors

Auditors' note

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

Helsinki, 29 April 2016

KPMG Oy

Authorized Public Accountants

Petri Kettunen

Authorized Public Accountant

LIST OF ACCOUNTING BOOKS AND VOUCHER TYPES

Tasekirja		sidottuna
Tase-erittelyt		sidottuna
Päivä- ja pääkirja		atk-tallenteina
Tuloslaskelma		atk-tulosteina
Tase		atk-tulosteina
Reskontraerittelyt		atk-tulosteina
Ostoreskontran maksut	tositelaji 000 000	atk-tulosteina
Myyntilaskujen suoritukset	tositelaji 100 000	atk-tallenteina
Tilisiirrot	tositelaji 200 000	atk-tulosteina
Pankkitositteet	tositelaji 400 000	atk-tulosteina
Osatuloutustositteet	tositelaji 320 000	atk-tulosteina
Jaksotustositteet	tositelaji 330 000	atk-tulosteina
Palkkakirjanpito	tositelaji 500 000	atk-tulosteina
Käyttöomaisuuden poistotositteet	tositelaji 600 000	atk-tulosteina
Varastotapahtumat	tositelaji 700 000	atk-tallenteina
Tuntikirjaukset	tositelaji 750 000	atk-tallenteina
Muistiotositteet	tositelaji 800 000	atk-tulosteina
Myyntilaskut		paperitositteina
Ostolaskut		paperitositteina

KPMG Oy Ab
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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

AUDITOR'S REPORT

To the Annual General Meeting of Valoe Oyj

We were engaged to audit the accounting records, the financial statements, the report of the Board of Directors, and the administration of Valoe Oyj for the year ended 31 December, 2015. 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 or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements 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

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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.

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the consolidated financial statements and consolidated financial statements information included in the report of the Board of Directors" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

Opinion on the company's financial statements and the company´s financial statements information included in the report of the Board of Directors

In our opinion, the financial statements of Valoe Oyj (parent company) and the parent company´s financial statements information included in the report of the Board of Directors, give a true and fair view of 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 parent company information in the report of the Board of Directors is consistent with the information in the financial statements.

Basis for Disclaimer of Opinion on the consolidated financial statements and consolidated financial statements information included in the report of the Board of Directors

The section "Financial development" in the report of the Board of Directors describes both the situation and potential impacts of the Beijing subsidiary to the consolidated financial position of Valoe. No accounting records have been kept for the Beijing subsidiary for financial year 2015 for reasons described in the report by Board of Directors. As a result, we were not able to verify the correctness of receivables, bank account or debt of the Beijing subsidiary.

Disclaimer of Opinion

Due to the significance of the matter described in the Basis for Disclaimer of Opinion, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion. Accordingly, we do not express opinion on the consolidated financial statements or consolidated financial statements information included in the report of the Board of Directors.

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Auditor´s remark

The interim report 1.1.-30.6.2015 prepared by the board of directors includes a revenue of EUR 0.7 million recognized based on a claim raised by Valoe. Further, the section “Financial development” in the report of the Board of Directors describes the accounting treatment of both the claim and the related costs as basis for the claim during financial year 2015.

In our opinion, the recognized revenue of EUR 0.7 million based on a claim is not in accordance with IFRS. As described in the report of the Board of Directors, the tax cost of EUR 0.7 million was recognized in the Beijing subsidiary in the last quarter of 2015. Taking into consideration the above mentioned, the cost of EUR 0.7 million should have been included in the interim report 1.1.-30.6.2015.

We refer to the Securities Market Act, Chapter 7 section 8 subsection 2 and make a remark that interim report for the period 1.1.-30.6.2015 has not been prepared in accordance with the laws and regulations governing the preparation of the Interim report.

Emphasis of matter

We draw attention both to the report of the Board of Directors section “Risk management, Risks and Uncertainties” and to the Note 29 “Financial risk management”. As described in these paragraphs, the financial situation of the company is severe and the financing arrangements of the company are unfinished. As a result, there are significant risks in the adequacy of 12 months financing and in the ability of the company to continue its operations on a going concern basis.

The financial statements of the company are prepared based on a going concern assumption. If the conditions for going concern cannot be secured, the values of assets in the financial statements of the company may need to be changed.

Helsinki, 29 April 2016

KPMG OY AB

(signed)
Petri Kettunen

CORPORATE GOVERNANCE STATEMENT

Valoe 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.

Valoe'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. Valoe'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 April 2016.

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

- Recommendation 9 - The composition of Valoe's Board of Directors does not comply with the recommendation of having both genders represented at the Board of Directors. The 2015 annual general meeting did not elect any woman to the Board of Directors.
- Recommendation 14 – The composition of Valoe'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 2015, one of Valoe's three directors was independent of the company and significant shareholders. The non-compliance is justified by the fact that major part of Valoe's shares are owned by the Savcor Companies owned the Savisalo family. Therefore, the General Meeting of Valoe 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

Valoe's head office is located in Mikkeli. Responsibility for Valoe 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 Valoe 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 43 times in 2015. The attendance rate of the Board members was ca. 99.3 percent. The attendance rate of each Board member is mentioned below in the item Composition of the Board of Directors.

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 same procedure was followed in 2015.

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 2015 elected four members to the Board of Directors.

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 Savcor Holding Group
- 328,451,387 shares in Valoe Corporation on 31 December 2015 through Savcor Group
- Oy, and 39,374,994 shares in Valoe Corporation through Savcor Invest BV. and 5,194,481 options connected to bond I/2012 through Savcor Group Oy
- The attendance rate at the Board meetings in 2015 was 97.7 percent.

Iikka Savisalo

- member of the Board since 2009
- b. 1972, BBA (Accounting)
- CEO of Valoe Corporation
- 328,451,387 shares in Valoe Corporation on 31 December 2015 through Savcor Group Oy, 39,374,994 shares in Valoe Corporation through Savcor Invest BV., 6,870,645 shares in Valoe Corporation through SCI Invest Oy and 5,194,481 options connected to bond I/2012 through Savcor Group Oy.
- The attendance rate at the Board meetings in 2015 was 100 percent.

Ville Parpola

- member of the Board since 2015
- b. 1972, LL.M.
- Chairman of Board of Directors of Tonfisk Design Oy, Oy Marville Ab, Idem Finland Oy and Lumonator Oy
- Parpola is an entrepreneur and works as a lawyer in his own law firm. He has a long experience in Valoe Corporation. He has worked as Vice President, Legal Affairs, also in Valoe's predecessors in PMJ Automec Oy and Cencorp Corporation in 1999 – 2010.
- Parpola owns 2,498,759 shares in Valoe Corporation.
- The attendance rate at the Board meetings in 2015 was 100 percent.

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 2015, the composition of Valoe'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 Ville Parpola.
- 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 and other Savcor Companies.

The non-compliance is justified by the fact that major part of Valoe's shares are owned by the Savcor Companies owned the Savisalo family.. The General Meeting of Valoe 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 Valoe 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

- CEO of Valoe Corporation since 2012
- member of the Board since 2009
- b. 1972, BBA (Accounting)
- 328,451,387 shares in Valoe Corporation on 31 December 2015 through Savcor Group Oy, 39,374,994 shares in Valoe Corporation through Savcor Invest BV., 6,870,645 shares in Valoe Corporation through SCI Invest Oy and 5,194,481 options connected to bond I/2012 through Savcor Group Oy.

Sami Lindfors

- CCEO, Valoe 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 Valoe Clean Energy.
- 421,760 shares in Valoe 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.
- 1,184,200 shares in Valoe 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.
- 300,000 shares in Valoe Corporation

REMUNERATION

Yhtiökokous päättää hallituksen ja tilintarkastuksen palkkiot. Hallitus päättää ja hyväksyy toimitusjohtajan toimisuhteen ehdoista 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.

RENUMERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting held in spring 2015 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 Valoe 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, options and an annual bonus.

The salaries, fees and fringe benefits paid to President and CEO Iikka Savisalo in 2015 totaled EUR 230,516.80. In 2015, a total of EUR 490,150.32 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 2015.

BONUS SCHEMES FOR EMPLOYEES

Valoe 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 2016 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.

During the reporting period the Board of Directors of Valoe resolved the terms and conditions of a stock option scheme. The maximum total number of stock options issued is 130,000,000 and they entitle their owners to subscribe for a maximum total of 130,000,000 new shares in the company. The stock options will be issued for free. The Board of Directors shall annually decide upon the distribution of the stock options to the key employees of the Group. Of the stock options, 50,000,000 are marked with the symbol 2015A, 40,000,000 are marked with the symbol 2015B and 40,000,000 are marked with the symbol 2015C.

INSIDERS AND INSIDER ADMINISTRATION

Valoe 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

Valoe's business idea

Valoe Corporation specializes in the clean energy, especially in photovoltaic solutions. Valoe provides automated production technology for solar modules based on the company's own technology; production lines for modules; solar modules and special components for solar modules.

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 Valoe 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

Valoe'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, Valoe 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

Valoe 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 Valoe. Accounting and reporting for foreign subsidiaries are carried out using local, qualified accounting firms or other external experts.

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. Authorized Public Accountants Ernst & Young Oy, with Mikko Rytilahti, Authorized Public Account acted as the company's auditor until the Annual General Meeting held in 2015. The Annual General Meeting held in 2015 elected KMPG Oy Ab, with Petri Kettunen, Authorized Public Accountant, as the company's auditor. In 2015 the fees to the auditors totaled EUR 89,873.40.

VALOE OYJ

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DIRECTORS

Hannu Savisalo (Chairman)
Ville Parpola (Independent Board Member)
Iikka Savisalo (Board Member)

CEO

Iikka Savisalo

SECURITIES EXCHANGE LISTING

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Listing Identity VALOE

AUDITOR

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