

Administrator's report

National Electric Vehicle Sweden

ADMINISTRATOR'S REPORT

Vänersborg District Court, Ä 3115-14

Company	National Electric Vehicle Sweden AB, Reg. No. 556889-7556 Saabvägen 5 461 38 Trollhättan	
Representatives	Kai Johan Jiang c/o State Power Group P.O. Box 150 100083 Chaaoyan D, Peking CHINA (Director and Chairman)	
	Mattias Bergman c/o National Electric Vehicle Sweden AB Saabvägen 5 461 38 Trollhättan (Director and Managing Director)	
	Mikael Kubu c/o Ackordscentralen Strandvägen 35 114 56 Stockholm (Deputy Director)	
Auditor	EY Aktiebolag P.O. Box 7850 103 99 Stockholm	
Auditor in charge	Staffan Landén c/o EY Aktiebolag Odingatan 13 401 82 Göteborg	
Share capital	SEK 256 410 300	
Shareholders	National Modern Energy Holdings Ltd	78 %
	Qingbo Investment Co Ltd	22 %
Application for and decision on Company reorganisation	Application submitted on 29 August 2014 Decision by Vänersborg District Court on 29 August 2014	
Administrator	Advokaten Lars Eric Gustafsson Hamilton Advokatbyrå P.O. Box 715 101 33 Stockholm	

In my capacity as administrator of the company reorganisation of National Electric Vehicle Sweden AB, Reg. No. 556889-7556 (hereinafter “**Nevs**”), I hereby submit the following Administrator’s Report and present the following composition proposal.

BACKGROUND

Nevs was incorporated by the parent company National Modern Energy Holdings Ltd (“**NMEH**”) on 2 April 2012 and was registered in the Swedish Companies Registration Office’s register on 3 April 2012, for the purpose of being the acquisition vehicle in the purchase of the assets from the bankruptcy estates of Saab Automobile AB, Saab Automobile Powertrain AB and Saab Automobile Tools AB (the “**Saab Companies**”). On 12 June 2012, Nevs acquired the majority of the assets held by the bankruptcy estates of the Saab Companies. Nevs also acquired all shares in Automobile Property AB, Reg. No. 556790-3314 (“**Property**”), which owns the industrial and office property in Trollhättan on which Nevs runs its operations. The acquisition was completed on 31 August 2012.

Nevs submitted an application for company reorganisation to Vänersborg District Court on 29 August 2012. The Court decided on commencing company reorganisation that same day. A first creditors’ meeting was held before Vänersborg District Court on 8 October 2014, at which the District Court decided that the reorganisation would continue until 29 November 2014. At the same time, it was decided that a creditors’ committee should be appointed, comprising representatives from some of the major creditors. The representatives on the committee are set out in the enclosed appendix 1. On 1 December 2014, Nevs applied for a time extension of the reorganisation. On 11 December 2014, Vänersborg District Court decided on time extension for the reorganisation until 2 March 2015; the decision is enclosed as appendix 2.

THE REASONS FOR NEVS’S INSOLVENCY

As noted above, Nevs’s acquisition of the assets held by the bankruptcy estates of the Saab Companies was completed on 31 August 2012. Following the completion, Nevs focused on commencing production of the vehicle model Saab 9-3. Major action and substantial investments were carried out, such as replacement of materials, protective constructions and thus also replacement of many suppliers and systems. Further, major action and substantial investments were carried out to restore the IT system of the production facility.

According to the original business plan Nevs were to produce electric cars under the name of Saab, with sales in Europe and China, but in the future also globally. The business plan focused on product

development and the commencement of production of electric cars, but since Saab had limited experience in the production of electric cars, and since the vehicle platforms acquired by Nevs, the Phoenix architecture, were not adapted for production of fully electric cars, major investment costs were required during the first few years of operation.

During the autumn of 2012, negotiations were ongoing with Qingbo Investment Co. Ltd ("**Qingbo**"), a subsidiary wholly owned by the city of Qingdao, concerning Qingbo's becoming part owner of Nevs, and with the aim of forming a joint venture in Qingdao for future production of cars. On 7 January 2013, a final agreement was entered between the parties, following which Qingbo acquired 22 percent of the shares in Nevs, through a private placement. Qingbo contributed USD 100 million to NEVS, at the time corresponding to approximately SEK 649 million, as subscription price during the spring of 2013. According to credit assurances, Qingbo would in addition thereto also provide shareholder loans to Nevs in the amount of SEK 1,150 million to finance the first phase of the business plan. The parent company NMEH and Qingbo agreed that the production of petrol cars would be resumed during 2013, as an important supplement to the production of electric cars. Therefore, Nevs undertook substantial action to restart the production of the petrol powered Saab 9-3 sedan. However, Qingbo never fulfilled its credit assurance. Instead, NMEH alone had to bear Nevs's day-to-day costs for operations and development in the first half of 2014, which the Board of Directors and management considered untenable in the long run. At the beginning of 2014, Nevs therefore started negotiations with several global vehicle manufacturers to find a new, strong partner in addition to NMEH.

During the period January – August of 2014, NMEH provided loans to Nevs in a total amount of USD 83.7 million. Prior thereto, during 2012 and 2013, NMEH had provided loans to Nevs in a total amount of USD 279 million net, out of which USD 194.1 million were converted into shareholder contributions on 7 April 2013. During the spring of 2014, NMEH increasingly struggled to free capital at the rate required to finance the operations of Nevs. At the end of May of 2014, Nevs management decided to cease vehicle production in the facility due to the arisen liquidity problems. During the summer of 2014, the financial situation worsened and the management of Nevs resolved to apply for company reorganisation. The application was submitted on 29 August 2014, and was granted by the District Court on the same day.

THE REORGANISATION

Preliminary reorganisation plan

The preliminary reorganisation plan of 2 October 2014, which was provided to all creditors prior to the creditors' meeting on 8 October 2014, set forth the following measures as prerequisites to a successful reorganisation of Nevs:

- (i) The carrying out of:
 - A transaction through which a major Original Equipment Manufacturer ("OEM Player") acquires some of the shares in Nevs and undertakes to, from time to time, provide the funds required to carry out the business plan, alone or in combination with a Joint Venture with an additional OEM Player, concerning research and development; or
 - A restructuring to contract based production via a Nevs Industrial Services.
- (ii) A moratorium on all unsecured liabilities as from 29 August 2014 and for a period of at least three months.
- (iii) Reduction of staff, at least during a transitional period.
- (iv) Compensation under the Salary Guarantee Act to the employees of Nevs during a transitional period.

Actions taken during the reorganisation

During the reorganisation period, intense efforts have been made to implement a successful reorganisation of the operations, of which the following should be particularly noted.

OEM Player as new main shareholder in Nevs

As noted in the reorganisation plan, Nevs has as from the spring of 2014 negotiated with a major OEM Player interested in taking a majority stake in Nevs. The OEM Player wishes to incorporate a premium brand into its vehicle portfolio, which could be achieved through ownership in Nevs.

As from the commencement of the reorganisation negotiations between Nevs and the OEM Player have been intense. On 30 November 2014, a breakthrough in the negotiations materialized in a letter of intent between Nevs and the OEM Player, a so-called Term Sheet, in which the OEM Player declares its wish to take a majority stake in Nevs. The Term Sheet sets the frame for continued negotiations, commercial terms for the expected final deal as well as the funding to be provided by

the OEM Player, both for the direct investment in Nevs as well as for the phase of continued negotiations until a final deal is agreed. The intention is that the investment will be made through a private placement, in which the OEM Player through the payment of the subscription price receives a majority of the shares in Nevs. The OEM Player has also undertaken to provide a bridge loan to NEVS of EUR 5 million per month to cover the day-to-day costs of Nevs during the continued reorganisation, subject to the approval of the OEM Player's Board of Directors after a due diligence review. An overview of the intended business structure is set out in [appendix 3](#).

When the Term Sheet was signed, the intention was that the OEM Player would start a supplementary due diligence review of Nevs, as soon as NEVS's application for extension of 2 December 2014 had been granted. Thereafter, approval from the OEM Player's Board of Directors was expected in January of 2015.

One vital component for the OEM Player has always been that NEVS procures a continued license from Saab AB to use the trademark "Saab" in its operations. During the reorganisation period, Nevs has informed Saab AB on the negotiations with the OEM Player. The parties consisting of Nevs, the administrator and Saab AB, has not yet agreed on the legal terms regarding Nevs license agreement but have instead focused on finding a solution with the new majority owner.

The negotiations between the OEM Player and Saab AB on a continued license agreement have continued since December of 2014. The negotiations have been much more drawn out than expected, and the time plan set out in the Term Sheet has consequently been postponed. The hope is that the OEM Player and Saab AB will reach a deal on the trademark issue in the next few weeks and that a supplementary due diligence review can be started during March with a subsequent board resolution to close the deal.

Currently, it is estimated that final agreements between Nevs and the OEM Player could be entered no earlier than at the end of March of 2015.

Cooperation on technology development via a Joint Venture

As set out in the reorganisation plan, Nevs has, in parallel to the negotiations with the OEM Player, also negotiated with another OEM Player on cooperation for technology development. The intention remains that the parties' cooperation in the long term shall be carried out via a Joint Venture company (the "JV Company"). In December of 2014, in order to gain time, negotiations commenced concerning this second OEM Player's placing substantial development assignments with Nevs current

Technology Development Center (“TDC”) and then later transferring the project to the future JV Company. The intention is that a pre-study shall be completed in the first quarter of 2015 and that the projects shall be commenced by April of 2015. An overview of the business structure is set out in [appendix 4](#). The proposed deal is for the said OEM Player to pay for the day-to-day costs of the development assignment on a monthly basis. Negotiations are ongoing between the parties on the pre-study and on the future projects, both as regards technical details as well as pricing. The negotiations have not yet been materialized in a final written agreement, but such an agreement on the pre-study is expected within the next month.

The manner in which the negotiations have evolved is thus considered as something positive for the completion of the reorganisation. It should be noted that the completion of the development assignment is deemed to positively affect the deal on a direct investment in Nevs.

The license agreement with Saab AB

The trade mark license with Saab AB has a booked value of SEK 200 million in Nevs balance sheet provided a going concern. In the appraisal carried out by PwC (which is detailed below), the trademark license has been considered to have no value at all in event of bankruptcy. The question regarding the current, by Saab AB terminated, license agreement and the work on establishing a new license agreement in cooperation with a new owner is therefore crucial for a settlement with the OEM Player that intends to become new majority owner.

Nevs Industrial Services

In addition to the above mentioned negotiations, substantial efforts have been made concerning Nevs Industrial Services (“NIS”), i.e. restructuring a part of Nevs’s operations to a center for manufacture under contracts and sales of developmental services. NIS has been described as Plan B in the reorganisation plan. An overview of the business structure is set out in [appendix 5](#).

As noted above, the operations of Nevs until the commencement of the reorganisation were solely focused on standalone development and manufacturing of petrol cars and electric cars under the Saab trademark. A restructuring to manufacture by contract and sales of developmental services consequently require several changes to Nevs’s current organization and operations. Intense efforts have therefore been undertaken to produce a competitive and realistic business plan and organizational structure for NIS. The undersigned administrator has, in consultation with the management of Nevs, retained intellectual property experts as well as financial advisers to ensure

that the efforts are carried out with the best possible competencies, both as regards business plans as well as ongoing negotiations with prospective customers and investors. During November of 2014, the marketing of NIS was commenced. Direct contacts with a substantial number of OEM Players and other potential customers have been had. Sales materials have been designed and the marketing department of Nevs has, amongst other things, participated in industry expos to present the services Nevs could offer. The marketing efforts have resulted in current talks with a number of prospective customers. Considering that projects of the relevant nature are regularly of very substantial scope and involve substantial costs, producing offers takes time.

In the last few weeks, negotiations with yet another OEM Player interested in using Nevs for a manufacturing assignment have been commenced. However, no final agreement of a more substantial scope has yet been entered with any other new customers. Nevertheless, it is considered to be good potential for closing deals within the coming three months. This could certainly be the case if the negotiations with either or both of the OEM Players could be finalized, since many prospective customers have expressed interest, but wish to wait until Nevs's financial situation has stabilized. Currently, the business has approximately twenty customers. Many are existing customers within the TDC, but a number of new customers with agreements of smaller scope have been signed. During December of 2014, NIS had a turnover of SEK 2.5 million and during 2014 in whole, SEK 35 million.

During the reorganisation Nevs has also manufactured spare parts for Orio AB, an assignment expected to continue until week 16 of 2015. Total revenue amounts to SEK 5.1 million, excluding value added tax.

NMEH – current owner

NMEH has contributed in total about SEK 2.9 billion in total, of which USD 83.7 million, or about SEK 698 million converted to today's exchange rate, during January – August 2014. During the reorganisation period NMEH has provided loans to a total amount of about USD 13.2 million or about SEK 100 million. In addition hereto, as mentioned above, Qingbo in capacity of minority owner has provided about SEK 650 million during 2013.

NMEH has, together with Nevs management, noted that the reorganisation as such constitutes a major obstacle for Nevs to finalize the ongoing negotiations on share issues and other deals as described above. Nevs's counterparties have regularly reduced or made all offers to NEVS conditional on a substantial risk premium due to Nevs's undergoing company reorganisation. Thus, NMEH has

come up with a funding solution for Nevs's working capital needs for the upcoming six months as well as for the financing of the composition payment. NMEHs intention is also to support Nevs in that the ongoing OEM-negotiations being finalized prior to the first installment of the composition. Nevs is in need of a long-term industrial partner and owner, but NMEH intends to remain an active owner also for the future.

Financing

Thus far, NMEH has during the reorganisation provided financing in a total amount of about SEK 100 million, to cover Nevs operational costs during the reorganisation. Hereafter, the intention is that the continued financing shall be procured by advance payments for services provided, continuing revenue from NIS, additional loans from NMEH and/or other loans. It should also be noted that a bridge loan can be procured from the first of the OEM Players if the prospective direct investment is approved by its Board of Directors as set out above. Further, the pre-study on substantial development assignments mentioned above will generate substantial revenue during a three month period, which will cover a great part of the costs for the TDC.

Nevs has both prior and during the reorganisation been in contact with a state owned Chinese bank, and a Letter of Intent was signed with the bank already in May of 2014 and a supplementary Letter of Intent was entered on 29 December 2014 in response to the change of conditions due to the reorganisation. In the event that an agreement is reached on the aforementioned cooperation on development with an OEM Player, it is likely that sizeable loans can be procured.

Finally, it can be noted that the current majority owner, in addition to the above mentioned funding, is preparing own financing of the composition proposal described below.

Salaries to employees

In addition to the measures detailed above, Nevs has also used the state salary guarantee for salaries in the month of August of 2014 as well as for the period 1-29 September 2014. Nevs itself has paid salaries and social charges to the remaining employees after 29 September 2014. During the reorganisation, Nevs has decided to terminate 155 employees. Also severance salaries were paid via the state salary guarantee until the limit was reached for each individual employee. In total, SEK 47.9 million has been paid out under the state salary guarantee scheme. Nevs itself has so far during the reorganisation financed salaries and social charges of approximately SEK 59.7 million.

Miscellaneous

Committee meetings

During the reorganisation period, 14 meetings have been held with the creditors' committee appointed in the reorganisation. The committee members have been informed on the development in the reorganisation and have further been consulted by the administrator concerning material issues.

The creditors' committee stands behind that Nevs submits the composition proposal, described in detail below.

Cost reductions

Through negotiations with various suppliers, Nevs operating expenses has been reduced during the reorganisation with a total amount of SEK 11.5 million, whereas SEK 7 million refers to salary costs and SEK 4.5 million refers to IT services costs.

Sales measures

During the reorganisation, Nevs has sold 109 Saab 9-3 Model Year 14 ("MY14"), out of which 97 were pledged to Svea Ekonomi AB ("Svea"). Through the sale of these cars, Svea's initial claim of approximately SEK 41 million has been reduced to SEK 30.5 million. In addition to the said cars, Nevs had an additional 138 Saab 9-3 MY14 in stock, out of which 128 are pledged to Svea. Considering that the value of the cars decreases with time, Nevs has, in consultation with Svea, resolved to sell the cars. Various sales options have been considered, and the most advantageous option is to complete the cars to be sold on the Swedish market. In December and January, the production staff of Nevs has, in consultation with Svea, worked to finalize the remaining cars. The work is proceeding at a good pace, and on average two cars are finalized each day. After application, a decision on end of series dispensation for the sale of the remaining 138 cars has been received from the Swedish Transport Agency. The sale will further decrease the debt to Svea by, according to current estimates, approximately SEK 14,1 million. It should be noted that Svea has undertaken to cover costs for external materials and for warranty undertakings. Svea has also undertaken to transfer to Nevs value added tax paid in connection with the sale.

At the time of the decision to commence company reorganisation, there was a lease agreement between Nevs and Orio AB, pursuant to which Orio AB leased approximately 14.000 tools from Nevs. Previously, Orio AB had a corresponding lease agreement with Saab Automobile Tools AB, which continued to apply throughout that company's bankruptcy. The tools covered by the agreement

were mainly so-called Vendor Tools, i.e. tools stored with Orio AB's suppliers. The majority of the tools were used for older Saab models and, according to Nevs, did not have any substantial booked value. The tools were further considered of no value to anyone but Orio AB. During the reorganisation, Orio AB expressed interest in purchasing the tools. A sale of the tools would have been beneficial also to Nevs in order to improve liquidity during the liquidation. After having discussed the proposed transaction with Svea and Hewlett Packard Sverige AB, in their capacity as mortgagees, as well as with the creditors' committee, Orio AB acquired all tools under the lease agreement for a total purchase price of SEK 28 million on 24 November 2014. The purchase price, which was partially linked to the successful informing of a set percentage of relevant suppliers, has been paid in full.

Finally, continuous sales of metal scraps, stock of sheet so-called coils, and other metal byproducts of no value to the operations of Nevs have been completed. The sale of scraps has generated a total amount of approximately SEK 5.9 million in revenue.

Contacts with the owner Qingbo

During the reorganisation, contacts with the shareholder Qingbo have been resumed. Qingbo representatives visited Sweden at the beginning of December of 2014 and visited, amongst other things, Nevs's facility in Trollhättan. There was also a meeting with the undersigned administrator, in which Qingbo was briefed on the reorganisation, the legal effects thereof, and the importance of support of all owners throughout the reorganisation process and in the ongoing negotiations.

Following the meeting, Qingbo has declared a wish to take on a more active ownership role, among other things by following the operations more closely and by playing an active part in the dialogue with Chinese authorities.

The pledged shares in Property

As noted in the reorganisation plan, Nevs's shares in the property holding subsidiary Property are pledged to the bankruptcy estates of the Saab Companies. The shares have a book value of SEK 600 million.

The background to the pledge is that the bankruptcy administrators, in connection with the transfer of the Saab Companies' assets to Nevs, required security in the event that Nevs would fail to fulfill the undertakings set forth in the agreements or otherwise incur losses for the bankruptcy estates of the Saab Companies. No claims for damages have, however, been presented, and Nevs has fulfilled all obligations as against the bankruptcy estates of the Saab Companies connected to the acquisition.

Thus, currently the bankruptcy estates have no claim against Nevs, but hold a pledge over a substantial part of the assets of Nevs. The pledge means that a substantial part of Nevs's assets are frozen, which has considerably complicated procurement of external financing of the business.

Throughout the reorganisation process, it has been considered of great benefit to have the bankruptcy estates of the Saab Companies to participate in a release of the pledge in Property. The undersigned administrator has in consultation with Nevs contacted the bankruptcy administrators of the Saab Companies to discuss possible solutions. Amongst other things, the bankruptcy administrators have been offered to grant Nevs the right to mortgage the property in consideration of a so-called waiver fee. However, the bankruptcy administrators have declined Nevs's proposal and declared that they have no interest in releasing the pledge unless a corresponding security is provided from a new owner in Nevs or other creditworthy player. Their position is regrettable since the bankruptcy estates do not currently have a claim against Nevs and the release of the pledge would substantially facilitate the reorganisation of Nevs's operations.

Composition

In the opening stages of the reorganisation, it was assessed that a composition was not a prerequisite for a successful reorganisation of Nevs's operations. Unfortunately, during the reorganisation it has become apparent that it is necessary to reach a composition arrangement with Nevs's creditors. Against the background that the owners of Nevs are unable to provide Nevs with sufficient funds to avoid composition, and that the intended majority owner only have allocated funds for coverage of existing debt to such an extent that a composition arrangement is a condition precedent to the deal, it is a remaining substantial action point in the reorganisation that Nevs must agree to a composition arrangement with its creditors. The composition arrangement should, having regard to the assets, amount to 50 percent for unsecured claims, see further on page 18 below.

The reorganised business

Currently, Nevs is focused on finalizing the negotiations with one of the OEM Players, an investment that would secure the completion of Nevs's business plan, which has been developed in cooperation with the intended majority owner, and which would lead to continued car manufacturing in Trollhättan. In parallel, negotiations are ongoing with the other OEM Player on, amongst other things, substantial development assignments, which would render substantial revenue, concurrently with continuing efforts to increase the revenue of NIS through manufacturing under contract assignments. In addition to the two main plans, there are also ongoing dialogues with other potential

business partners who can complement the future business and that may be very valuable at a later stage.

Provided that the said negotiations materialize in final agreements, there are good possibilities to complete a successful reorganisation of Nevs's business. A prerequisite for Nevs to achieve long-term profitability is, however, that a financial restructuring with a composition arrangement is completed. The framing for such a composition is detailed below.

Operational results and financial position

The latest profit and loss statement and balance sheet for the period 1 January – 31 December 2014 is attached as appendix 6. As evident from the loss statement, Nevs reports a loss for 2014 of about SEK 1.2 billion. Our conclusion is that the negative result was mainly caused by the shareholder loan not having been provided, which lead to liquidity issues and halted production in May of 2014. Following the halted production, only certain production of spare parts have been carried out, and Nevs revenue has as from May of 2014 been extremely limited while the current operational costs have been substantial. Of the total loss, about SEK 220 million refers to foreign exchange losses on loans in USD obtained from NMEH.

Less the loss for the year, Nevs has remaining equity in the books amounting to approximately SEK 328 million. The reported equity is, of course, calculated based on preserved book values of Nevs assets as a going concern. In addition hereto, NMEH's subordinated loan of SEK 1.148 million will be used to cover impairments that will be necessary in terms of intellectual property etc.

Summary of assets and liabilities

A summary of Nevs's assets and liabilities have been set out in a reorganisation balance sheet as per 29 August 2014, which has already been attached to the preliminary reorganisation plan. The reorganisation balance sheet uses book values.

It has been deemed necessary to obtain a third party valuation of Nevs's assets and this is why the undersigned administrator has retained PwC to value Nevs intellectual property rights and the shares in Property. Based on this valuation, in connection with previous valuations, a reorganisation estate inventory as per 30 November 2014 has been drafted, using both book values as well as estimated values in bankruptcy of Nevs's assets. The appraisal of the most substantial assets, the shares in Property and Nevs's intellectual property, are described in greater detail below.

Valuation of the shareholding in Property

In its valuation of the shareholding in Property, PwC has noted, amongst other things, the following.

Nevs's subsidiary Property is the registered owner of the properties Trollhättan Propellern 8 ("**Propellern 8**") and Vänersborg Forstena 8:1. Propellern 8 was acquired from Property's previous parent company, Saab Automobile AB, on 1 January 2010. Vänersborg Forstena 8:1 was acquired from the bankruptcy estate of Saab Automobile AB on 5 November 2013. The book value of the properties amounts, as per 30 November 2014, to SEK 427.4 million. Other than those, Property only has one substantial asset, a claim against Nevs in the amount of SEK 117.4 million. As per 30 November 2014, Property's total assets amounted to a book value of SEK 570.6 million.

The properties cover in total approximately 2 million sq. m., out of which Forstena 8:1 comprises approximately 37.000 sq. m. Propellern 8 is one of Sweden's largest industrial properties. The properties have, in addition to Nevs's manufacturing plant and the center for technology development, substantial office premises and connected parking areas, gym and a test track. The buildings on the properties were constructed from the 1930's until the 2000's and are of an overall high standard. The total area of the buildings is approximately 483.000 sq. m., out of which approximately 11.400 sq. m. are leased to external tenants who are not deemed to be directly affected by a possible Nevs bankruptcy. The annual lease for the said premises amounts to approximately SEK 6 million. According to Nevs, the administration costs for the properties are approximately SEK 82 million per year.

The properties are characterized by a very large portion of premises and an initial negative cash flow upon acquisition through very high administration costs. This is done to avoid jeopardizing the state of the buildings on the properties, which requires costly heating also when vacant. A large portion of the premises are designed for general purposes and could – following the clearing out of business specific equipment – be used for other purposes than car manufacturing. According to PwC, however, the number of potential investors must be considered very limited. This is so, because substantial capital injections for acquisitions, administration and supervision as well as solid local and regional knowledge of the property market in Trollhättan/Vänersborg are required.

PwC used a valuation model which, amongst other things, included a number of assumptions on market rate annual leases (SEK 200 – 800 per sq. m. depending on type of premises), initial leased portion (10 percent, with an annual increase of 10 percent per year), average vacancy (28 percent), and operations and maintenance costs (as current). Against this background, PwC has concluded that

the properties have a lease potential of approximately SEK 153 million for 272.000 sq. m. of long term leasable area. However, lease losses and modifications to suit new tenants will generate operational losses during the initial five year period. The property value is assessed to SEK 300 million, which corresponds to SEK 650 per sq. m. per the total area of the premises, or approximately SEK 1.100 per sq. m. for the premises that are considered leasable for the long term.

As regards Property's claim against Nevs, PwC has made a standard valuation of the claim at 50 percent of its book value.

In sum, PwC has concluded that the bankruptcy value of Nevs's shareholding in Property amounts to SEK 300-350 million, which corresponds to approximately 50 percent of the item's book value as per 30 November 2014.

Valuation of Nevs's intellectual property

In its bankruptcy valuation of Nevs's intellectual property, PwC has noted, amongst other things, the following.

As per 30 November 2014, Nevs reported intellectual property assets to a total of SEK 953, out of which SEK 432 million relate to activated development costs, SEK 320 million activated costs for technology, SEK 195.8 million for licenses and SEK 5.5 for patents. The activated development costs mainly relate to development of Saab 9-3 MY14-16 and represent work carried out by Nevs after the acquisition in August of 2012. The development work relates to petrol as well as electric cars. The work is not, however, specifically related to the Phoenix platform, although, of course, a part of the activated balance could be reallocated to future car models based thereon. With respect to activated costs for technology, the item includes SEK 80 million relating to the development of Saab 9-3 that was carried with Saab Automobile AB in charge. The remaining SEK 240 million relate to costs activated by Saab Automobile AB for the development of the Phoenix platform. To a large extent, the licensing item relates to compensation paid by Nevs to the administrators of the Saab Companies for the right to negotiate with Saab AB on right to use the "Saab" trademark, which later facilitated Nevs's trademark agreement. The item patents should, to a substantial extent, relate to patents involving the Phoenix platform.

PwC has made the bankruptcy valuation based on an earnings basis, using Nevs's latest business plan as a starting point. The business plan was specifically produced by Nevs, but given Nevs's knowledge of future investment needs, sold volumes and costs, PwC has concluded that the forecast in the

business plan could be deemed reasonable also for a prospective purchaser of the IP, and in particular the Phoenix platform. PwC has also used a residual cash flow method, in which the trademark is valued at the present value of future cash flows less deductions for the returns on other assets required to generate the cash flows. Additionally, PwC has carried out a comparative analysis by calculating expected royalty fees from third parties upon granting licenses to the IP.

In its bankruptcy valuation of Nevs's intellectual property, PwC has assumed that the IP will be sold separately in the event of a bankruptcy and that Nevs employees would not be transferred to the purchaser. Further, PwC has assumed that the purchaser of the IP in the event of bankruptcy would be required to pay a license fee to be able to use the trademark Saab in future business endeavors. Finally, PwC has assumed that a purchaser will likely not assume production of Saab 9-3, since the model's remaining life span is expected to be limited. PwC has concluded that it will mainly be IP related to the Phoenix platform which would be of interest to a third party in case of Nevs becoming bankrupt. The platform would then most likely be acquired without trademark licensing agreements, and so the purchaser would be forced to pay license fees at market rate for a corresponding trademark, according to PwC about 2.5 percent of the turnover. Further, the platform is not completed and any acquisition of the platform in Nevs's bankruptcy would thus require very substantial investments by the purchaser.

In sum, PwC has concluded that Nevs's intellectual property has limited value in case of bankruptcy. PwC has set the bankruptcy value at approximately SEK 100 million, for technology costs related to the Phoenix platforms as well as patents.

A composition estate inventory is attached as [appendix 7](#). As set forth in the composition estate inventory, the value of the assets in the event of bankruptcy is estimated to a total of approximately SEK 655 million. Total debt as per 29 August 2014 is approximately SEK 2.119 million, out of which approximately SEK 1.148 million comprises subordinated debt to NMEH. In the event of bankruptcy, secured debt amounts to approximately SEK 115 million and the remaining unsecured debt amounts to approximately SEK 856 million. In comparison to the estimated value of the assets in the event of bankruptcy of approximately 655 million, the estimated deficiency in a bankruptcy would be approximately SEK 316 million. In addition thereto, in the event of bankruptcy, substantial costs will arise for state salary guarantee relating to severance of approximately SEK 100 million plus costs for the administrator and costs for the pledge/operational costs before a formal sale of the assets can take place. In total, this could decrease the amount available for distribution by approximately SEK 200-300 million. Furthermore, there are potential damage claims for breach of contracts, among others regarding the IT-provider Hewlett Packard Sverige AB, which in bankruptcy will be significant.

RECOVERY, REQUIREMENT TO MAINTAIN ACCOUNTING RECORDS AND CRIMES AGAINST CREDITORS

Accounting records

PwC Stockholm, with chartered accountant Michael Bengtsson as auditor in charge, has also been retained to review Nevs's accounting records. The review has been limited to the financial year 2014, since audited annual reports exist for previous years. The review has yielded the following.

Nevs's financial year is the calendar year. The latest and to the Companies Registration Office submitted annual report covers the financial year 2013. EY, with Staffan Landén as auditor in charge, has been the registered auditor for Nevs as from 26 September 2012. The day-to-day accounting has been done internally, managed by chief financial officer Ove Eriksson and chief accountant Patrik Björklund. The accounts are done via computers in SAP, an accounting system frequently used by large companies.

The review has confirmed that the accounting has substantially been done in accordance with law and generally accepted accounting principles. It could be noted that Nevs's inventories system contains incorrect purchase prices, since the system uses the purchase prices previously applied by Saab Automobile AB, and since a substantial part of the inventories was included in the purchase of the bankruptcy estate, whereas the acquisition was made in the form of a lump sum among other assets, i.e. not at the same price as the book value. The IT environment of the production facility is very complex, and an adjustment of the purchase prices could potentially affect other systems, and this is the reason that Nevs has opted to not adjust the prices. However, the inventories system accurately lists items in stock and it corresponds to the actual stock-in-trade. Further, the inventories reporting in Nevs's accounting is based on Nevs's purchase prices and thus provide an accurate value for the inventories. The inventories and the value taken up in the accounting should thus in all material aspects be correct. In case of continued day-to-day production, the correct inventory value would have occurred no later during 2015, since it was planned to use the remaining inventories during 2014.

Recovery

The review of Nevs's accounting records also had the goal to investigate whether any transactions subject to recovery in a possible bankruptcy have occurred. The investigation focused in particular on transactions carried out within three months prior to the decision on company reorganisation and

has, considering the size of the business, been limited to transactions in excess of SEK 1 million. As far as has been established through the investigation, payments carried out have in all material aspects been to vital suppliers and salaries to Nevs's management and employees. The investigation has not yielded grounds to object to any payment.

The investigation also covered payments to related individuals and affiliates during the period 1 January 2013 until the decision on reorganisation. Also this part of the investigation has been limited to transactions in excess of SEK 1 million. The investigation has yielded the following.

During the period, a total of 33 transactions were carried out between Nevs and the main owner NMEH. On 1 September 2013, a repayment to NMEH of approximately SEK 64.3 million was made, but otherwise the transactions relate to loans from NMEH to Nevs and a conversion of loans to shareholder contributions in the amount of SEK 1.248 million on 7 April 2013. As per the reorganisation day, the balance on the settlement account with NMEH amounts to USD 171.6 million, or approximately SEK 1.271 million. The payments to Nevs made by NMEH thus by far exceed the received repayment and there are no grounds to object to the transactions with NMEH. The investigation also included a review of payments made to Nevs's previous Chairman Karl Erling Trogen, who during 2013 received consultancy fees of approximately SEK 2.5 million plus fees of SEK 632.500 for work on the Board of Directors, all excluding value added tax. The payments have corresponded to existing agreements between the parties. Thus, there are no grounds for objections in relation hereto.

Otherwise, nothing has been discovered that would give grounds for recovery of transactions with related parties.

Crimes against creditors

PwC has also been retained to review Nevs's accounting records in light of the subject set out in the heading.

The investigation has not yielded results giving grounds to assume that crimes against Nevs's creditors have occurred.

ADMINISTRATOR'S REPORT

As noted above, the reorganisation plan involves a composition arrangement of 50 percent for unsecured debt in excess of SEK 500.000.

Nevs's financial difficulties were caused by the owners' failure to finance the very substantial budgeted deficits for the first for years of the planned operations. Shareholder loans that were not provided caused the technology development and production to halt.

Provided that a partnership with a financially strong OEM Player is achieved, Nevs is deemed to have good possibilities to carry out a profitable business in the long term and give opportunities for further business with Nevs suppliers.

In the event that the proposed composition arrangement is not accepted, Nevs will likely be declared bankrupt. Unsecured creditors will then likely receive a substantially lower distribution than the proposed composition distribution. A bankruptcy would likely be coupled with substantial difficulty in the sale of Nevs's IP assets, since they require a functioning company with resources to generate additional value. In addition, substantial administrator fees and costs for pledge/operational costs would likely encumber the assets of the bankruptcy estate. It should also be noted that distribution in the event of bankruptcy would likely occur several years from now.

Nevs's proposal to make full payment to creditors with claims up to SEK 500 000 appears in this context as reasonable, having regard that the by the composition settled claims amounts to SEK 856 million and that approximately 470 creditors with smaller claims then will be excluded from the composition, except for the waiving of penalty interest.

It is my opinion that, against the above background, it is more beneficial for the creditors to accept the proposed composition, since very limited and lower distribution to unsecured creditors is likely in the event of bankruptcy.

PROPOSED COMPOSITION

Nevs offers all unsecured creditors the following composition.

The creditors will receive a payment of SEK 500.000 or the lower amount to which the claim amounted as per 29 August 2013 and 50 percent of the remaining amount as per that date. The

creditors undertake to waive penalty interest on the capital amount as from 29 August 2014. The composition distribution will be paid in two instalments, the first partial payment within 60 days of the District Court's decision on the composition having become final, and the remainder within six months thereafter.

There is no guarantee that the composition can be fulfilled according to its terms. A partnership with one or both OEM Players alternatively further funding from the owner, will, however, create the possibility for Nevs to fulfill the conditions of the composition.

INFORMATION MEETING

Finally, all Nevs's creditors are invited to an information meeting to be held at Nevs's premises on Saabvägen 5 in Trollhättan on Thursday, 26 February 2015. The undersigned administrator will be present, together with the management of Nevs as well as representatives of the owners and the creditors' committee. The meeting will commence at 1 pm and is expected to continue for two hours. At the meeting, further information will be provided on ongoing reorganisation measures and negotiations. The creditors are also welcome to pose questions on the ongoing reorganisation, the composition proposal and Nevs's business plan.

Notice of participation to be received via e-mail at e-mail address nevs@hamilton.se no later than 25 February 2015.

It should be noted that the meeting is a private information meeting for the creditors, and that no voting concerning the proposed composition will be held at the information meeting. This vote will instead be held at a public creditors' meeting before Vänersborg District Court, for which a separate convening notice will be issued.

Stockholm, 19 February 2015



Lars Eric Gustafsson

Appendix 1

Representatives on the committee

**NATIONAL ELECTRIC VEHICLE SWEDEN AB UNDER COMPANY REORGANISATION
REPRESENTATIVES OF THE CREDITORS' COMMITTEE AND THE TEAM
FROM HAMILTON ADVOKATBYRÅ**

Represented creditors

Martin Larsson, Hewlett Packard Sverige AB, martin.larsson@hp.com

Dennis Abrahamsson, Skatteverket, dennis.abrahamsson@skatteverket.se

Tomas Camén, LeanNova Engineering AB, tomas.camen@leannova.se

Fredrik Gyllefjord, Orio AB, fredrik.gyllefjord@orio.com

Martin Larsson, Plastal Sverige AB, martin.larsson@plastal.com

Stefan Larsson (representative from the union) IF Metall, stefan.u.larsson@saabcars.com

Ronnie Hermansson (representative from the union), Unionen, ronnie.hermansson@saabcars.com

Representatives from Hamilton Advokatbyrå

Administrator Lars Eric Gustafsson, attorney-at-law/partner, larseric.gustafsson@hamilton.se

Emma Berglund, attorney-at-law/partner, emma.berglund@hamilton.se

Hedvig Mårstad, attorney-at-law/associate, hedvig.marstad@hamilton.se

Tomas Johansson, attorney-at-law/associate, tomas.johansson@hamilton.se

Catharina Hemmings, MSc in Business & Economics/assistant, catharina.hemmings@hamilton.se

Appendix 2

Decision by Vänersborg District Court
regarding time extension for the
reorganisation



VÄNERSBORGS
TINGSRÄTT

PROTOKOLL
2014-12-11
Handläggning i
Vänerns borg

Aktbilaga 41
Mål nr
Ä 3115-14

Handläggning i parternas uteväro

RÄTTEN

Chefsrådmannen Niclas Johannisson samt rådmännen Anders Björk och Kristian Andersson

PROTOKOLLFÖRARE

Rådmannen Anders Björk

PARTER

SÖKANDE

National Electric Vehicle Sweden AB, 556889-7556
Saabvägen 5
461 38 Trollhättan

REKONSTRUKTÖR

Advokat Lars Eric Gustafsson
Hamilton Advokatbyrå KB
Box 715
101 33 Stockholm

SAKEN

Företagsrekonstruktion – nu fråga om förlängning av rekonstruktionstiden

Handlingarna i ärendet genomgås varvid tingsrätten antecknar följande.

Tingsrätten beslutade den 29 augusti 2014 om företagsrekonstruktion avseende National Electric Vehicle Sweden AB (nedan kallat NEVS) och utsåg Lars Eric Gustafsson till rekonstruktör. Borgenärssammanträde ägde rum den 8 oktober 2014, varvid förordnades att rekonstruktionsförfarandet skulle få fortsätta till den 29 november 2014. Tingsrätten utsåg även en borgenärskommitté.

NEVS har begärt att rekonstruktionen ska tillåtas pågå under ytterligare tre månader.

Dok.Id 284547

Postadress	Besöksadress	Telefon	Telefax	Expeditionstid
Box 1070	Hamngatan 6	0521-27 02 00	0521-27 02 80	måndag – fredag
462 28 Vänerns borg		E-post: vanersborgs.tingsratt@dom.se		08:00-16:00

Rekonstruktören har yttrat sig med anledning av NEVS begäran. I sitt yttrande har rekonstruktören uppgett att hans bedömning är att det föreligger goda förutsättningar att genomföra en lyckad rekonstruktion av NEVS inom förlängningsperioden och att det därmed föreligger särskilda skäl att bevilja förlängning. Rekonstruktören har också uppgett att borgenärskommittén har tillstyrkt NEVS begäran om förlängning.

Tingsrätten har gett de borgenärer som infunnit sig till borgenärssammanträdet samt ledamöterna i borgenärskommittén tillfälle att yttra sig. 19 yttranden har inkommit.

En ledamot i borgenärskommittén har yttrat sig och har tillstyrkt begäran om förlängning.

Av de borgenärer/borgenärsorganisationer som yttrat sig har 13 tillstyrkt, förklarat sig positiva till eller förklarat sig inte ha någon invändning mot en förlängning. En av dessa borgenärer har dock uppgett att tillstyrkandet är villkorat av att det inte blir något ackord och en annan har förklarat att den inte kommer att acceptera en ackordsuppgörelse som innebär att betalning inte erhålls för utfört arbete och utförda leveranser.

Fyra av borgenärerna har inte uttryckligen uttalat sig avseende frågan om förlängning, men har ställt sig negativa till ett ackord.

En borgenär, Svea Ekonomi AB, har avstyrkt förlängning. Borgenären har bland annat anfört att NEVS verksamhet bedrivs med underskott, att ytterligare kapital knappast kan komma att erhållas och att varumärkeslicensavtalet avseende NEVS rätt att nyttja varumärket SAAB är uppsagt. Borgenärens uppfattning är därför att det saknas förutsättningar för att syftet med rekonstruktionen ska kunna uppnås. Borgenären har också anfört att en fortsatt rekonstruktion kommer att medföra en urholkning av värdet på borgenärens säkerhet (företagshypotek) genom att egendom som omfattas av företagshypotek avyttras för att bekosta den löpande driften och genom att NEVS tar upp lån med så kallad superförmånsrätt, vilka vid en konkurs berättigar till betalning före borgenärens fordran.

Tingsrätten meddelar följande

BESLUT

Slut

Tingsrätten medger med stöd av 4 kap. 8 § 2 st. lagen (1996:764) om företagsrekonstruktion att rekonstruktionsförfarandet får pågå under ytterligare högst tre månader, det vill säga, med hänsyn till mellankommande helg, till och med **den 2 mars 2015** och förlänger Lars Eric Gustafssons förordnande som rekonstruktör i motsvarande utsträckning.

Skäl

Tingsrätten har att pröva huruvida det föreligger särskilda skäl för att medge en förlängning av företagsrekonstruktionen. Generellt kan sägas att en viss restriktivitet ska gälla vid beslut om förlängning. I förarbetena sägs att för att en förlängning av de inledande tre månaderna skall medges bör det kunna visas att en plan för företagets rekonstruktion finns men att vissa närmare angivna ytterligare åtgärder erfordras för att den planen skall kunna genomföras (Prop. 1995/96:5 s. 120).

NEVS presenterade en rekonstruktionsplan redan inför borgenärssammanträdet. Av rekonstruktörens yttrande framgår att arbetet med genomförandet av planen fortskrider och att flera av de i planen angivna åtgärderna vidtagits eller är under genomförande, men att ytterligare tid erfordras för genomförandet. Dessa uppgifter stöds också av uppgifter från den ledamot i borgenärskommittén som yttrat sig. Rekonstruktören har uppgett att det, enligt hans bedömning, föreligger goda förutsättningar för att genomföra en lyckad rekonstruktion av NEVS inom förlängningsperioden.

Av rekonstruktörens yttrande framgår att ett ackord kan komma att erfordras för att företagsrekonstruktionen ska kunna genomföras. Någon ansökan om ackord har dock ännu inte ingivits till tingsrätten och några uppgifter har heller inte lämnats om innehållet i ett eventuellt ackordsförslag. I NEVS ansökan om företagsrekonstruktion angavs att rekonstruktionen inte syftade till ett ackord, utan att NEVS räknade med att

kunna betala samtliga skulder fullt ut efter genomförd företagsrekonstruktion. Inte heller den presenterade rekonstruktionsplanen innehåller ett ackord som en del av planen. Flera av de borgenärer som yttrat sig har förklarat sig vara mycket negativa till eller helt motsätta sig ett ackord.

Om det redan vid begäran om förlängning stod klart att ett ackord skulle vara nödvändigt för att syftet med företagsrekonstruktionen skulle kunna uppnås och att förutsättningar saknades för genomförande av ett ackord skulle detta tala mot en förlängning och för att tingsrätten istället skulle besluta att företagsrekonstruktionen skulle upphöra, i enlighet med bestämmelserna i 4 kap. 7 § lagen om företagsrekonstruktion.

Även om flera av de borgenärer som yttrat sig har förklarat sig vara mycket negativa till eller helt motsätta sig ett ackord finns för närvarande inte underlag att göra en sådan bedömning. Rekonstruktören har uppgett att hans bedömning är att det föreligger goda förutsättningar att genomföra en lyckad rekonstruktion. Tingsrätten noterar också i detta sammanhang att om en rekonstruktör bedömer att det inte längre är möjligt att nå en lyckosam rekonstruktion ska rekonstruktören ta initiativ till att rekonstruktionen upphör så fort som möjligt (se Hellners & Mellqvist, Lagen om företagsrekonstruktion, En kommentar, s. 91).

Vid en sammantagen bedömning och med särskilt beaktande av vad rekonstruktören anført i sitt yttrande anser tingsrätten att det föreligger särskilda skäl för att medge att rekonstruktionen får pågå under en period om ytterligare högst tre månader. Vad som anförts av Svea Ekonomi AB föranleder ingen annan bedömning.

HUR MAN ÖVERKLAGAR, se bilaga 1 (DV 406)

Överklagande ställs till Hovrätten för Västra Sverige och ska, med hänsyn till mellankommande helg, ha kommit in till tingsrätten senast den 2 januari 2015.

Anders Björk/

Appendix 3

Overview of the intended business structure
regarding OEM Player as new main
shareholder

OEM Player as new main owner of NEVS

Business structure



- The OEM player ("OEM A") wishes to become majority owner of Nevs.
- OEM A's intentions with Nevs are:
 - Saab will become a premium brand in OEM A's vehicle portfolio.
 - Saab will become a global OEM.
 - Development, manufacture and sale of a broad product portfolio of internal combustion as well as electric cars.
 - Development and manufacturing in Trollhättan.
- Investment via private placement
 - The size of the investment is sufficient to move out of reorganization and secure "going concern".
 - OEM A finances business plan.
 - Development of new products can continue.

OEM Player as new main owner of NEVS

Status

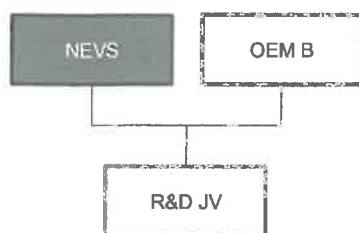
- A letter of intent, "Term Sheet", has been signed between the parties, providing the structure and implementation of the deal.
- Prior to completing the deal, the following must be in place:
 - License agreement with Saab AB for the right to use the "Saab" trademark
 - Due diligence review of Nevs
 - Board resolution by OEM A
- Current focus is the negotiations for the license agreement for the "Saab" trademark

Appendix 4

Overview of the intended business structure
regarding cooperation on technology
development with OEM Player

Cooperation on technology development through Joint Venture

Business structure



- **Nevs puts its technology development center ("TDC") in a separate company ("R&D JV").**
- **The purpose and operations of the R&D JV**
 - The goal is to achieve synergies within development, procurement and manufacturing
 - The company shall do architecture and platform development on behalf of the owners
 - The company shall also sell development and laboratory services to other customers
- **OEM B becomes part-owner in R&D JV through purchase of shares from Nevs and via a private placement in the JV company.**
 - The size of the purchase price is sufficient for Nevs to move out of reorganization and secure "going concern".
 - The size of the private placement is sufficient for the JV company to commence product development.

Cooperation on technology development through Joint Venture

Status

Main focus

- Negotiations of the JV agreement are ongoing.
- Prior to the completion of the deal, the following must be in place:
 - Drafting of and agreeing on all agreements
 - Approval from relevant authorities
 - Due diligence
 - Incorporation of company and transfer of assets

Short term

- Nevs's technology development center (TDC), which will be transferred to the JV upon completion, is already selling development services to OEM B.
- The development assignments start with a pre-study during the first quarter of 2015. The pre-study will subsequently form the basis for the more substantial development assignment planned to commence in April of 2015.
- Through the carrying out of the pre-study and the following projects, cash flow will be generated covering the costs of the TDC.

Appendix 5

Overview of the intended business structure
regarding Nevs Industrial Services

Nevs Industrial Services

Business structure



- **Nevs has assets and competence marketable to third parties.**
 - Manufacturing of parts and premium cars in small and large volumes
 - Development and testing of smaller projects and complete cars
 - Methods and processes for efficient development and production
- **Nevs Industrial Services' business idea is to offer innovative engineering solutions and manufacturing capacity from concept to industrialization based on Nevs's strong industrial basis and Saab's substantial experience in the vehicle industry.**
- **Sale of industrial services will generate revenue**
 - Nevs Industrial Services is primarily a supplement to the OEM plan, using over-capacity to generate revenue and augment the know-how of the company.
 - Nevs Industrial Services could also be a separate business unit for the long term or during a transitional period.

Nevs Industrial Services

Status

- Nevs Industrial Services has so far provided services to about 20 customers.
 - Laboratory services
 - Project management within development
 - Manufacturing of parts and systems
- A cross-functions sales team has started work on growing the business
 - Marketing material has been produced
 - Web page is under development
 - Sales efforts have commenced
- Dialogues are ongoing with several potential customers for manufacturing under contract, as well as complete car development projects

Appendix 6

Income statement and balance sheet for the
period 1 January – 31 December 2014

INCOME STATEMENT

2014-01-01 -- 2014-12-31

Tkr

Gross revenue	78 207
Cost of goods sold	-380 023
Gross result	-301 816
Sales and marketing	-16 558
Purchasing	-37 419
Facility costs	-144 901
Product development	-130 880
Quality	-7 434
IT Costs	-144 233
HR	-6 763
Legal / insurance	-23 114
Finance / general administration	-19 969
Other operating expenses / start up	-64 671
Operating result	-897 757
General depreciation	-45 529
Financial net*	-244 855
Result before taxation	-1 188 140
Taxation	0
Result for the period	-1 188 140

* The Financial Net has been impacted by the appreciation of USD versus SEK. The unrealized currency loss on the loan from NMEH amounts to 220 mSEK for 2014

BALANCE SHEET

2014-12-31
Tkr

Intangible assets

Licenses	193 333
Technology	318 333
Patents	5 333
Capitalized development expenditure	426 180
	<hr/> 943 180

Tangible assets

Plant and machinery	735 333
	<hr/> 735 333

Investment subsidiaries	600 050
Other non-current assets	3 175
	<hr/> 603 225

Total non-current assets	<hr/> 2 281 738
---------------------------------	------------------------

Inventories

Raw material	146 621
Work in progress	6 500
Finished goods	4 385
	<hr/> 157 507

Current receivables

Trade receivables	16 399
Other current receivables	16 781
Prepaid expenses and accrued income	6 610
	<hr/> 39 791

Reserved cash	80
Cash and cash equivalents	10 136

Total current assets	<hr/> 207 514
-----------------------------	----------------------

Total assets	<hr/> 2 489 252 <hr/>
---------------------	------------------------------

Issued capital	256 410
Share premium	
Reserves	
Other unrestricted equity	1 260 536
Net income	-1 188 140
Total shareholders' equity	<hr/> 328 806

BALANCE SHEET**2014-12-31**

Tkr

Interest bearing borrowings	43 774
Provisions	2 722
Accounts payable	522 807
Payables to group companies	1 465 005
Accruals and other liabilities	126 137
Liabilities held for sale	
Total current liabilities	2 160 446
Total liabilities and shareholders' equity	2 489 252

Appendix 7

Reorganisation estate inventory

REORGANISATION ESTATE INVENTORY; VÄNERSBORG DISTRICT COURT Ä 3115-14

Company: National Electric Vehicle Sweden AB, 556889-7556
Saabvägen 5
461 38 Trollhättan
(hereinafter referred to as "Nevs")

Administrator: Attorney at law Lars Eric Gustafsson
Hamilton Advokatbyrå
P.O. Box 715
101 33 Stockholm

Balance per date: Assets as of 30 November 2014
Liabilities as of 29 August 2014

Drafted: 19 February 2015

ASSETS

	Book value as of 30 November 2014 (SEK)	Estimated value in case of bankruptcy (SEK)
Assets covered by specific rights of priority		
Fixed assets		
Intangible		
Capitalized R&D expenditure, patents, licenses etc. Note: Detailed grounds for the bankruptcy value are set out in the Administrator's Report.	952,901,248	100,000,000
Tangible		
Vendor Tools Note: Relates to tools located at Nev's suppliers. During the reorganisation 14,000 Vendor Tools and Vendor Tools under development, with a book value of SEK 33.5 million, have been sold to Orio AB for a purchase price of SEK 28 million. The reason for the discrepancy between book value and purchase price was that remaining Vendor Tools have an estimated scrap value of SEK 1,877,000, which corresponds to the bankruptcy value.	199,806,589	1,877,000
Vendor Tools (under development) Note: Relates to tools located at Nev's suppliers, but where the tools have not been fully finished. See above on sale to Orio AB. Remaining Vendor Tools under development hold an estimated scrap value of SEK 650,000, which is estimated to correspond to the bankruptcy value.	47,559,708	650,000

Other tools and machinery Note: Relates to tools and machinery located in Nevs's premises. External valuer has estimated the bankruptcy value to SEK 190 million in the event of a bankruptcy sale within 30-90 days.	524,680,542	190,000,000
Financial Shares in the real estate company Automobile Property AB Note: PwC has estimated the bankruptcy value of the shares in Automobile Property AB in the span SEK 300-350 million. Detailed grounds for the bankruptcy value are set out in the Administrator's Report.	600,000,000	300,000,000
Shares in Automobile Laboratory Sweden AB Note: Inactive subsidiary. Nominal valuation implemented.	50,000	50,000
Long-term deposits Note: Relates to deposits made in favor of various suppliers. Counterclaims eligible for set-off might exist, so a bankruptcy value of SEK 0 is implemented.	3,185,000	0
Current assets		
Stock Pledged cars Note: As of 29 August 2014, a total number of 225 cars were in stock with a value of SEK 192,000 per car, a total of SEK 43.2 million, which were pledged to Svea Ekonomi AB as security for Nevs's debt. During the reorganisation, 97 pledged cars of a book value of SEK 18,624,000 have been sold.	24,576,000	24,576,000
Raw materials stock and work in progress Note: Some uncertainty remains for the book value, see Administrator's Report. During the reorganisation, stock of a book value of SEK 27,2 million was sold, which generated SEK 12,4. The bankruptcy value for the remaining stock, based on procured offers, is estimated to appr. 10 % of book value.	152,485,866	15,000,000
Accounts receivable Note: Nevs is indebted to some of the customers due to mutual deliveries. Counterclaims eligible for set-off of SEK 15,677,804 might exist, and so a bankruptcy value of SEK 2,195,354, corresponding to the difference, is implemented.	17,873,158	2,195,354
Current receivables VAT claims Note: Relates to VAT claims of a total of SEK 6,733,424 against tax authorities in other EU countries and a VAT claim of SEK 812,676 against the Swedish Tax Authority. According to information from Nevs, the Swedish Tax Authority in December of 2014 paid out an amount of SEK 812,676, and so the amount SEK 6,733,424 is implemented.	7,546,100	6,733,424

Current deposits Note: Relates to deposits of SEK 12,959,496 with various suppliers, whom might hold counterclaims eligible for set-off of substantial amounts. Cautiously, a bankruptcy value of SEK 0 is implemented.	12,959,496	0
Other current receivables Note: Cautiously, a bankruptcy value of SEK 0 is implemented.	308,083	0
Prepaid costs and accrued income Note: Relates to, <i>inter alia</i> , prepaid insurance and rent. The amounts are capitalized over the relevant contract's term, and are not likely to be of a realizable value, and so the item's bankruptcy value of SEK 0 is implemented.	4,613,068	0
Assets not covered by specific rights of priority		
Bank Skandinaviska Enskilda Banken Note: Relates to balance of SEK 6,436,089 in various corporate accounts in SEB, out of which an amount of SEK 77,094 is blocked in favor of the Swedish Tax Authority for energy tax.	6,513,183	6,436,089
Hamilton Advokatbyrå Note: Relates to balance on a client account.	7,393,388	7,393,388
Danske Bank Note: Blocked in favor of insurance costs, and so, cautiously, a bankruptcy value of SEK 0 is implemented.	50,000	0
Total assets	2,562,501,429	654,911,255

LIABILITIES

	Liabilities in the accounting as of 29 August 2014	Estimated value in case of bankruptcy (SEK)
Prioritized liabilities		
<i>General rights of priority</i>		
<u>Items 2 and 3 of Section 10 of the Rights of Priority Act, provision for reorganisation costs and cost for specific measures</u> Hamilton Advokatbyrå and MAQS Law Firm P.O. Box 11918 404 39 Gothenburg	10,000,000	

<p>and PwC Sverige 113 97 Stockholm</p> <p>Note: Relates to fees to the Administrator at Hamilton Advokatbyrå, compensation to MAQS Law Firm as legal counsel to Nevs and compensation to PwC Sverige for carried out valuations.</p>		
<p><u>Item 4 of Section 10 of the Rights of Priority Act</u> Ackordscentralen Stockholm AB Strandväen 35 114 56 Stockholm</p> <p>Note: Relates to compensation for legal advice.</p>	2,500,000	
<p>Hewlett Packard Sverige AB Gustav III:s Boulevard 36 169 85 Stockholm</p> <p>Note: Relates to delivery of IT system and maintenance and support. According to the agreement entered during the reorganisation, Nevs shall pay a monthly advance payment of SEK 2,569,876 for IT services and SEK 378,962 in arrears for add-on services agreed separately.</p>	3,004,386	
<p>National Modern Energy Holdings Limited c/o Power State Group P.O. Box 150, 100083 Chaoyan D Beijing, China</p> <p>Note: Relates to a loan to Nevs for partial financing during the reorganisation. National Modern Energy Holdings Limited has, through an agreement with Nevs waived priority right according to <u>Item 4 of Section 10 of the Rights of Priority Act</u>, a so-called super priority right, in the event that other super priority rights amount to no less than SEK 50 million. National Modern Energy Holdings Limited has also provided additional loans, see below on page 6.</p>	20,000,000	
<p>Solidum AB P.O. Box 173 101 23 Stockholm</p> <p>Note: Relates to loan of SEK 11,500,000 taken out during the reorganisation. In addition to the principal, there is an arrangement fee of SEK 1,500,000 and the annual interest rate is 12%.</p>	13,000,000	
<p>Nevs's management CEO Mattias Bergman c/ Nevs Address as above and CIO Conny Jansson c/ Nevs Address as above</p> <p>Note: Relates to severance salaries during a period of six months.</p>	1,835,000	

<i>Specific rights of priority</i>		
<u>Section 4 of the Rights of Priority Act, pledged shares</u> Bankruptcy estate of Saab Automobile AB Bankruptcy estate of Saab Automobile Tools AB Bankruptcy estate of Saab Automobile Powertrain AB c/o Advokatfirman Delphi Göteborg Östra Hamngatan 29 411 10 Gothenburg and c/o Wistrand Advokatbyrå Göteborg P.O. Box 11920 404 39 Gothenburg Note: The shares in Automobile Property AB are pledged in favor of the bankruptcy estates of Saab Automobile AB, Saab Automobile Tools AB and Saab Automobile Powertrain AB, as security for a conditional claim against Nevs. Against the background that a claim has neither arisen nor been claimed, an amount of SEK 0 is implemented.	0	
<u>Section 4 of the Rights of Priority Act, pledged cars</u> Svea Ekonomi AB Evenemangsgatan 31A 169 79 Solna Note: Relates to a paid out loan with a principal of SEK 35 million, which after deductions for sold cars amounts to SEK 34,069,443. Additionally, accrued interest amounts to SEK 751,694 and fees of a total amount of SEK 6,333,333. Svea Ekonomi AB holds a pledge in Nevs's completed cars. The book value of the cars as per 29 August 2014 amounts to, as above, SEK 43,200,000. 97 cars have been sold during the reorganisation, which has decreased the debt to Svea Ekonomi AB by SEK 10,726,123 to SEK 30,428,347. The remaining pledged 128 cars have a book value of SEK 24,576,000. In the event of a sale, the debt to Svea Ekonomi AB will be decreased by an additional SEK 14,150,000.	14,150,000	
<u>Section 5 of the Rights of Priority Act, limited floating charge</u> Svea Ekonomi AB Address as above Note: As security for its claim as above, Svea Ekonomi AB also holds a limited floating charge in an amount of SEK 43 million with top ranking priority. Here, the amount SEK 16,278,347 is implemented, corresponding to the difference between the currently outstanding debt to Svea Ekonomi AB and the market value of the remaining 128 pledged cars.	16,278,347	

<u>Section 5 of the Rights of Priority Act, limited floating charge</u> Hewlett Packard Sverige AB Address as above Note: Hewlett Packard Sverige AB has a claim of SEK 34,168,746. Against the background that Hewlett Packard Sverige AB has security in the form of a limited floating charge for SEK 21 million, within SEK 96 million, SEK 24.15 million, which includes an additional 15% of the amount of the limited floating charge, is implemented here. The remainder is included in the Accounts Payable under Section 18 of the Rights of Priority Act below.	24,150,000	
<i>General rights of priority</i>		
<u>Section 12 of the Rights of Priority Act, salary liabilities</u> Note: Relates to accrued holiday pay of SEK 10,224,048, which are prioritized as per a preliminary assessment. In addition thereto, severance pay and compensations not covered by the state wage guarantee might be incurred.	10,224,048	
Total prioritized liabilities:	115,141,781	
Non-prioritized liabilities		
<i>Without priority rights</i>		
<u>Salary costs</u> Länsstyrelsen i Västra Götaland 403 40 Gothenburg Note: Relates to determined state wage guarantee of SEK 20,877,898 for August of 2014, determined state wage guarantee of SEK 18,371,592 for the period 1-29 September 2014, and severance pay, holiday pay and accrued salaries of a total of SEK 8,746,338.	47,995,828	
Individual employees Note: Relates to the non-prioritized salary claims of individual employees, out of which an amount of SEK 2 416 762 kr refers to severance pay, an amount of SEK 274 439 refers to holiday pay on severance pay and an amount of SEK 301 482 kr refers to other salary debts. The amount hereof is subject to adjustment.	2,992,683	
<u>Accounts payable</u> Note: The deposits and customer claims against suppliers described above could entail that the accounts payable might, in case of bankruptcy, decrease with SEK 12,959,496 and SEK 15,677,804, respectively.	524,551,888	

Possible additional liabilities Note: Estimate of potential disputes due to breach of contracts etc. The amount can vary and has been commented in in the Administrator's Report.	150,000,000	
Other current liabilities		
National Modern Energy Holdings Limited Address as above Note: Relates to liability of USD 4,070,000, corresponding to SEK 28,378,889, to the parent company. The amount is converted as of 29 August 2014 with an exchange rate of SEK 6.9727 per USD 1. During the reorganisation, the parent company has provided Nevs with five loans, in addition as set forth above on page 4, that will not be part of a composition arrangement: <ol style="list-style-type: none"> 1. Loan of USD 2,000,000, corresponding to SEK 14,970,000. The amount is exchanged as of 11 December 2014 with an exchange rate of SEK 7.485 per USD 1. 2. Loan of USD 4,850,000, corresponding to SEK 38,858,200. The amount is exchanged as of 12 January 2015, with an exchange rate of SEK 8.012 per USD 1. 3. Loan of USD 1,000,000, corresponding to SEK 8,375,000. The amount is exchanged as of 11 February 2015, with an exchange rate of SEK 8.375 per USD 1. 4. Loan of USD 2,000,000, corresponding to SEK 16,672,000. The amount is exchanged as of 18 February 2015, with an exchange rate of SEK 8,336 per USD 1. 5. Loan of USD 500,000, corresponding to SEK 4,147,326. The amount is exchanged as of 19 February 2015, with an exchange rate of SEK 8,295 per USD 1. 	28,378,889	
Automobile Property AB Note: Relates to debt to the subsidiary in the debt settlement account for unpaid rent.	101,971,511	
Total non-prioritized liabilities	855,890,799	

SUMMATION

		Estimate of assets and liabilities in the event of bankruptcy
Total assets:	2,562,501,429	654,911,255
Total liabilities:	971,032,580	971,032,580
Deficit of estate in the event of bankruptcy:		316,121,325
<u>Subordinated liabilities</u> National Modern Energy Holdings Limited Address as above Note: Subordinated debt of USD 164,652,598, corresponding to SEK 1,148,073,170, to the parent company. The amount was exchanged as of 29 August 2014 with an exchange rate of SEK 6.9727 per USD 1.	1,148,073,170	1,148,073,170
Total liabilities:	2,119,105,750	2,119,105,750