

**SCANDINAVIAN HOUSE DEVELOPMENT SA**  
**CH – 1010 LAUSANNE**

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**REPORT OF THE STATUTORY AUDITORS**  
**TO THE BOARD OF DIRECTORS OF**  
**SCANDINAVIAN HOUSE DEVELOPMENT SA**  
**TO THE FINANCIAL STATEMENTS**  
**TO THE 31<sup>ST</sup> DECEMBER 2012**

Lausanne, the 29<sup>th</sup> of July 2013

REPORT OF THE STATUTORY AUDITORS TO THE BOARD OF DIRECTORS OF

**SCANDINAVIAN HOUSE DEVELOPMENT SA – 1010 LAUSANNE  
(SWITZERLAND)**

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As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of the Scandinavian House Development SA for the year ended of the 31<sup>st</sup> December 2012.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements comply with Swiss law and the consolidation and valuation principles as set out in the notes.

We recommend that the financial statements submitted to you be approved.

**RV Consulting**



**Raymond Vésy**  
Statutory auditor  
ASR n° 106 916

Lausanne, the 29<sup>th</sup> of July 2013

*Enclosures :*

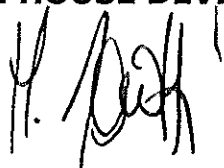
- Financial statements (balance sheet, income statements, notes)

**SCANDINAVIAN HOUSE DEVELOPMENT SA**  
**CONSOLIDATED FINANCIAL STATEMENT 2012**  
**BALANCE SHEET 31 DECEMBRE 2012**

| <b>ASSETS</b>                  | <b><u>2012</u><br/>CHF</b> |                               | <b><u>2012</u><br/>CHF</b> |
|--------------------------------|----------------------------|-------------------------------|----------------------------|
| <b><u>CURRENT ASSETS</u></b>   |                            | <b><u>FOREIGN ASSETS</u></b>  |                            |
| Cash - Bank                    | 36'816.17                  | Creditors                     | 839'989.01                 |
| Receivables                    | 241'975.69                 | Charges payable               | 124'487.55                 |
| Other receivable               | 78'956.01                  | Other creditors               | 88'390.29                  |
| Work in progress               | 1'371'707.38               | Taxes creditors               | 8'292.33                   |
| Stocks                         | 43'441.39                  | Received in advance           | 1'813'314.04               |
| Bills prepaid                  | 824'618.09                 | Credit limit                  | 118'095.37                 |
|                                | <b>2'597'514.72</b>        | Bank loan                     | 115'774.24                 |
|                                |                            |                               | <b>3'108'342.84</b>        |
| <b><u>FIXED ASSETS</u></b>     |                            | <b><u>EQUITY</u></b>          |                            |
| Equipment - Tools - appliances | 203'773.95                 | Share capital                 | 4'307'235.89               |
| Cars                           | 19'187.12                  | Profit & loss 1.1.2012        | -5'642.80                  |
| License                        | 800'000.00                 | Result 2012                   | -407'310.13                |
| Participations                 | 3'382'150.00               | Profit and loss au 31.12.2012 | <b>3'894'282.96</b>        |
|                                | <b>4'405'111.07</b>        |                               |                            |
|                                | <b>7'002'625.79</b>        |                               | <b>7'002'625.79</b>        |

**SCANDINAVIAN HOUSE DEVELOPMENT SA**

Lausanne, The 29th of July 2013

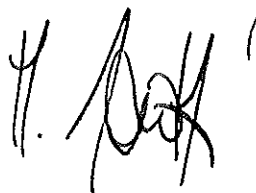


**SCANDINAVIAN HOUSE DEVELOPMENT SA**

**CONSOLIDATED PROFITS & LOSS 31 DECEMBRE 2012**

|                                                   | <u>2012</u><br><u>CHF</u> |                        | <u>2012</u><br><u>CHF</u> |
|---------------------------------------------------|---------------------------|------------------------|---------------------------|
| <b><u>EXPENSES</u></b>                            |                           | <b><u>REVENUES</u></b> |                           |
| Raw material and supplies                         | 3'987'228.36              | Earnings               | 2'917'125.18              |
| Raw material and supplies<br>for work in progress | -1'676'834.15             | Financial revenues     | 9'590.01                  |
| Other external cost                               | 698'080.92                |                        |                           |
| Staff cost                                        | 207'818.96                |                        |                           |
| Depreciation                                      | 44'202.46                 |                        |                           |
| Financial fees                                    | 27'091.71                 |                        |                           |
| Taxes expenses                                    | 46'437.06                 |                        |                           |
|                                                   |                           | <b>Loss</b>            | <b>407'310.13</b>         |
|                                                   | <b>3'334'025.33</b>       |                        | <b>3'334'025.33</b>       |

**SCANDINAVIAN HOUSE DEVELOPMENT SA**



Lausanne, The 29th of July 2013

**Board of SCANDINAVIAN HOUSE DEVELOPMENT SA hereby  
presents their report for the financial year 2012**

The company started the production of energy-houses in February 2012. We found that demand is very satisfactory; the order book is full for most of the 2013.

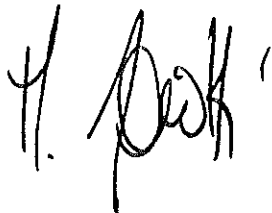
New and larger premises are already operational since January 2013 to create opportunities for the expected expansion as well as to improve production efficiency.

Sales during the first six months has been growing according to expectations.

It should be noted that advances from customers is booked as a liability and is not inclusive of sales, it must be related to work in progress which is booked as current assets.

With regard to the surplus value of work in progress, the company's equity is positive.

Scandinavian House Development SA

A handwritten signature in black ink, appearing to read 'H. P. B. H.', is written below the company name.

Lausanne, the 29<sup>th</sup> of July 2013