

## **INTERIM REPORT**

For the period 1 January to 31 August  
for  
National Electric Vehicle Sweden Group  
and  
National Electric Vehicle Sweden AB

*Transcript from Swedish official version*

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## **INFORMATION FROM MANAGING DIRECTOR**

The beginning of 2015 was tough for Nevs, where much of the management and owners energy went into finding short-term financing for the ongoing operation of the business during the ongoing reorganization. The majority of the operating costs were covered by Nevs main owner, Kai Johan Jiang, through his company National Modern Energy Holdings, NME, and a small part from operating revenues from Nevs spare part production for Orio AB and from testing and laboratory services to multiple external customers.

Nevs ambition was all the time, since the spring of 2014 when the company stopped production and quickly reduced our costs, to fully compensate suppliers and other creditors, since the concrete discussions on joint ownership, investments and alliances had been ongoing for a long time.

The Board and management could at the beginning of 2015 conclude that it was very difficult to achieve favorable agreements with the counterparts as long as the company was under reorganization. The difficulty of explaining the conditions, combined with the actual uncertainty and the risk was too great for the Asian partners Nevs then had dialogue with. The Board then decided that the majority shareholder would contribute financial resources to make the company debt free, so that Nevs could be a part of the envisaged partnerships.

As the main owner's financial resources were strained after having been forced to be the sole financier of the company for a long time, Nevs Board in February 2015 had to decide to propose a composition with its creditors.

The company's Board and management worked in parallel during this period intensively to find a long term financial solution with new owners, industrial partners and financing in the form of bank loans.

With the outstanding support of the company's administrator, lawyer Lars Eric Gustafsson from Hamilton law firm, and the creditors' committee who has been involved throughout the period of reorganization, the company had a dialogue with the creditors' collective, which resulted in 98.2 per cent of the number of creditors, representing 98.6 percent of debt, accepted the proposed composition at the hearing in the Vänersborg District Court on 23 March 2015.

After Nevs had gone out of reorganization, the company could relatively quickly reap the benefits of long-term dialogues with several potential partners. An important industrial and strategic agreements was signed with Dongfeng Motor, DFM, which is a Chinese, state-owned vehicle manufacturers and one of the world's largest companies, ranked in place 109 on the Fortune Global 500. The collaboration covers both joint product development, purchasing and distribution.

On 28 May, Nevs signed an agreement with the Turkish Scientific and Technical Research Council, Tübitak, regarding a cooperation where Nevs will support Turkey in the development of a Turkish national car. The cooperation, launched in June 2015 will generate future industrial synergies in development and manufacturing. Nevs will also contribute its expertise in the development of the business plan and building supplier and distribution chains in Turkey.

An investment agreement on joint ownership of Nevs signed before the summer with the Chinese IT services company State Research Information Technology, SRIT, owned by the Chinese government via the State Council and the China Unicom, as well as with the city of Tianjin through its national development area THT. Tianjin has a long history of automotive industry. The establishment in Tianjin will provide Nevs a strong foothold in the growing electric vehicle market in the region and throughout China, as well as provide Nevs access to the existing supplier base in Tianjin. The new partners have so far invested 140 MUSD, equivalent to 1160 MSEK in Nevs through new share issues. In addition, the company will through the new partners get close contact with decision makers and policy makers on the important Chinese market.

In Tianjin, two JV companies have been formed. One for production and one for technological development. The production company is owned by Nevs to 50% of Teamsun, which is one of China's major IT companies, 40%, and of SRIT to 10%. In the company of technological development Nevs owns 90% and SRIT 10%. Teamsun and SRIT will bring, both to Nevs and to the joint venture companies in China, a business critical and important expertise in the increasingly important software content in vehicles, which implies a constant connection with adaptive and intuitive services. The construction of the production facility and the administrative office in Tianjin began in late summer 2015.

In early September, about a month before the set due date, Nevs could pay the second and final part of the composition to the creditors. Since then Nevs is free of debt. The result has improved significantly compared to the previous year and the management works hard to generate sustainable profitability.

The Board has expanded during the year with a Vice-Chairman, Stefan Tilk with a background from AB Volvo, as well as with two employee representatives, Ronnie Hermansson from the Union and Stefan Larsson of IF Metall. In the next phase, the company will bring in representatives of the new partners and members with additional industrial competence.

During the fall 2015 Nevs is recruiting about 150 people, mostly engineers, to carry out the studies and projects under way within the framework of cooperations and the development of the new business plan. To implement the project with the Turkish national car, Nevs will need to recruit another 100 engineers.

With new owners and partners in place, with new financing and with the enormous commitment of all employees in Nevs we now make a restart and will enter a really exciting phase where we put up the plans for how we, with our products and our solutions, will implement our vision to create mobility for a more sustainable future.

Mattias Bergman, President

## COMMENTS

### Comments to the Group income statement for the period 1 January to 31 August 2015

#### **Gross margin**

The net sales is at the same level as previous year but an increasing part of the net sales comes from sales of services. The cost for goods sold is including planned depreciation of manufacturing equipment which is booked on an ongoing basis although the production is on a stand still.

#### **Other operating income**

Other operating income mainly consists of revenue from sale of license regarding certain immaterial rights of 370 MSEK and of composition gains of 260 MSEK in relation to the legal reorganization of the parent company.

#### **Administration costs**

The decrease of administration costs is related to the stand still in manufacturing during the period.

#### **Other operating costs**

The other operating costs mainly consists of write-down of assets in inventory (67 MSEK) and of certain immaterial assets (173 MSEK).

#### **Finance net**

The positive finance net is due to positive exchange rate effects.

### Comments to the Group statement of financial position as per 31 August 2015

#### **Assets**

The change in fixed assets is, with the exception of write-downs of certain immaterial assets (173 MSEK), due to depreciations according to plan.

Cash amounts to 1 282 MSEK. In the beginning of September the company paid the remaining amount of the composition and repaid the bridge financing to the main owner. These payments totaled 360 MSEK.

#### **Liabilities/financing**

During the period the equity has increased thru new share issues. In total these new share issues has added 1 326 MSEK.

### **Events after the period**

In the beginning of September the parent company paid the remaining amounts to all creditors in the legally binding composition in the total amount of 231 MSEK. At the same time the bridge financing from the main owner, amounting to 129 MSEK, was repaid. As per 2015-09-15 the Group had cash assets of 900 MSEK and the total liabilities amounted to 40 MSEK. The solidity of the Group exceeded 99 %.

### **Going concern**

Due to the low level of debt and the availability to cash, the Group has no problems with managing existing financial obligations. The Group will take a number of decisions on investments and other significant commitments during the next fiscal year. These will be accommodated within existing resources and within existing agreements with the new partners, in both the parent company and the subsidiaries, for continued future funding. Each investment the company decides on will be funded and within the partnerships that the company currently has.

Consolidated statement of comprehensive income for the period 1 January to 31 August 2015

		Period: 1 January to 31 August, 2015	Period: 1 January to 31 August, 2014	Period: 1 January to 31 December, 2014
	Note	SEK ('000)	SEK ('000)	SEK ('000)
Net sales		50 430	49 347	75 377
Cost of sales		-187 445	-230 252	-417 397
<b>Gross Margin</b>		<b>-137 015</b>	<b>-180 905</b>	<b>-342 020</b>
Other operating income	3	633 200	-	-
Administrative expenses		-340 650	-428 955	-603 139
Other operation expenses	4	-240 879	-20 021	-58 636
<b>Operating result</b>	5	<b>-85 344</b>	<b>-629 881</b>	<b>-1 003 796</b>
Finance net		1 836	-9 691	-231 613
<b>Result before taxation</b>		<b>-83 508</b>	<b>-639 572</b>	<b>-1 235 410</b>
Taxation		-	-	-
<b>Result for the period</b>		<b>-83 508</b>	<b>-639 572</b>	<b>-1 235 410</b>
Other comprehensive result		-125	-	-
<b>Total comprehensive result for the period</b>		<b>-83 633</b>	<b>-639 572</b>	<b>-1 235 410</b>
<b>Comprehensive result attributable to</b>				
Owners of the parent		-83 160	-639 572	-1 235 410
Non-controlling interest		-474		
<b>Comprehensive result for the period</b>		<b>-83 633</b>	<b>-639 572</b>	<b>-1 235 410</b>

Consolidated statement of financial position at 31 August 2015

		2015-08-31	2014-08-31	2014-12-31
<b>Assets</b>	Note	SEK ('000)	SEK ('000)	SEK ('000)
Physical non-current assets	6	1 086 990	1 293 055	1 183 109
Immaterial non-current assets	7	714 457	970 441	946 354
<b>Non-current assets</b>		<b>1 801 447</b>	<b>2 263 496</b>	<b>2 129 464</b>
Inventory	9	25 270	228 933	112 743
Current assets		112 062	58 545	46 651
Cash		1 282 232	1 404	12 417
<b>Current assets</b>		<b>1 419 564</b>	<b>288 882</b>	<b>171 812</b>
<b>Total assets</b>		<b>3 221 011</b>	<b>2 552 378</b>	<b>2 301 276</b>
		2015-08-31	2014-08-31	2014-12-31
<b>Equity and liabilities</b>		SEK ('000)	SEK ('000)	SEK ('000)
Issued capital	10	347 985	256 410	256 410
Other contributed capital		4 336 670	1 982 308	3 268 245
Unappropriated net result		-2 038 667	-1 359 669	-1 955 507
Non-controlling interest		165 276	-	-
<b>Total equity</b>		<b>2 811 265</b>	<b>879 049</b>	<b>1 569 147</b>
Interest bearing borrowings		-	34 069	43 774
Payables to group companies		129 269	1 106 057	70 555
Other payables		280 477	533 203	617 799
<b>Current liabilities</b>	11	<b>409 746</b>	<b>1 673 329</b>	<b>732 128</b>
<b>Total equity and liabilities</b>		<b>3 221 011</b>	<b>2 552 378</b>	<b>2 301 276</b>
<b>Memorandum items</b>	12	<b>481 522</b>	<b>606 817</b>	<b>566 478</b>
Pledged assets		481 522	606 817	566 478

Consolidated statement of changes in equity for the period 1 January till 31 August 2015

	Attributable to the owners of the parent				Total equity SEK ('000)
	Issued capital SEK ('000)	Other contributed capital SEK ('000)	Unappropriated net result SEK ('000)	Non-controlling interest SEK ('000)	
<b>Amount as per 1 January, 2014</b>	<b>256 410</b>	<b>1 982 308</b>	<b>-720 097</b>		<b>1 518 621</b>
Result for the period 1 January to 31 August, 2014	-	-	-639 572		-639 572
Other comprehensive result	-	-	-		-
<b>Total comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-1 359 669</b>	<b>-</b>	<b>879 049</b>
<b>Amount as per 31 August, 2014</b>	<b>256 410</b>	<b>1 982 308</b>	<b>-1 359 669</b>	<b>-</b>	<b>879 049</b>

	Attributable to the owners of the parent				Total equity SEK ('000)
	Issued capital SEK ('000)	Other contributed capital SEK ('000)	Unappropriated net result SEK ('000)	Non-controlling interest SEK ('000)	
<b>Amount as per 1 January, 2015</b>	<b>256 410</b>	<b>3 268 245</b>	<b>-1 955 507</b>	<b>-</b>	<b>1 569 147</b>
Result for the period 1 January to 31 August, 2015	-	-	-83 097	-411	-83 508
Other comprehensive result	-	-	-63	-63	-125
<b>Total comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-83 160</b>	<b>-474</b>	<b>-83 633</b>
New share issue parent company	91 575	1 068 425			1 160 000
Establishment of subsidiaries	-	-	-	165 750	165 750
	<b>91 575</b>	<b>1 068 425</b>	<b>-</b>	<b>165 750</b>	<b>1 325 750</b>
<b>Amount as per 31 August, 2015</b>	<b>347 985</b>	<b>4 336 670</b>	<b>-2 038 667</b>	<b>165 276</b>	<b>2 811 265</b>

Consolidated cash flow statement for the period 1 January to 31 August 2015 (indirect metod)

	2015	2014	2014
	Jan - Aug	Jan - Aug	Full year
	SEK ('000)	SEK ('000)	SEK ('000)
<b>Cash flows from operating activities</b>			
Result for the period	-83 508	-639 572	-1 235 410
Adjustments for non cash items in the operating activities:			
Movements in working capital	149 407	181 380	501 030
	-122 366	250 692	460 830
<b>Cash generated from operating activities</b>	<b>-56 467</b>	<b>-207 500</b>	<b>-273 550</b>
Paid financial items	-9 559	-1 221	4 279
<b>Net cash from operating activities</b>	<b>-66 026</b>	<b>-208 721</b>	<b>-269 270</b>
<b>Investing activities</b>			
Proceeds from sale of plant and equipment	789	-	28 952
Acquisition of shares in subsidiary, net cash acquired	-	50	50
Acquisition of plant and equipment	-5 856	-207 246	-188 703
Acquisition of shares in subsidiary	-	-50	-50
Changes in other investments	-	-	-2 925
Development expenditure and licenses	-11 481	-213 308	-221 077
<b>Net cash used in investing activities</b>	<b>-16 548</b>	<b>-420 554</b>	<b>-383 753</b>
<b>Financing activities</b>			
Proceeds from issue of share capital	1 160 000	-	-
Proceeds from establishment of subsidiary	165 625	-	-
Proceeds from borrowings from related parties	57 548	546 965	581 627
Proceeds from external borrowings	-43 774	34 069	34 168
Proceeds from other financial items	12 990	-	-
<b>Net cash from financing activities</b>	<b>1 352 389</b>	<b>581 034</b>	<b>615 795</b>
<b>Net increase in cash and cash equivalents</b>	<b>1 269 815</b>	<b>-48 241</b>	<b>-37 228</b>
Cash and equivalents at 1 January	12 417	49 645	49 645
<b>Cash and equivalents at 31 August</b>	<b>1 282 232</b>	<b>1 404</b>	<b>12 417</b>
<b>Cash and cash equivalents comprise of the following at 31 August</b>			
Cash at bank and on hand	1 282 232	1 404	12 417
<b>Cash and cash equivalents at 31 August</b>	<b>1 282 232</b>	<b>49 645</b>	<b>12 417</b>

Parents statement of comprehensive income for the period 1 January to 31 August 2015

	Period: 1 January to 31 August, 2015	Period: 1 January to 31 August, 2014	Period: 1 January to 31 December, 2014
Note	SEK ('000)	SEK ('000)	SEK ('000)
Net sales	45 157	44 148	68 285
Cost of sales	-187 445	-230 252	-417 397
<b>Gross Margin</b>	<b>-142 288</b>	<b>-186 104</b>	<b>-349 112</b>
Other operating income	3 673 472	-	-
Administrative expenses	-333 680	-428 931	-593 461
Other operation expenses	4 -240 879	-20 021	-58 636
<b>Operating result</b>	<b>5 -43 375</b>	<b>-635 056</b>	<b>-1 001 210</b>
Finance net	1 839	-9 621	-231 575
<b>Result before taxation</b>	<b>-41 536</b>	<b>-644 677</b>	<b>-1 232 785</b>
Taxation	-	-	-
<b>Result for the period</b>	<b>-41 536</b>	<b>-644 677</b>	<b>-1 232 785</b>
Other comprehensive result	-	-	-
<b>Total comprehensive result for the period</b>	<b>-41 536</b>	<b>-644 677</b>	<b>-1 232 785</b>

Parents statement of financial position at 31 August 2015

		2015-08-31	2014-08-31	2014-12-31
Tillgångar	Note	SEK ('000)	SEK ('000)	SEK ('000)
Physical non-current assets	6	633 075	791 759	698 155
Immaterial non-current assets	7	714 457	970 441	946 354
Investments in subsidiaries	8	641 613	600 050	600 050
<b>Non-current assets</b>		<b>1 989 145</b>	<b>2 362 250</b>	<b>2 244 560</b>
Inventory	9	25 270	228 933	112 743
Current assets		38 787	54 896	42 972
Cash		1 142 008	959	10 216
<b>Current assets</b>		<b>1 206 065</b>	<b>284 788</b>	<b>165 932</b>
<b>Total assets</b>		<b>3 195 210</b>	<b>2 647 038</b>	<b>2 410 492</b>
		2015-08-31	2014-08-31	2014-12-31
		SEK ('000)	SEK ('000)	SEK ('000)
<b>Equity and liabilities</b>				
Issued capital	10	347 985	256 410	256 410
<b>Total restricted equity</b>		<b>347 985</b>	<b>256 410</b>	<b>256 410</b>
Other contributed capital		4 336 670	1 982 308	3 268 245
Unappropriated net result		-1 996 093	-1 366 450	-1 954 557
<b>Total unrestricted equity</b>		<b>2 340 577</b>	<b>615 858</b>	<b>1 313 688</b>
<b>Total equity</b>		<b>2 688 562</b>	<b>872 268</b>	<b>1 570 098</b>
Interest bearing borrowings		-	34 069	43 774
Payables to group companies		227 244	1 208 029	179 918
Other payables		279 404	532 672	616 701
<b>Current liabilities</b>	11	<b>506 648</b>	<b>1 774 770</b>	<b>840 394</b>
<b>Total equity and liabilities</b>		<b>3 195 210</b>	<b>2 647 038</b>	<b>2 410 492</b>
<b>Memorandum items</b>	12	<b>621 000</b>	<b>702 008</b>	<b>676 780</b>
Pledged assets		621 000	702 008	676 780

Parents statement of changes in equity for the period 1 January till 31 August 2015

	Issued capital	Other contributed capital	Unappropriated net result	Total equity
	SEK ('000)	SEK ('000)	SEK ('000)	SEK ('000)
<b>Amount as per 1 January, 2014</b>	<b>256 410</b>	<b>1 982 308</b>	<b>-721 773</b>	<b>1 516 945</b>
Result for the period 1 January to 31 August, 2014	-	-	-644 677	-644 677
Other comprehensive result	-	-	-	-
<b>Total comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-644 677</b>	<b>-644 677</b>
<b>Amount as per 31 August, 2014</b>	<b>256 410</b>	<b>1 982 308</b>	<b>-1 366 450</b>	<b>872 268</b>

	Issued capital	Other contributed capital	Unappropriated net result	Total equity
	SEK ('000)	SEK ('000)	SEK ('000)	SEK ('000)
<b>Amount as per 1 January, 2015</b>	<b>256 410</b>	<b>3 268 245</b>	<b>-1 954 557</b>	<b>1 570 098</b>
Result for the period 1 January to 31 August, 2015	-	-	-41 536	-41 536
Other comprehensive result	-	-	-	-
<b>Total comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-41 536</b>	<b>-41 536</b>
New share issue	91 575	1 068 425	-	1 160 000
<b>Amount as per 31 August, 2015</b>	<b>347 985</b>	<b>4 336 670</b>	<b>-1 996 093</b>	<b>2 688 562</b>

Parents cash flow statement for the period 1 January to 31 August 2015 (indirect metod)

	2015 Jan - Aug <u>SEK ('000)</u>	2014 Jan - Aug <u>SEK ('000)</u>	2014 Full year <u>SEK ('000)</u>
<b>Cash flows from operating activities</b>			
Result for the period	-41 536	-644 677	-1 232 785
Adjustments for non cash items in the operating activities:			
Movements in working capital	116 827	181 495	492 157
	<u>-62 814</u>	<u>258 011</u>	<u>467 612</u>
<b>Cash generated from operating activities</b>	<b>12 477</b>	<b>-205 171</b>	<b>-273 016</b>
Paid financial items	<u>-9 557</u>	<u>-1 221</u>	<u>4 319</u>
<b>Net cash from operating activities</b>	<b>2 920</b>	<b>-206 392</b>	<b>-267 697</b>
<b>Investing activities</b>			
Proceeds from sale of plant and equipment	789	-	28 952
Acquisition of plant and equipment	-5 637	-207 246	-188 703
Acquisition of shares in subsidiary	-41 563	-50	-50
Changes in other investments	-	-	-2 925
Development expenditure and licenses	<u>-11 481</u>	<u>-213 308</u>	<u>-221 077</u>
<b>Net cash used in investing activities</b>	<b>-57 892</b>	<b>-420 604</b>	<b>-383 803</b>
<b>Financing activities</b>			
Proceeds from issue of share capital	1 160 000	-	-
Proceeds from borrowings from related parties	57 548	546 965	581 627
Proceeds from external borrowings	-43 774	34 069	34 168
Proceeds from other financial items	<u>12 990</u>	<u>-</u>	<u>-</u>
<b>Net cash from financing activities</b>	<b>1 186 764</b>	<b>581 034</b>	<b>615 795</b>
<b>Net increase in cash and cash equivalents</b>	<b>1 131 792</b>	<b>-45 962</b>	<b>-36 705</b>
Cash and equivalents at 1 January	<u>10 216</u>	<u>46 921</u>	<u>46 921</u>
<b>Cash and equivalents at 31 August</b>	<b>1 142 008</b>	<b>959</b>	<b>10 216</b>
<b>Cash and cash equivalents comprise of the following at 31 August</b>			
Cash at bank and on hand	<u>1 142 008</u>	<u>959</u>	<u>10 216</u>
<b>Cash and cash equivalents at 31 August</b>	<b>1 142 008</b>	<b>959</b>	<b>10 216</b>

## **Notes**

### **1. CORPORATE INFORMATION**

National Electric Vehicle Sweden AB (Nevs) was founded in April 2012. Nevs is a privately held limited company incorporated under Swedish law with register number 556889-7556. The registered office is located at Saabvägen 5, Trollhättan, Sweden.

The Consolidated Financial Statements comprise of Nevs AB, Automobile Property AB, Automobile Laboratory AB and National New Energy Vehicle Co. Ltd and National Vehicle Technology Development Co. Ltd which has been founded in the period, together referred to as the Group.

The Group is a subsidiary to National Modern Energy Holdings Ltd, registered in British Virgin Islands with register number 1042356. The ultimate owner of the Group is China Dragon Base Holdings Ltd, registered in Hong Kong with register number 543652.

### **2. BASIS OF PREPARATION**

#### **Accounting principles for the Group**

The consolidated reports has been prepared in accordance with IAS34 Interim reports.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings classified as property, plant and equipment, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in SEK and all values are rounded to the nearest thousands, except when otherwise indicated.

As nearly all activities of the Group derives from the parent company, all information in the Consolidated Financial Statements, both text, numbers and tables are used to describe the activities in both the Group and NEVS unless otherwise indicated.

#### **Accounting principles for the parent company**

The Swedish Financial Reporting Board's Recommendation 2 – Accounting for Legal Entities and the Swedish Annual Accounts Act have been applied when preparing the parent company's annual accounts. In accordance with this recommendation, the parent company shall prepare its reports in accordance with the IASB's International Financial reporting standards (IFRS) and interpretations (IFRIC) adopted by the EU, to the extent that these are not contrary to the Swedish Annual Accounts Act. The accountancy principles have been applied consistently for all periods, unless otherwise stated.

The Groups accounting principles are described on pages 20-33 in the annual report of 2014. The Group and the parent company are using the same accounting principles in the reported period as in the annual report of 2014. The interim report is in condensed format and do not contain all information and displays as the annual report and should therefore be read in conjunction with the annual report of 2014.

### **3. OTHER OPERATING INCOME**

Other operating income mainly consists of revenue from sale of license regarding certain immaterial rights of 370 000 and composition gains of 260 000 (300 300 for the parent company).

### **4. OTHER OPERATING COSTS**

Other operating costs mainly consists of write-down of certain immaterial assets of 173 300 and of inventory assets of 66 900. These write-downs has been booked in order to adjust booked values to expected future cash flows.

### **5. EMPLOYEES**

	<b>2015 Jan - Aug</b>	<b>2014 Jan - Aug</b>	<b>2014</b>
Average number of employees	355	558	525

### **6. PHYSICAL FIXED ASSETS**

Investments of the period amounts to 5 856.

### **7. IMMATERIAL FIXED ASSETS**

Investments of the period amounts to 11 481. A renewed test of the booked value compared to the expected future cash flow has revealed a need to write down the value of certain specific immaterial assets. The write-down amounts to 173 300 and has impacted the result of the period.

## 8. INVESTMENTS IN SUBSIDIARIES (parent only)

<b>Name</b>	<b>Reg no</b>	<b>Registered office</b>	<b>Equity interest</b>	<b>Booked value</b>
Automobile Property AB	556790-3314	Trollhättan	100%	600000
Automobile Laboratory AB	556968-9671	Trollhättan	100%	50
National New Energy Vehicle Co. Ltd		Tianjin	50%	41563
National Vehicle Technology Development Co. Ltd		Tianjin	90%	0
				<b>641 613</b>

## 9. INVENTORY

Because of the uncertainty surrounding the realizable values of the inventory of component, the Company has reviewed the carrying values. The Company subsequently valued articles in component inventory to net realizable value when this is lower than book value. The review resulted in an impairment of the carrying value of 67 MSEK.

## 10. EQUITY

The number of shares has by issue of new shares increased with 915 754 to 3 479 854. The new shares has been subscribed by TianJin GaoXin BoHua Investment Co. Ltd. All shares has the same right to vote and the same right to dividend. No dividend has been paid in the period.

## 11. LIABILITIES

In the beginning of September the second and final part of the legally binding composition was paid to the creditors of the company. The payments amounted to, converted using the relevant exchange rates, to 129 MSEK to the main owner and to 231 MSEK to other creditors. As a result of the payment the total liabilities of the Group has decreased from 410 MSEK to approximately 40 MSEK. The Group has as per 15 September a solidity of over 99 %.

## **12. MEMORANDUM ITEMS**

### **Legal claim contingency**

As a part of the composition process with the creditors of the parent company, all debts has been reconciled and paid. The company still receive occasional questions regarding executed payments and as in isolated cases executed complementary payments. These payments has both in number and amounts been insignificant and the company has not made any reservation for any potential additional complementary payments.

### **Pledged assets**

As the parent company has repaid the loan from Svea Finans AB in full, all pledged assets has been released to Nevs.

## **13. SIGNATURES**

The undersigned certify that the consolidated financial statements have been prepared in accordance with IAS 34, and generally accepted accounting standards and thus provide a true and fair view of the Group's financial situation and results, and that the consolidated company report and company report give a fair summary of the development of the Group's and company's operations, financial position and results, and describes significant risks and uncertainties facing the companies included in the Group.

Trollhättan on the 23rd of October 2015

*Only Swedish original document signed.*

Kai Johan Jiang  
Chairman of the Board

Mattias Bergman  
Member of the Board and President

Stefan Tilk  
Vice Chairman of the Board

Ronnie Hermansson  
Member of the Board, Representative of the Unions