Annual Report 2014

Information to shareholders

ANNUAL GENERAL MEETING OF SHAREHOLDERS, APRIL 29, 2015

The Annual General Meeting will be held in Stockholm, World Trade Center, Klarabergsviadukten 70 / Kungsbron 1, on Wednesday, April 29, 2015, at 16.00.

Notification of attendance

Shareholders wishing to participate must be registered in the share register kept by Euroclear Sweden AB by April 23, 2015, and must give notification of their intention to attend by April 23 at the latest.

- By telephone +46 155 22 10 33,
- By mail to Studsvik AB, SE-611 82 Nyköping, Sweden
- By email to studsvik@studsvik.se,
- By fax on +46 155 26 30 70, or
- Via Studsvik's website, www.studsvik.se.

The shareholder's notification should state

- Name
- Personal/corporate identity number
- Address and telephone number
- Number of shares

For entitlement to vote at the Annual General Meeting, shareholders with nominee-registered holdings must apply to the bank or broker managing their shares for temporary re-registration a couple of banking days before April 23, 2015.

Nomination committee

Studsvik's Nomination Committee consists of:

- Jan Ebrell, representative of the Karinen family (chairman)
- Stina Barchan, Briban Invest AB
- Malte Edenius
- Anders Ullberg, Chairman of the Board

The task of the Nomination Committee is to submit proposals to the Annual General Meeting of Shareholders regarding election of the Board of Directors, auditors and alternate auditors and their fees.

FORTHCOMING FINANCIAL INFORMATION 2015

• Report on the first quarter as at March 31	April 29, 2015
• Report on the first half year as at June 30	July 21, 2015
• Report on the three first quarters as at September 30	October 21, 2015
• Year-end report 2015	February 2016
• Annual report 2015	April 2016

The reports will be available at **www.studsvik.com** on the publication dates.

Contents

Facts about Studsvik

THIS IS STUDSVIK

Studsvik delivers services to customers mainly in the nuclear power industry, but also to other industries through treatment of radioactive waste from hospitals, universities, gas, oil and mineral extraction.

We test material and reactor fuel in our own qualified laboratories and deliver software and consultancy services that improve efficiency and extend the operating life of nuclear power plants. We perform work at customers' facilities in connection with maintenance, modernization and decommissioning.

We treat, stabilize and reduce the volume of low and intermediate level waste at our own facilities in Sweden and England.

2014 IN BRIEF

- A new organization was introduced with the three business areas Waste Treatment, Consultancy Services and Fuel and Materials Technology
- In March Studsvik concluded the sale of the waste treatment operations in the USA
- Sound profitability trend in the Fuel and Materials Technology and Consultancy Services business areas
- Weak profitability in Waste Treatment, due to reduced demand and continued problems at the UK facility
- An agreement was signed for consultant support with associated license revenue for construction of a THOR facility
- Continued rationalization in Waste Treatment and administration

MISSION

To provide world-leading, innovative, customized, valuable and environmentally safe solutions in the global nuclear and radiological markets.

VISION

By creating superior value for our customers we will be the preferred and leading solutions provider in our chosen markets.

STRATEGIES

Growth with profitability

We strengthen our position and profitability through organic growth in combination with alliances and acquisitions.

Products and services

We focus on products and services that increase customers' profitability, help to improve safety and make it easier for customers to be environmentally accountable. We have a long tradition of maintaining a high innovation rate and developing our own technology and methods based on customers' requirements.

Market

We conduct operations in a market with high barriers to entry. Our strong market position forms the basis for continued positive development. Establishments in new geographical markets take place successively when demand for Studsvik's services is deemed sufficient.

Partners and collaboration

We operate independently on the market, but develop our services in close collaboration with customers and public authorities. When developing new services or when bidding for major projects Studsvik's competitiveness can be strengthened by strategic partnerships, either with highly specialized niche players or global enterprises.

Organization

Our organization typically has short decision lines and a clear functional management structure with sharp focus on profitability and customer satisfaction.

Key figures and ratios	2014	2013
Sales, SEK million	909.6	1,001.3
Operating profit, SEK million	30.5	16.0
Profit/loss after net financial items, SEK million	11.6	–2.7
Earnings per share, SEK	–1.46	–23.93
Operating margin, %	3.3	1.6
Equity/assets ratio, %	28.1	26.2
Debt/equity ratio, %	36.1	54.4
Equity per share, SEK	35.64	34.83
Average number of employees	895	988

Continued focus on profitability

The new organization with the business areas Waste Treatment, Consultancy Services and Fuel and Materials Technology was introduced in the first quarter of 2014. We now have a clearer organization both internally and externally, with better prospects of developing more effective processes and more value-creating services globally. Our change program to introduce a value based sales culture progressed well during the year and was gradually implemented throughout the organization. We are already seeing effects from the program, but our assessment is that it may take another 2–3 years before we see a significant impact on profit and growth. Efforts to increase efficiency in the organization continued as planned.

Sales in Swedish currency decreased by about 9 per cent compared with 2013 and amounted to SEK 910 million. Despite lower sales we succeeded in compensating the reduced contribution through various measures and reported an operating margin of 4.7 (4.8) per cent after adjustment for non-recurring items.

The Waste Treatment business area reported negative development during the year due to reduced demand for both processing of metals and combustible material. Sales decreased by 27 per cent and the operating margin was 3.3 (16.3) per cent. Continued problems and somewhat weaker demand resulted in considerably weaker profit for the UK recycling facility.

Waste Treatment in Sweden started the first half of the year with good profit and increased productivity, but gradually lost ground during the year after completing the order for treatment of heat exchangers from the Berkeley facility. An incident in the Pyrolysis facility had a marginally negative impact on profit. Reduced demand in combination with improved efficiency of production resulted in our decision in December to reduce staff in Waste Treatment in Sweden and the United Kingdom by a total of about 25 per cent.

Consultancy Services sales decreased by 3 per cent, but reported a positive profit trend in which all operations raised their operating margins. The overall operating margin for the business area improved to 7.8 (1.9) per cent.

Consultancy Services in Germany, supplying consulting and engineering services as well as inspection and maintenance of nuclear facilities in Germany and neighboring countries, turned the previous year's losses into profit as a result of last year's restructuring program.

Consultancy Services in the USA signed a contract last summer to start the first stage of the construction of a THOR facility. The operations developed positively both as regards sales and profit.

The British Consultancy Services mainly work on design of ventilation facilities and radioactive waste issues. Sales decreased but profit improved, largely due to our share in UK Nuclear Waste Management.

Fuel and Materials Technology had a weak start of the year, but recovered gradually and reported a sales increase of about 2 per cent. The operating margin was 13.7 (7.6) per cent. All parts of the business area reported a positive profit trend as a result of both efficiency improvements and positive effects of the program to create a value based sales culture.

We expect a market situation that continues to be challenging due to our customers' profitability challenges in Europe, North America and parts of Asia. Decommissioning of nuclear facilities continues to be an interesting market for us, but it is difficult to assess when the market will pick up speed, due to uncertainties about financing and storage of waste.

We see that existing operators in Europe and North America, apart from improving safety, tend to focus on increasing power extraction and extending the life of existing nuclear power plants. Countries such as China, India and Russia are expected to continue to invest in new reactors. An increased number of countries have started to draw attention to the problems of radioactive waste arising in connection with extraction of minerals, oil and gas, which gives us the opportunity to offer services in the area.

Thanks to the positive effects of our change programs we succeeded in achieving a result in line with the previous year, despite unfavorable external factors and reduced sales. Our change programs will continue to be important for our development even in coming years.

The organization is now in place and we can focus on developing our markets and offers adapted to customers' needs.

During the year we have identified a number of interesting geographical growth areas and also reviewed our portfolio of services, which will mean an increasing focus on niches where we see growth and profitability.

Despite great challenges we now see sound opportunities to increase both profitability and growth.

Stockholm in March 2015
Michael Mononen

Administration report

The Board of Directors and the President of Studsvik AB (publ), corporate identity number 556501-0997, hereby submit the annual report for 2014.

BUSINESS ACTIVITIES OF THE GROUP

Studsvik supplies services to the international nuclear power industry. Its customers are mainly nuclear power plants and suppliers to the nuclear industry. Operations are conducted at Studsvik's own facilities in Europe as well as at customer sites. The services cover the entire life cycle of nuclear power plants as regards waste treatment, consultancy services, fuel and materials technology, as well as management and treatment of radioactive waste from hospitals, universities, gas, oil and mineral extraction.

The annual report follows the group structure introduced in 2014 with operations organized in three business areas: Waste Treatment, Consultancy Services and Fuel and Materials Technology, where the respective business area works globally with an integrated service/product portfolio. Until the end of 2013 the Group's operations were organized in five geographical segments: Sweden, United Kingdom, Germany, USA and Global Services. Comparison figures for previous years have been restated in accordance with the new business area structure. Unless otherwise stated the information in text and figures refers to operations excluding operations to be sold.

The company's share is listed on Nasdaq Stockholm.

MARKET

INCREASED FOCUS ON LIFETIME AND POWER EXTRACTION

Global demand for energy is expected to continue to grow by more than 30 per cent over the next 25 years. Rising demand will mainly come from non-OECD countries, where demand from Asia dominates. The percentage of renewable and nuclear energy is expected to increase, while the percentage of energy generated by fossil fuels will decrease. Ahead of the UN summit on climate change in Paris in 2015 many governments have given notice of measures to reduce emissions of carbon dioxide.

The overall conditions for nuclear power are governed to a great extent by national political decisions. The decisions are made on the basis of each country's financial situation, energy supply, environmental guidelines and public acceptance of nuclear power and other energy sources. Many governments see nuclear power as a reliable energy source with low carbon dioxide emissions. Nuclear power is also seen as a way to balance dependence on energy imports from other countries, which leads to reduced economic and political risks. In addition economic conditions for nuclear power are governed by market conditions and external costs for such things as safety and waste management.

In the longer term the outlook at global level for nuclear power is positive, with 70 new nuclear power plants under construction and a further 179 at the planning stage. Growth is dominated by Asia, with 46 per cent of growth in China, and another 30 per cent in India, South Korea and Russia. Of the existing 437 reactors, 80 per cent are in OECD countries and 75 per cent of these are more than 25 years old. For economic and political reasons the work of replacing old reactors is slow, which leads to increased focus on extending the life and increasing the power output of existing reactors. The long-term challenge for Europe and the USA is how the electricity generated today by nuclear power plants is to be replaced when old plants reach their maximum life, as well as when and how these plants will then be decommissioned.

The nuclear power industry is currently facing receding profitability, mainly in Western Europe and the USA, where falling energy prices are reducing the profitability of many facilities. Political decisions after the Fukushima accident in Japan in 2011 have also had significant negative effects on the nuclear power industry in Germany and Japan, previously two of the largest nuclear power markets. At the same time the requirements for decommissioning and cleaning up old or closed facilities are growing, which in the medium term will constitute a new substantial market. However, power companies and governments are delaying their decisions as the cost of decommissioning and waste treatment is high.

STUDSVIK'S MARKET POSITION

Studsvik offers services in all phases of a nuclear power plant's life cycle, which means that the company benefits from continued operation, measures to extend reactor life, upgrading and increased output, new construction and decommissioning. When upgrading and increasing the output of reactors Studsvik can deliver consulting and engineering services. Studsvik can deliver the same type of services for new construction. When a nuclear reactor is to be decommissioned the work needs to be planned carefully, and different types of calculations and analyses carried out, while methods for treating the waste must be identified.

In the area of Fuel and Materials Technology Studsvik is the only independent supplier of fuel optimization software and the only commercial supplier of services in materials technology. Studsvik also has extensive competence for handling used and damaged fuel.

In the area of Waste Treatment Studsvik offers services for volume reduction and radiological clearance of metal from large metal components such as heat exchangers and steam generators. Studsvik also offers technology for stabilizing and reducing the volume of complex types of waste, such as ion exchange resins, through its patented THOR technology. Studsvik's market position is based on high-level competence in all business areas.

STUDSVIK'S AREAS OF OPERATION

WASTE TREATMENT

Studsvik's methods for waste treatment reduce the customers' costs for subsequent handling and storage as well as contributing to conservation of natural resources. All waste generated by the nuclear power industry, both during the operating and decommissioning phases, must be sent for final disposal to special facilities. There is major environmental and economic value in reducing and chemically stabilizing these volumes.

Studsvik has developed methods for treating different types of nuclear waste. Studsvik offers treatment of low and intermediate level waste at its own facilities in Studsvik in Sweden, and in Workington in the United Kingdom. The purpose of waste treatment is mainly to achieve volume reduction and stabilization of waste before final disposal.

Waste Treatment services are also carried out at customers' own facilities; for example characterization, sorting and packaging of waste, compacting of dry waste and measurement of radioactivity in waste before treatment and recycling.

Large volumes of metallic material can be recycled after Studsvik's processing. Organic waste is usually treated using various thermal processes to achieve a chemically stable product suitable for storage or final disposal, but is also melted and sorted to reduce the volume. Apart from traditional incineration, Studsvik also uses pyrolysis, in which material is treated by dry distillation without addition of oxygen. The Group has developed its own pyrolysis process, THOR[SM], which can be used to treat both dry and wet low-level and intermediate level waste.

CONSULTANCY SERVICES

Studsvik's Consultancy Services contribute to improved profitability and safety in nuclear power and other industries that handle radioactive material. We assist our customers with strategies, policies and plans for management of waste arising in nuclear facilities and handling naturally occurring radioactive material (NORM), mainly in the oil, gas and mining industries.

Consultancy Services also include radiation protection through measurement and analysis of radiation levels and measures to minimize the dose when working in classified environments. Studsvik's services in decommissioning and dismantling nuclear power facilities cover everything from feasibility studies, planning and project management to practical dismantling and subsequent waste treatment. Apart from this we offer engineering services and advisory services in design, safety, technology, maintenance, fuel, core and material issues.

FUEL AND MATERIALS TECHNOLOGY

Studsvik's expertise in Fuel and Materials Technology contributes to better operating economy and improved safety in the nuclear industry. A long life and sound fuel economy are central for achieving good profitability in operating a nuclear power plant. Studsvik's world-leading software for fuel optimization and core monitoring increases the burn-up of reactor fuel and thus the power extraction without jeopardizing operating safety. More energy is extracted from each fuel element, leading to better operating economy.

In our laboratories we test and evaluate irradiated and non-irradiated material. The results make it possible to establish strength and expected life of construction material and fuel for both operation and reinvestment.

SALES AND PROFIT

Sales amounted to SEK 909.6 (1,001.3) million, a decrease in local currencies of 15 per cent. The operating profit was SEK 30.5 (16.0) million, including non-recurring items of SEK –12.1 (–32.5) million. Adjusted for non-recurring items the operating profit was SEK 42.6 (48.5) million.

Sales and profit in the Waste Treatment business area decreased due to reduced demand, mainly in processing of metal waste, and production disruptions at the recycling facility in the United Kingdom. The facility in Sweden has implemented efficiency improvements in both metal processing and incineration. In December a decision was made to adapt staffing in the business area to reduced demand by making cuts of 25 per cent.

Consultancy Services improved their profit and operating margin. The operations in Germany show a profit after the restructuring carried out in 2013. The USA based operations developed positively and an agreement was signed for consultant support and associated license income for construction of a THOR facility. Profit from operations based in the United Kingdom improved, but sales decreased. Both profit and sales improved for operations based in Sweden.

A weak first half year in the Fuel and Materials Technology business area recovered in the second half of the year. For the full year the business area achieved sales on a level with 2013 with a considerably improved operating margin.

PROFITABILITY

The operating margin for the Group was 3.3 (1.6) per cent. Adjusted for non-recurring items the operating margin was 4.7 (4.8) per cent. The profit margin was 1.3 (–0.3) per cent. Capital employed amounted to SEK 518.7 (504.6) million. The turnover rate of capital employed was 1.8 (2.0) and return on capital employed was 5.5 (3.5) per cent.

FINANCIAL TARGETS

Studsvik's overall financial targets are an average annual growth of 10 per cent, achieving an operating margin of 8 per cent and an equity/assets ratio of at least 40 per cent. In 2014 sales in local currencies decreased, while the operating margin increased to 3.3 (1.6) per cent. Adjusted for non-recurring items the operating margin in 2014 was 4.7 (4.8) per cent. The equity/assets ratio increased to 28.1 (26.2) per cent and the net debt/equity ratio decreased to 36.1 (54.4) per cent.

INVESTMENTS

The Group's investments amounted to SEK 32.8 (19.9) million. Most of the investments referred to the facilities in Sweden.

RESEARCH AND DEVELOPMENT

Development projects are initiated and implemented partly in collaboration with customers as consultancy assignments, partly within the framework of Studsvik's own product development. Research expenditure is expensed as it is incurred. Identifiable expenditure for the development of new processes and products is capitalized to the extent it is expected to bring economic benefits.

In 2014 total costs of self-financed research and development amounted to SEK 25.8 (26.6) million. The greatest resources were allocated to Studsvik's in-core fuel management codes and reactor operation. Within software development the expenditure is a combination of maintenance of existing software and new development.

Waste Treatment

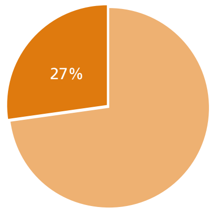
Studsvik treats and reduces the volume of low-level waste on behalf of customers mainly in the nuclear power industry. Studsvik's holds a strong position in the European market for incineration and thermal treatment of dry waste and treatment of metal scrap and large components. Studsvik also has a special position in Sweden as regards treatment of radioactive waste from non-nuclear operations, such as hospitals, universities and the process industry. Waste from the nuclear industry and non-nuclear operations is handled and treated at customers' facilities and at Studsvik's facilities in Sweden and the United Kingdom.

The Waste Treatment business area offers solutions for managing waste flows that reduce both environmental impact and customers' costs for treatment and final disposal.

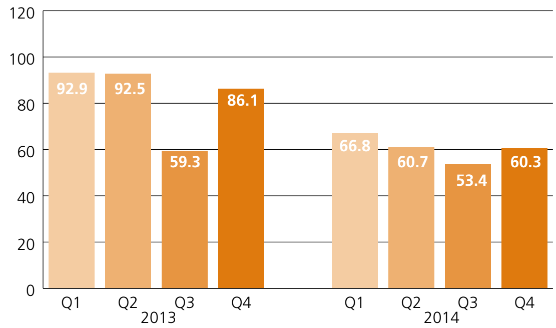
Key figures and ratios

Amounts in SEK million	2014	2013
Sales	241.2	330.8
Operating profit	2.9	53.8
Operating margin, %	1.2	16.3
Items affecting comparability	–5.1	0 .0
Adjusted operating profit	7.9	53.8
Adjusted operating margin, %	3.3	16.3
Investments	21.7	12.1
Average number of employees	158	155

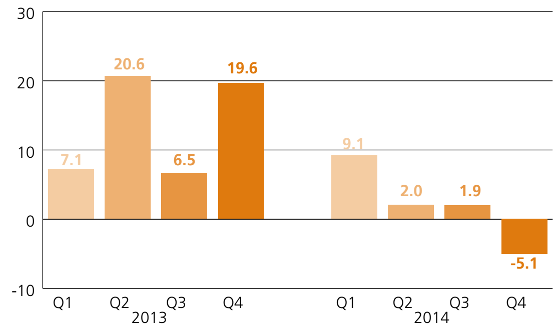
Percentage of sales



Sales



Adjusted operating profit



During the year the five remaining heat exchangers from the Berkeley facility were processed, thus completing the Berkeley project. Compared with 2013 the Berkeley project constitutes a smaller percentage of sales, which is reflected in both sales and profit. Apart from that the processing of a number of large metal components was completed in the Swedish facility.

The facility in the United Kingdom mainly treated mixed metallic waste during the year but in that period suffered production disruptions, which burdened the year's profit. Extensive measures have been implemented and for 2015 the facility has new management and a changed organization.

During the year efficiency improvements were made to the Swedish facility, including both metal processing and incineration. The facility's capacity utilization was high in the first three quarters but fell in the fourth quarter as a result of reduced availability of material for treatment.

A decision was made to reduce the workforce by 25 per cent in production and administration. The cost level of the operations is now adjusted to the current market situation, where availability of material for processing is temporarily decreasing as a consequence of postponed decisions on both reinvestment and decommissioning of nuclear facilities in Europe.

The process of adjusting the cost level in the business area to a weaker market situation is in progress. Extensive work on customer value based selling is starting to bring results in the form of higher sales prices in both metal processing and incineration.

Sales decreased to SEK 241.2 (330.8) million and operating profit to SEK 2.9 (53.8) million. Items affecting comparability amounted to SEK –5.1 (–) million. Adjusted for items affecting comparability in 2014 the operating margin was SEK 3.3 (16.3) per cent.

Consultancy Services

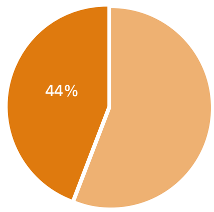
Studsvik offers a broad range of consultancy and engineering services to customers in both the nuclear sector and other industries, including the oil, gas and mining industries where there is naturally occurring radioactive material (NORM). Customers are in Europe, North America, the Middle East and Asia. The range of services covers the entire life cycle from planning and design to waste treatment. The inspection and maintenance operations for nuclear facilities in Germany, Belgium and Switzerland are included in this business area. The business area also includes Consultancy Services and licensing of the pyrolysis technology (THOR[SM]) that Studsvik has developed for radioactive waste that is particularly difficult to treat.

The Consultancy Services business area helps its customers to improve profitability and safety by developing and implementing the right strategy, policy and processes together with the customer.

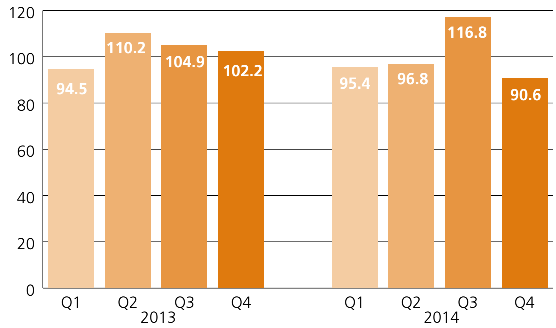
Key figures and ratios

Amounts in SEK million	2014	2013
Sales	399.6	411.8
Operating profit	36.8	–15.0
Operating margin, %	9.2	–3.6
Items affecting comparability	5.6	–23.0
Adjusted operating profit	31.2	8.0
Adjusted operating margin, %	7.8	1.9
Investments	0.3	1.3
Average number of employees	543	628

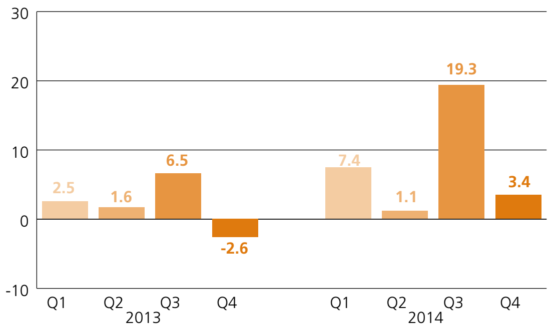
Percentage of sales



Sales



Adjusted operating profit



Consultancy Services show a good margin trend for 2014. The restructuring initiated in 2013 by the part of the German operations that focuses on periodic maintenance work has turned previous years' losses into profit, while periodic maintenance now represents a shrinking percentage of sales.

The work of increasing billed time has brought results and we see potential for further improvement in billed time and margins in 2015. The US based operations secured an agreement during the year for consultancy support with associated licensing income for construction of a THOR facility, which had a positive impact on profit in the second half of the year.

Consultancy Services in the United Kingdom focused further on customer value, resulting in considerable improvement in profitability. Profit and margins in the United Kingdom also improved due to increased share in profits from Studsvik's participation in UK Nuclear Waste Management.

The business area is benefiting from the global organization introduced in 2014. Competence and resources are offered internationally, which leads to better profit and a higher billed time ratio. In the autumn the consulting experts based in Västerås in Sweden signed their first contracts with customers outside Sweden and the projects within the growing sales of Consultancy Services to the NORM sector are staffed with employees from Sweden, the UK and Germany.

Demand for advanced consultancy services in Europe, North America, Asia and the Middle East is good, while demand for maintenance services remains weak.

Sales were SEK 399.6 (411.8) million and the operating profit increased to SEK 36.8 (–15.0) million. Items affecting comparability amounted to SEK 5.6 (–23.0) million. Adjusted for items affecting comparability in 2014 the operating margin was SEK 7.8 (1.9) per cent.

Fuel and Materials Technology

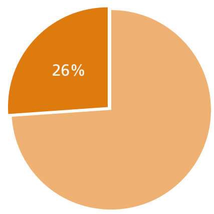
Studsvik is the only independent supplier of fuel optimization and core monitoring software and analyses of nuclear fuel and material. The business area offers services to nuclear power plants, reactor and fuel manufacturers, government authorities and organizations. Testing and analysis operations are conducted in Studsvik's laboratories in Sweden and sometimes in collaboration with universities and other higher education institutions and other international laboratories. Apart from fuel optimization and core monitoring the software is used as a support to fuel management after operation. The software operations are conducted at several offices in Europe, the USA and Japan. The software development is based in the USA.

The Fuel and Materials Technology business area contributes to improved operating economy and increased safety in the nuclear power industry with methods and knowledge that extend the life of new and existing investments and it offers software for optimizing the use of nuclear fuel.

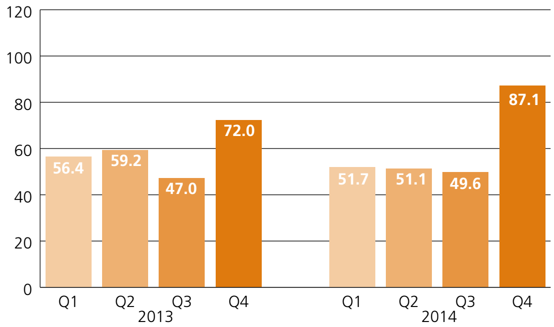
Key figures and ratios

Amounts in SEK million	2014	2013
Sales	239.5	234.6
Operating profit	31.4	17.8
Operating margin, %	13.1	7.6
Items affecting comparability	–1.4	0.0
Adjusted operating profit	32.8	17.8
Adjusted operating margin, %	13.7	7.6
Investments	5.3	4.2
Average number of employees	120	129

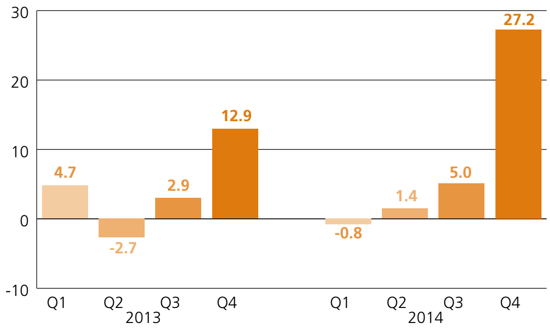
Percentage of sales



Sales



Adjusted operating profit



After a strong close to the year sales and capacity utilization reached the 2013 level. Budget restrictions at customers in the energy sector in Europe and the USA, led in the first half of the year to postponed supplies of software and thus a negative impact on revenues. In the second half of the year profit recovered as a result of more customers and to some extent an increased service portfolio. In 2014 sales of software reached a normal level and demand for services in Materials Technology continues to be good. In 2014 the business area successfully conducted work on customer value based selling. Customer value based selling has clarified the value of an extensive service offer and high-level competence in Fuel and Materials Technology.

This work did in the part dealing with software result in increased sales of services related to the software, such as training, customizing and documentation. Cost savings, mainly in the form of staff cuts through retirement and competence exchange, have further contributed to the improvement in margins achieved.

Sales were SEK 239.5 (234.6) million and the operating profit increased to SEK 31.4 (17.8) million. Items affecting comparability amounted to SEK –1.4 (–) million. Adjusted for items affecting comparability the operating margin was SEK 13.7 (7.6) per cent.

PARENT COMPANY

Operations in the parent company consist of coordination of the Group. Parent company sales were SEK 11.9 (13.1) million. Operating result was SEK –43.9 (–38.9) million. Items affecting comparability of SEK –5.6 (–9.5) million are included. The result after financial items was SEK –8.5 (–277.5) million. This includes group contributions of SEK 42.8 (46.0) million.

An impairment loss of SEK 0 (279.3) million on the parent company's book value of shares in subsidiaries was recognized.

Cash and cash equivalents amounted to SEK 35.6 (56.5) million and interest-bearing liabilities to SEK 221.0 (269.4) million. The decrease is explained by ordinary amortization and redemption of bank loans.

Apart from in the parent company and business areas, within the Group there are items affecting comparability of SEK –5.6 (–) million.

BENEFITS TO SENIOR MANAGEMENT

The principles for benefits to senior management were adopted by the Annual General Meeting held on April 23, 2014.

Senior management will be offered a commercially competitive fixed salary based on the individual executive's responsibilities and powers. Salary will be fixed per calendar year. Senior management may be offered variable remuneration of a maximum of 50 per cent of fixed salary. Variable remuneration will be primarily based on the Group's financial targets. A plan for variable remuneration will be determined for the financial year.

Senior management can make an individual choice of pension solution in addition to the provisions of collective agreements or other agreements. Thus they can convert salary and variable remuneration to extra pension payments, given that the cost to Studsvik is unchanged over time

For senior management and Studsvik a maximum of 12 months mutual period of notice is applicable. Severance payment equivalent to a maximum of 12 months' salary may be made in addition to salary during the period of notice. There is more information concerning benefits to senior management in note 38.

The Board of Directors does not intend to propose any change in these principles at the 2015 Annual General Meeting.

EMPLOYEES

The average number of employees in the Group in 2014 was 895 (988). Demand for the Group's services in waste treatment of metals and combustible waste decreased during the year, while the facility in Sweden carried out productivity improvements. In December the workforce was adapted to the new conditions, entailing a reduction of 39 employees. In 2014 the Group also improved the efficiency of administration, leading to a reduction in administrative staff. Other staff reductions are explained by the restructuring program initiated in the German operations in 2013.

Demand is increasing for Consultancy Services and Fuel and Materials Technology, which, together with the generational shift that the nuclear power industry is facing, further underlines the importance of creating attractive conditions for the Group's existing and potential employees.

SAFE WORK ENVIRONMENT

For Studsvik a safe work environment and the work of creating a strong safety culture have the highest priority. The ultimate target is to completely avoid work-related injuries. Studsvik has a program to reduce the number of work-related injuries and the number of injuries resulting in sickness absence has gradually decreased in recent years. In 2014 the number of injuries resulting in sickness absence was 18 (17). Measures are being taken to eliminate physical work environment risks both at the Group's and customers' facilities. Improved knowledge of risks and influencing and changing attitudes and behavior are equally important. Part of this work is to encourage all employees to identify improvements and to report potential risks and risk behaviors.

HEALTH AND HEALTH PROMOTION

Studsvik's ambition is to offer its employees a healthy work environment and a good work-leisure balance. The objective is to maintain a high standard of health and safety, where local laws and ordinances constitute the lowest acceptable level. Studsvik conducts systematic health and health promotion activities, mainly focused on preventive measures and rehabilitation. Sickness absence and illness are to a great extent related to lifestyle factors. In collaboration with occupational health services, and in other ways, Studsvik takes initiatives to identify lifestyle and environmental factors that put individuals at greater risk of illness. Employees are encouraged to take physical exercise and other measures to improve their lifestyle by means of financial subsidies and through joint activities.

EQUAL OPPORTUNITIES AND DIVERSITY

Studsvik values and encourages diversity in the organization in a way that reflects the diversity in our markets. An organization made up of employees with different experience and backgrounds makes the business more innovative. The percentage of women was 18 (19) per cent. Studsvik does not tolerate any form of discrimination and all forms of harassment are actively opposed by the company and its managers.

SAFETY, SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENT (CORPORATE RESPONSIBILITY)

Safety, sustainable development and environmental responsibility, i.e. Studsvik's corporate responsibility activities, are an integrated part of the Group's business strategy. For Studsvik this entails a commitment to follow the principles of sustainable development, which also cover economy, environment, health and safety as well as ethical and social aspects. The goal is to minimize the impact of the operations and our own facilities on the environment both as regards emissions and use of resources. Studsvik is to supply the global nuclear and radiological market with sustainable solutions for safe and environmentally friendly operations.

SOCIAL COMMITMENT

Studsvik endeavors to maintain good and open communications with regions, municipalities, authorities and other stakeholders. Our ambition is also to support the local community through cooperating with organizations and municipal administrations on matters that are strategically important to Studsvik.

DECOMMISSIONING OF STUDSVIK'S NUCLEAR FACILITIES

The operations at Studsvik's nuclear facilities in Sweden are conducted under license pursuant to the Swedish Act on Nuclear Activities and it is therefore Studsvik's responsibility to decommission the facilities. Under the Act the holder of the license has both the technical and the financial responsibility for decommissioning.

In accordance with the Act on Financing the Handling of Certain Radioactive Waste etc. (1988:1597) (the Studsvik Act) the Swedish nuclear power producers pay a fee per generated kWh of electricity to the Nuclear Waste Fund to cover the costs of decommissioning the main part of Studsvik's nuclear facilities. Regular cost estimates are made to establish the extent of the commitment. These form the basis for determining the fee payable to the Nuclear Waste Fund by the nuclear industry. Decommissioning in practice means that when Studsvik decides to permanently close down a facility covered by the Studsvik Act, ownership is transferred to a company owned by the nuclear power industry, which carries out the decommissioning at a time decided by that company.

The Group's Swedish facilities that are not covered by the Studsvik Act are governed by an Act that came into force in 2007 (2006:647). Under that Act Studsvik is financially liable to ensure future decommissioning of these facilities. This is done partly by paying a fee to the Nuclear Waste Fund, partly by pledging collateral to assure compliance. Cost estimates are made to determine the extent of Studsvik's commitment. These then form the basis for determining the fee to be paid by Studsvik to the Nuclear Waste Fund. In 2014 the fee to the Nuclear Waste Fund was SEK 0.8 million. Studsvik assesses that the annual fee will continue at that level. Provision is made in the accounts for the obligation Studsvik has under IAS 37, which also means that an annual cost of the obligation for the estimated economic life of the facility is recognized in income. The annual cost will be more or less equivalent to the fee paid to the Nuclear Waste Fund. The balance in the Nuclear Waste Fund is recorded as an asset in the accounts.

For its nuclear facility in the United Kingdom the Group makes provision in its own balance sheet for future decommissioning.

RISK MANAGEMENT

Studsvik operates on an international market that is exposed to competition. The responsibility for assessing operational and financial risk lies with the respective business area. The business areas' risk assessments are examined, compared and followed up by the parent company as well as being dealt with in connection with the regular follow-up in each business area.

An overall analysis of the Group's risks and how they are dealt with is presented annually to the Board of Directors of Studsvik AB and is followed up on a regular basis. The Group has a high security culture, which rests on a long tradition of clear routines for quality assurance and follow up in the context of various quality certification processes.

The fact that Studsvik operates in the nuclear sector entails special risks that are regulated and supervised by national agencies and international bodies. An overall risk assessment must include all parts of the operations and a general business environment assessment. Selected risk factors are described below in no order of rank. Financial risks are dealt with in the "Financial risk management" section, note 2.

EXTERNAL RISKS

Licensing obligation and regulatory framework

Studsvik handles radioactive material and waste, which means that some of the operations must be licensed and are subject to official supervision and approval. Consequently there is a risk that the conditions governing operations may be changed through amendment or cancellation of official permits, changes in the regulatory framework or through political decisions. This may for example involve further protective measures that Studsvik may need to invest in to fulfill requirements. Studsvik may be notified by regulators of alleged infringements of licensing or regulations.

Studsvik fulfills the requirements imposed by such regulations. The Group's high-level safety culture means it has a high capacity for adjustment to new rules and directives. Working methods that reduce emissions and risks are continuously being enhanced.

Market

Demand for Studsvik's services is affected by a number of factors, and in the long term is dependent on developments in the nuclear power industry and the factors that influence them. By addressing its services to the nuclear power industry's needs throughout the nuclear power industry's life cycle the business is only dependent in the very long term on the survival of the nuclear power industry.

Public opinion

Issues relating to nuclear technology are of public interest. Various issues may be subject to expressions of opinion and debate. In such a context it cannot be ruled out that an opinion may emerge on matters that directly or indirectly restrict Studsvik's scope of business action. Studsvik acts consistently to maintain high public confidence by doing what it can not to conduct its business in conflict with public opinion.

Business activities focus on improving the safety profile of nuclear power. Its approach to the world around is characterized by dialogue and the principle of the greatest possible transparency.

OPERATIONAL RISKS

Technology

Software, laboratory activities, waste treatment and certain specialist services provided through Studsvik's operations are based on proprietary technology. This is constantly exposed to competitive challenges and the possibility of other technology being developed that reduces the competitiveness of Studsvik's technologies cannot be ruled out.

The risk is managed through continuous product development in close cooperation with customers, as well as through largely offering customers package solutions, based on Studsvik's extensive experience, which makes Studsvik less sensitive to the replication of individual services or products. Studsvik also manages this risk by patenting its proprietary technology whenever it is considered possible and financially justifiable.

Transportation

A large part of Studsvik's operations, especially in the field of materials testing and waste treatment, involves the transportation of material to and from Studsvik's facilities. This could be hindered by new legislation or amendments to international conventions. Transportation also requires official approval, special equipment and/or vehicles, which means that prolonged licensing processes may result in deferment or losses in earnings. Transportation complies with high safety standards, is subject to frequent inspections by supervisory authorities and has a low risk of harmful consequences in the event of an accident. By maintaining a high level of competence in our own transport organization and through the availability of our own transport packaging the risk is limited.

Operation of company facilities

Studsvik conducts its business at its own facilities. Technical failures that cause unplanned operational disruptions cannot be ruled out, and may have an adverse effect on income and give rise to costs. Studsvik's quality system, monitoring and maintenance systems, as well as competence development processes, are intended to minimize the risk of operational disruptions, and improve contingency planning to minimize the effects of any disruptions that do nevertheless occur.

Dependence on employees

The running of Studsvik's facilities depends on the workforce being complete and competent.
Studsvik has a long history of industrial peace. However, labor conflicts that may affect business and cause loss of income cannot be ruled out. Studsvik works actively to create stable and sound relations with employees and trade union organizations. An active human resources policy with the means and systems required for employee development creates a high level of job satisfaction.

In accordance with Swedish legislation Studsvik has employee representatives on the board of the parent company.

Dependence on key personnel

Studsvik offers proprietary technical solutions and services using different types of specialist expertise. This makes the company to some extent dependent on key employees. This risk is limited by systematizing processes, recruitment and competence development.

Fixed price contracts

In connection with large service contracts, Studsvik sometimes accepts fixed price contracts. These contracts require effective risk management and project management. Studsvik trains its project managers and applies special procedures that are integrated into the Group's quality systems to ensure that these risks are managed professionally.

Supplier liability

Studsvik supplies services with a high technical content to qualified customers. As a supplier, Studsvik is responsible for timely delivery, functionality and other qualities of services ordered. If a service is delivered late or does not fulfill requirements that a customer can rightfully impose, Studsvik risks loss of income, for example as a consequence of costs incurred for replacement or damages. Studsvik makes regular assessments of potential exposures and makes provision for identified risks.

Owner liability for waste

Studsvik has owner liability for waste arising from its own process and operations. In addition Studsvik has owner liability for a limited period for some waste from its customers. The Group aims to have agreements with sub-contractors on the conditions for final disposal of this waste. Changes in regulatory or commercial conditions that necessitate amendments or supplements to these arrangements cannot be ruled out. The risk is managed through Studsvik periodically calculating the economic effects of these commitments, making provision in the balance sheet for future costs of final disposal, paying in fees in accordance with local regulations and receiving remuneration from customers for Studsvik's commitments.

Dependence on suppliers

Part of Studsvik's strategy is to build up unique customer offers together with selected partners. This results in a measure of natural dependence on these partners. The design of Studsvik's contracts enables close relationships based on trust, while keeping alternative partners available.

Financing and political decisions

Decommissioning of nuclear operations and taking care of radioactive waste in most countries requires active participation of the authorities through decisions concerning financing, decommissioning permits and rules for disposal.

In many markets financing of such operations is through complex systems involving a combination of accumulated funds, income from the operation of nuclear power plants and taxes. Consequently, political decisions affect demand for Studsvik's services, mainly in the areas of waste management and decommissioning. Delays in processing by the authorities and resulting delay in completion of contracts cannot be ruled out.

INSURABLE RISKS

Accidents and stoppages

Studsvik conducts its operations at its own laboratories and facilities. The possibility of an accident at one of these sites, or in connection with transportation to or from a site, cannot be ruled out. Potential accident risks are surveyed regularly and preventive measures are integrated into the Group's quality and safety systems. In order to reduce the negative impact on profits that an accident and subsequent stoppage could have, all facilities are covered by property insurance and consequential loss insurance has been taken out for all strategic facilities.

Damage caused to a contracting party or third party

Error or negligence in performance of a service or delivery of a product can lead to a contracting party or third party suffering physical and/or financial damage. The concept of damage includes personal injury, material damage and financial damage. Third party liability insurance has been subscribed to cover Studsvik against the financial risks and consequences its business entails. The business is insured from two risk perspectives; nuclear liability and non-nuclear liability.

In cases where the Group conducts nuclear activities subject to license, it is a licensing requirement that insurance has been subscribed and maintained. This is regulated in the Nuclear Liability Act in Sweden and corresponding legislation in other countries. This legislation also regulates the insurance amounts, which are currently SDR 360 million (SDR = special drawing rights), equivalent to SEK 4.1 billion. Nuclear liability insurance for the Swedish operations is provided by Nordic Nuclear Insurers (NNI) and European Liability Insurers Limited (ELINI). Insurance for the UK operations is provided by Nuclear Risk Insurers Limited (NRI).

The non-nuclear operations are insured through a global liability insurance policy with the insurance company IF P&C Insurance Ltd.

OTHER RISKS

Theft, sabotage or attack

A company handling radioactive material can never completely exclude the possibility of theft of this material. Transportation of radioactive material, as well as facilities for storage and processing, can be the target of sabotage or other forms of attack.

Studsvik takes active measures to maintain physical protection in close cooperation with the police and public authorities. The level of physical protection is regularly adjusted in line with the assessment of the threat picture made by the police and public authorities. Studsvik follows the plans drawn up by the licensing and supervisory authorities.

Cost liability for decommissioning

The operations at Studsvik's Swedish nuclear facilities are conducted under license pursuant to the Swedish Act on Nuclear Activities and it is therefore Studsvik's responsibility to decommission the facilities. Under local regulations Studsvik is technically and financially responsible for decommissioning the Group's UK facility.

Environmental debt

Studsvik generates a limited volume of own waste that impacts the environment. When Studsvik processes radioactive waste on behalf of a customer it is the customer that is responsible for the radioactive residual products.

Sensitivity analysis

Variations in prices to customers and the Group's costs affect the Group's earnings. The Group's largest single cost item is personnel, which accounts for about 59 per cent of total costs. The Group's currency exposure is greatest against EUR, GBP and USD.

Sensitivity analysis	**Change**		**Effect on operating profit**
Price to customer	1 %	+/–	SEK 9.1 million
Personnel costs	1 %	+/–	SEK 5.2 million
Exchange rate EUR/GBP/USD	10 %	+/–	SEK 10.0 million

CORPORATE GOVERNANCE

The company has prepared a corporate governance report that is separate from the administration report. This can be found in the "Corporate Governance" section.

PROPOSED DISTRIBUTION OF PROFITS

The Board of Directors proposes that no dividend be distributed in 2014. No dividend was distributed in the previous year. The total profits at the disposal of the Annual General Meeting comprise the parent company's non-restricted equity, SEK 50,599,485, consisting of retained earnings, SEK 56,739,285 and loss for the year, SEK –6,139,800. The Board of Directors proposes that the profits be distributed as follows:

To be carried forward	SEK 50,599,485
Total non-restricted equity in the parent company	SEK 50,599,485

THE STUDSVIK SHARE

SHARE PRICE AND TRADING

The Studsvik share is listed on Nasdaq Stockholm. In 2014 the share price fell by 13.2 per cent from SEK 37.80 to SEK 32.80. At the close of the year the market value was SEK 269.6 million. During the year the share price varied between a high of SEK 56.50 on March 6 and a low of SEK 30.90 on October 16.

In 2014, 2.6 million Studsvik shares were traded for a value of SEK 115.9 million. This corresponds to 50 per cent of the free float (the value of shares that are available for trading), to be compared with 41 per cent in the previous year. The free float refers to shares held by shareholders with less than 10 per cent of the capital.

NUMBER OF SHARES AND SHARE CAPITAL

On December 31, 2014 Studsvik AB (publ) had 8,218,611 shares in issue. Each share carries one vote and represents an equal proportionate interest in the company's assets and earnings. The quotient value is 1.0 and the share capital amounted to SEK 8.2 million.

SHAREHOLDERS

On December 31, 2014 Studsvik had 3,380 shareholders. The percentage of shares registered abroad was 17.8 per cent. The two largest owners, the Karinen family and Briban Invest AB, held 37.1 per cent of the shares and the ten largest shareholders 63.0 per cent. The shareholdings of the Board and the Executive Group Management are presented in the sections Board of Directors and Auditors and Executive Group Management.

DIVIDEND POLICY AND DIVIDEND

The Board's goal is that on average over time the dividend should correspond to at least 30 per cent of the consolidated profit after tax. Decisions on dividend proposals will, however, take into consideration Studsvik's expansion potential, the strength of its balance sheet, liquid funds and financial position in general. For 2014 the Board proposes that no dividend be paid.

MARKET MAKER

Remium AB has been appointed to act as market maker for the company's share.

ANALYSTS

The Studsvik share is followed on a continuous basis by Remium.

INFORMATION ON THE ARTICLES OF ASSOCIATION ETC.

There is no provision in Studsvik's Articles of Association that restricts the right to transfer shares. The company has not transferred any of its own shares or issued new shares during the financial year. The company is not aware of any agreements between shareholders that may result in restrictions on the right to transfer shares in the company. The company is not a party to any material agreement that is affected by any public takeover bid. The company's employees do not hold any shares for which the voting right cannot be exercised directly. The elected members of the Board of Directors are appointed by the Annual General Meeting. There is no provision in the Articles of Association concerning appointment and dismissal of Board members. The Board of Directors is not authorized to decide on the issue of new shares or acquisition of own shares.

SHAREHOLDERS, DECEMBER 31, 2014

	Number of shares	Holding, %
Karinen Family	1,769,552	21.5
Briban Invest AB	1,285,492	15.6
Avanza Pensionsförsäkring AB	489,909	6.0
Credit Agricole Suisse SA	346,098	4.2
Invus Investment AB	276,594	3.4
Malte Edenius	237,000	2.9
Eikos AB	225,000	2.7
Nordnet Pensionsförsäkring AB	210,159	2.6
Leif Lundin	181,850	2.2
SIX SIS AG	154,952	1.9
Total, 10 largest shareholders – holdings	5,176,606	63.0
Other shareholders	3,042,005	37.0
Total	8,218,611	100.0

CHANGE IN SHARE CAPITAL

Year	Transaction	Increase in number of shares	Share capital SEK	Total number of shares
1994	Founding	500,000	500,000	500,000
2001	Bonus issue	5,300,000	5,800,000	5,800,000
2001	Private placement	2,314,211	8,114,211	8,114,211
2004	New issue[1]	2,400	8,116,611	8,116,611
2005	New issue[1]	102,000	8,218,611	8,218,611

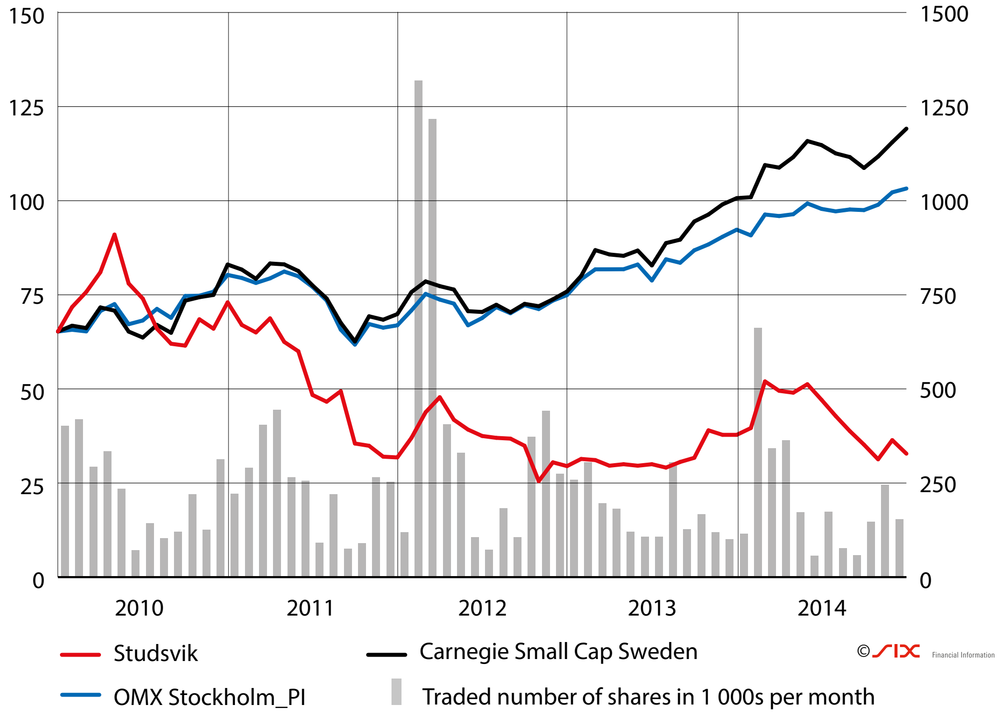
[1] Conversion of warrants.

SHAREHOLDER STRUCTURE, DECEMBER 31, 2014

Shareholding	Number of shareholders	Number of shares	% of total Shares
1 – 500	2,815	283,640	3.4
501 – 2,000	381	427,499	5.2
2,001 – 10,000	121	560,262	6.8
10,001 – 50,000	40	1,076,951	13.1
50,001 – 100,000	9	655,944	8.0
100,001 –	14	5,214,315	63.5
Total	**3,380**	**8,218,611**	**100.0**

DATA PER SHARE

Amount, SEK	2010	2011	2012	2013	2014
Number of shares at close of period	8,218,611	8,218,611	8,218,611	8,218,611	8,218,611
Average number of shares	8,218,611	8,218,611	8,218,611	8,218,611	8,218,611
Price, December 31	73.00	31.80	29.50	37.80	32.80
Earnings per share from continuing operations before and after dilution	1.16	1.04	–1.65	–2.78	0.63
Earnings per share from operations held for sale before and after dilution	–0.67	1.72	–4.17	–21.15	–2.09
Equity per share	63.37	66.77	58.19	34.83	35.64
P/E ratio	149	11	neg	neg	neg



Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK '000

Continuing operations	**Note**	**2014**	**2013***
Net sales	4	909,570	1,001,242
Costs of services sold	7	–660,459	–742,148
Gross profit		**249,111**	**259,094**
Selling and marketing costs	7	–47,562	–46,501
Administrative expenses	7, 8	–146,942	–145,418
Research and development costs	7	–25,759	–26,607
Share in earnings from associated companies	17, 18	11,539	7,315
Other operating income	5	5,433	10,194
Other operating expenses	6	–15,369	–42,048
Operating profit	4, 5, 6, 7, 8, 9	**30,451**	**16,029**
Financial income	10, 12	182	1,205
Financial expenses	10, 12	–17,007	–19,725
Fair value gain/loss (realized and unrealized)	10, 12	–2,030	–244
Profit/loss before tax		**11,596**	**–2,735**
Income tax	11	–6,443	–20,149
Profit/loss for the year from continuing operations		**5,153**	**–22,884**
Operations held for sale			
Profit/loss for the year from operations held for sale	39	–17,153	–173,888
NET PROFIT/LOSS FOR THE YEAR		**–12,000**	**–196,772**
Other comprehensive income			
Items that may later be reversed in the income statement			
Translation differences on foreign subsidiaries	39	19,178	4,714
Cash flow hedging		–645	141
Income tax on items recognized in other comprehensive income		90	–31
Other comprehensive income for the year, net after tax		**18,623**	**4,824**
Total profit/loss and other comprehensive income for the year		**6,623**	**–191,948**
Income for the year attributable to			
Parent company's shareholders		–12,000	–196,772
Non-controlling interests		–	–
Total comprehensive income attributable to			
Parent company's shareholders		6,623	–191,948
Non-controlling interests		–	–
Earnings per share calculated on income attributable to the parent company's shareholders during the year (SEK)			
Earnings per share before and after dilution			
Profit/loss from continuing operations		0.63	–2.78
Profit/loss from operations to be sold		–2.09	–21.15
NET PROFIT/LOSS FOR THE YEAR		**–1.46**	**–23.93**

* In the figures for 2013 SEK 6,208 thousand increased gross profit and reduced selling and administrative expenses for comparability with 2014.

Group statement of financial position

Amounts in SEK '000

	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	15	350,019	331,388
Intangible assets	16	177,178	162,886
Investments in associated companies	17, 18	6,098	5,639
Deferred tax assets	31	84,450	72,901
Financial assets measured at fair value through profit or loss	19, 23	34,852	30,904
Derivative financial instruments	19, 21, 23	233	753
Trade and other receivables	19, 22	2,723	2,525
Total non-current assets		**655,553**	**606,996**
Current assets			
Inventories	24	1,907	1,817
Trade and other receivables	19, 22	261,487	237,207
Financial assets at fair value through profit or loss	19, 23	454	478
Derivative financial instruments	19, 21, 23	1,840	4,802
Cash and cash equivalents	19, 25	120,074	151,367
Total current assets		**385,762**	**395,671**
Assets in operations held for sale	39	–	260,687
TOTAL ASSETS		**1,041,316**	**1,263,354**
EQUITY			
Capital and reserves attributable to parent company's shareholders			
Share capital	26	8,219	8,219
Other contributed capital	26	225,272	225,272
Other reserves	28	12,625	–5,998
Retained earnings	27	46,506	58,506
Equity attributable to the parent company's shareholders		**292,622**	**285,999**
Non-controlling interests		**271**	**271**
Total equity		**292,893**	**286,270**
LIABILITIES			
Non-current liabilities			
Borrowing	19, 30	203,013	264,797
Derivative financial instruments	19, 21, 23	2,792	7
Deferred tax liabilities	31	38,057	36,060
Pension obligations	32	7,517	5,969
Other provisions	33	152,905	140,097
Trade and other payables	29	39,699	40,545
Total non-current liabilities		**443,983**	**487,475**
Current liabilities			
Trade and other payables	29	263,698	270,726
Current tax liabilities		2,873	1,821
Borrowing	19, 30	22,817	42,288
Derivative financial instruments	19, 21, 23	13,752	858
Other provisions	33	1,300	1,977
Total current liabilities		**304,440**	**317,670**
Liabilities in operations held for sale	39	–	171,939
Total liabilities		**748,423**	**977,084**
TOTAL EQUITY AND LIABILITIES		**1,041,316**	**1,263,354**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK '000

	Share capital	Other paid-in capital	Other reserves	Retained earnings	Equity attributable to parent company shareholders	Non-controlling interests	Total equity
Opening balance at January 1, 2013	**8,219**	**225,272**	**–10,822**	**255,278**	**477,947**	**271**	**478,218**
Other comprehensive income			4,824	–	4,824		4,824
Net profit/loss for the year			–	–196,772	–196,772	–	–196,772
Closing balance at December 31, 2013	**8,219**	**225,272**	**–5,998**	**58,506**	**285,999**	**271**	**286,270**
Opening balance at January 1, 2014	**8,219**	**225,272**	**–5,998**	**58,506**	**285,999**	**271**	**286,270**
Other comprehensive income			18,623	–	18,623		18,623
Net profit/loss for the year			–	–12,000	–12,000	–	–12,000
Closing balance at December 31, 2014	**8,219**	**225,272**	**12,625**	**46,506**	**292,622**	**271**	**292,893**

Group statement of cash flow

Amounts in SEK '000

Total operations	Note	2014	2013
Cash flow from operating activities			
Operating result		17,914	–165,274
Adjustment for non-cash items	34	17,328	153,189
		35,242	**–12,085**
Interest received		182	1,205
Interest paid		–17,807	–19,757
Income tax paid		1,080	–13,265
Cash flow from operating activities before change in working capital		**18,697**	**–43,902**
Change in working capital			
– Current assets		29,633	–30,568
– Other current liabilities		–69,089	49,854
Cash flow from operating activities	39	**–20,759**	**–24,616**
Cash flow from investing activities			
Divestment of subsidiaries		93,947	–
Acquisition of financial assets	23	–1,250	–4,795
Disposals of financial assets	23	–	–2,162
Acquisition of property, plant and equipment	15	–32,750	–20,120
Proceeds from sale of property, plant and equipment	15	364	271
Purchases of intangible assets	16	–9	–18
Dividend from associated companies	17,18	10,406	11,513
Cash flow from investing activities	39	**70,708**	**–15,311**
Cash flow from financing activities			
Loans raised	30	12,703	207,792
Repayments of loans	30	–105,291	–133,270
Dividend	27	–	–
Cash flow from financing activities	39	**–92,588**	**74,522**
Change in liquid assets		–42,639	34,595
Cash and cash equivalents at beginning of the year		151,367	115,792
Translation difference		11,346	980
Cash and cash equivalents at end of the year	25	**120,074**	**151,367**

Parent company income statement

Amounts in SEK '000

	Note	2014	2013
Net sales	41	11,919	13,099
Costs of services sold	43	–2,248	–2,772
Gross profit		**9,671**	**10,327**
Administrative expenses	43	–47,588	–41,114
Other operating income	45	1,652	1,450
Other operating expenses	45	–7,671	–9,611
Operating profit	41, 42, 43, 44, 45, 46	**–43,936**	**–38,948**
Profit/loss from participations in group companies	47	42,807	–233,305
Interest income and similar items	48	17,309	8,369
Interest expense and similar items	49	–24,687	–13,618
Profit/loss before tax		**–8,507**	**–277,502**
Appropriations	50	–	–
Income tax	51	2,368	411
NET PROFIT/LOSS FOR THE YEAR		**–6,139**	**–277,091**
Parent company statement of comprehensive income			
Net profit/loss for the year		**–6,139**	**–277,091**
Other comprehensive income		**–**	**–**
Total comprehensive income for the year		**–6,139**	**–277,091**

Parent company balance sheet

Amounts in SEK '000

	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	52		
– Equipment and tools		–	–
Financial assets	53		
– Deferred tax assets		5,053	3,192
– Shares in subsidiaries	55	371,813	371,813
– Receivables from subsidiaries		209,744	210,244
Financial assets at fair value through profit or loss	53	25,514	22,902
Total non-current assets		**612,124**	**608,151**
Current assets			
Inventories and goods for resale		535	627
Trade and other receivables		3,600	3,491
Derivative financial instruments	60	–	2,556
Receivables from group companies		45,894	49,112
Prepaid expenses and accrued income	54	3,274	6,226
Cash and cash equivalents		35,552	56,452
Total current assets		**88,855**	**118,464**
TOTAL ASSETS		**700,979**	**726,615**
EQUITY			
Equity			
Share capital		8,219	8,219
Restricted reserves		225,272	225,272
Total restricted equity		**233,491**	**233,491**
Non-restricted equity			
Non-restricted reserves		56,739	333,830
Net profit/loss for the year		–6,139	–277,091
Total non-restricted equity		**50,600**	**56,739**
Total equity		**284,091**	**290,230**
Untaxed reserves		**–**	**–**
LIABILITIES			
Non-current liabilities			
Amounts owed to credit institutions	56	200,000	260,000
Deferred tax liabilities		–	438
Liabilities to group companies		68,358	37,150
Other liabilities		14,267	13,267
Total non-current liabilities		**282,625**	**310,855**
Current liabilities			
Liabilities to group companies		84,740	94,406
Trade payables		1,745	1,168
Liabilities to credit institutions	56	21,002	9,367
Derivative financial instruments	60	7,750	566
Other liabilities		1,360	1,341
Accrued expenses and deferred income	57	17,666	18,682
Total current liabilities		**134,263**	**125,530**
Total liabilities		**416,888**	**436,385**
TOTAL EQUITY AND LIABILITIES		**700,979**	**726,615**

Parent company statement of changes in equity

Amounts in SEK '000

	Share capital	Other contributed equity	Retained earnings	Equity attributable to parent company shareholders	Total equity
Opening balance at January 1, 2013	**8 219**	**225 272**	**333,830**	**567,321**	**567,321**
Comprehensive income					
– Net profit/loss for the year			–277,091	–277,091	–277,091
Closing balance at December 31, 2013	**8 219**	**225 272**	**56,739**	**290,230**	**290,230**
Opening balance at January 1, 2014	**8,219**	**225,272**	**56,739**	**290,230**	**290,230**
Comprehensive income					
– Net profit/loss for the year			–6,139	–6,139	–6,139
Closing balance at December 31, 2014	**8,219**	**225,272**	**50,600**	**284,091**	**284,091**

Parent company cash flow statement

Amounts in SEK '000

	Note	2014	2013
Cash flow from operating activities			
Operating result		–43,936	–38,948
Adjustment for non-cash items	62	–1,613	–1,345
		–45,549	**–40,293**
Interest received		7,017	7,409
Interest paid		–14,947	–13,170
Income tax paid		69	–1,849
Cash flow from operating activities before change in working capital		**–53,410**	**–47,903**
Change in working capital			
– Current assets		6,154	–6,604
– Other current liabilities		–10,088	5,886
Cash flow from operating activities		**–57,344**	**–48,621**
Cash flow from investing activities			
Group contribution received		46,000	26,400
Acquisition of financial assets	53	–	–43
Loans to group companies	53	38,809	–122,094
Cash flow from investing activities		**84,809**	**–95,737**
Cash flow from financing activities			
Repayments of loans		–69,367	–62,062
Loans raised		21,002	200,000
Dividend paid		–	–
Cash flow from financing activities		**–48,365**	**137,938**
Change in liquid assets		–20,900	–6,420
Cash and cash equivalents at beginning of the year		56,452	62,872
Cash and cash equivalents at end of the year		**35,552**	**56,452**

Notes

NOTES TO THE CONSOLIDATED ACCOUNTS

Amounts in SEK '000 unless otherwise stated

Note 1 **Accounting policies and valuation principles**

The principal accounting policies applied in the preparation of these consolidated accounts are set out below. These policies have been applied consistently for all years presented unless otherwise stated.

The annual report follows the group structure introduced in 2014 with operations organized in three business areas: Waste Treatment, Consultancy Services and Fuel and Materials Technology, where the respective business area works globally with an integrated service/product portfolio. Until the end of 2013 the Group's operations were organized in five geographical segments: Sweden, United Kingdom, Germany, USA and Global Services. Comparison figures for previous years have been restated in accordance with the new segmental structure.

1.1. BASIS OF PREPARATION

The consolidated accounts for the Studsvik Group have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board recommendation RFR 1, Supplementary accounting rules for groups, and International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated accounts have been prepared in accordance with the historical cost method except as regards financial assets and liabilities carried at fair value through profit or loss.

Preparing statements in accordance with IFRS requires the use of a number of important accounting estimates. Furthermore, the management must make certain judgments when applying the Group's accounting policies. The areas that entail a high degree of judgment, which are complex or of such a nature that assumptions and estimates are critical to the consolidated accounts, are specified in note 3.

Standards, amendments and interpretations that have come into force and are applied by the Group

Of the IFRS and IFRIC interpretations that are compulsory for the first time in the financial year starting on January 1, 2014, the following apply to the Group:

- IFRS 10, "Consolidated financial statements" builds on already existing principles as it identifies control as the determining factor to establish if a company is to be included in the consolidated financial statements. The standard provides further guidance to assist in determining control when this is difficult. The amendment has no material impact on the Group's financial statements.
- IFRS 11, "Joint arrangements", focuses on the rights and obligations of the parties to a joint operation, rather than on the legal form of the arrangement. The joint arrangements applied by the Group are joint ventures, through which the parties have a joint controlling influence over the arrangement and have the rights to the net assets of the arrangement. Joint ventures are reported in accordance with the equity method. The amendment has no material impact on the Group's financial statements. UK Nuclear Waste Management is reported from 2014 as a participation in an associated company.
- IFRS 12 "Disclosure of interests in other entities" covers disclosure requirements for all forms of holdings in other companies, such as subsidiaries, joint arrangements, associated companies and unconsolidated structured entities.

Other standards, amendments and interpretations that come into force for the financial year starting on January 1, 2014, have no material impact on the Group's financial statements.

New standards, amendments and interpretations that have not as yet come into force and that are not applied in advance by the Group

A number of new standards and interpretations come into force for the financial year starting on or after January 1, 2014. None of them have been applied when preparing this financial report and none of them are expected to have any material impact on the Group's financial statements, with the exception of those set out below:

- IFRS 9, "Financial instruments", deals with classification, measurement and recognition of financial assets and liabilities. IFRS 9 replaces the parts of IAS 39 that deal with classification and measurement of financial instruments. IFRS 9 retains a mixed measurement approach, but simplifies this approach in some respects. There will be 3 measurement categories for financial assets; amortized cost, fair value through other comprehensive income and fair value through net income. The classification of an instrument depends on the company's business model and the characteristics of the instrument. IFRS 9 reduces the requirements for application of hedge accounting in that the 80–125 criterion is replaced by a requirement for an economic relationship between the hedging instrument and the hedged item and that the hedge ratio should be the same as that used for risk management purposes. The hedge documentation is also slightly changed compared with that under IAS 39. The standard is applicable to financial years starting on or after January 1, 2018. Earlier application is permitted. The Group has not yet evaluated the effects of introducing the standard.
- IFRS 15, "Revenue from contracts with customers", regulates how revenue should be accounted for. The principles on which IFRS 15 builds aim to give users of financial statements more useful information about the company's revenue. The expanded disclosure requirements mean that information on type of revenue, date of settlement, uncertainties linked to revenue recognition and cash flow attributable to the company's contracts with customers. Under IFRS 15 revenue must be recognized when the customer obtains control of a good or service and is able to use and obtain benefit from the good or service. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction contracts and associated SIC and IFRIC". IFRS 15 comes into force on January 1, 2017. Early application is permitted. The Group has not yet evaluated the effects of introducing the standard.

No other IFRS or IFRIC interpretations that as yet have not come into force are expected to have any material impact on the Group.

1.2 CONSOLIDATED ACCOUNTS

Subsidiaries

Subsidiaries are all companies over which the Group has a controlling interest. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the Group's business combinations. The purchase price for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and shares issued by the Group. The purchase price also includes the fair value of all assets and liabilities that are a consequence of an agreement on contingent purchase price. Acquisition related costs are recognized as expenses when they arise. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. For each acquisition the Group determines if all non-controlling interests in the acquired company are to be measured at fair value or at their proportionate share of the acquiree's identifiable net assets. The excess of the purchase price, any non-controlling interest and fair value on the acquisition date of prior shareholdings over the fair value of the Group's share of identifiable net assets acquired is recognized as goodwill. If the amount is less than the fair value for the acquired subsidiary's assets in the case of a "bargain purchase", the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests – The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. For acquisitions from non-controlling interests the difference between the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognized directly in equity. Gains and losses on sales to non-controlling interests are also recognized in equity.

When the Group no longer has a controlling interest or significant influence, each remaining holding is revalued to fair value and the change in the carrying amount is recognized in the income statement. The fair value is used as the first carrying amount and forms the basis of continued accounting treatment of the remaining holding as an associated company, joint venture or financial asset. All amounts referring to the entity sold, which were previously recorded in other comprehensive income, are recorded as though the Group had sold the related assets or liabilities directly. This may mean that amounts previously recorded in other comprehensive income are reclassified to profit or loss.

If the participating interest in an associated company decreases, but a significant influence nevertheless remains, where relevant only a proportional share of the amounts previously recorded in other comprehensive income is reclassified to profit or loss.

Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associated companies are accounted for in accordance with the equity method and initially recorded at cost. The Group's carrying amount for investments in associated companies includes goodwill identified on acquisition, net of any impairment.

The Group's share of the post-acquisition profit or loss of an associated company is recognized in the income statement and its share of post-acquisition changes in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition changes are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated in relation to the Group's holding in the associated company. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been amended where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses on participations in associated companies are recognized in the income statement.

Joint ventures

For joint ventures, where there is a common controlling interest, the equity method is applied. Interests in a joint venture are initially recognized at cost at the time of acquisition and adjusted on a current basis by its share of changes in the equity of the entity under common control.

The Group's share of the profit from the entity under common control is recognized in the consolidated statement of comprehensive income. If the Group's share of accumulated losses is equal to or more than the Group's share of the equity of the entity under common control, the Group does not recognize further losses.

1.3 SEGMENT REPORTING

Operating segments must be reported in line with the internal reports submitted to the chief operating decision maker. The chief operating decision maker has been identified as the President.

1.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in SEK, which is the parent company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. An exception is when the transactions qualify as cash flow hedges, in which case the gains/losses are recognized in other comprehensive income.

Foreign exchange gains and losses attributable to loans and cash and cash equivalents are recognized in the income statement as financial income or expense. All other foreign exchange gains or losses, mainly on trade receivables and trade payables, are recorded in the items "Other operating income" and "Other operating expenses" in the income statement.

Translation differences for non-monetary financial assets and liabilities are recorded as part of fair value gains/losses Translation differences for non-monetary financial assets and liabilities, such as shares recognized at fair value in the income statement, are recorded in the income statement as part of fair value gains/losses

Group companies

The results and financial position of all the Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate.
- Income and expenses for each income statement are translated at average exchange rates.
- All exchange rate differences arising are recorded in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowing and other currency instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign business is sold, fully or partly, the currency differences reported in equity are transferred to the income statement and recognized as part of the capital gain/loss. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at historical cost less depreciation The Group applies depreciation of components, where each part of an item of property, plant and equipment with a cost of acquisition that is significant in relation to the total cost of the item is to be depreciated separately. Historical cost includes expenses directly attributable to the acquisition of the asset. Expenditure for dismantling and restoration is added to the historical cost and reported as a separate component. Dismantling and restoration costs during the useful life of the asset are calculated annually on the basis of the evaluation made on each date of estimate. Any adjustments of the future costs adjust the historical cost of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount for the replaced part is removed from the balance sheet. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

- Buildings 20–50 years
- Machinery 3–20 years
- Equipment and fixtures and fittings 3–20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing sales proceeds with the carrying amount and are recorded under "Other operating income" and "Other operating expenses" in the income statement.

1.6 INTANGIBLE ASSETS

Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associated companies is included in the value of investments in associated companies and tested for impairment as part of the value of the total investment. Goodwill that is disclosed separately is tested annually for impairment and recognized at cost less accumulated impairment losses. Goodwill impairment loss is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units when tested for impairment. Allocation is to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination giving rise to the goodwill item.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These capitalized costs are amortized over the estimated useful life (normally 10 years).

Costs associated with developing or maintaining computer software are recognized as an expense as incurred. Development costs for software recognized as an asset are amortized over the estimated useful life.

Contractual customer relations and similar rights

Contractual customer relations and similar rights consist mainly of customer relations and contracts as well as some tenancy rights. Documents to verify their capitalization could be business plans, budgets or the company's assessments of future outcomes. An individual assessment is made for each item. Amortization starts when the asset is ready for use and subsequently continues over the estimated useful life. Contractual customer relations are amortized over 15 years. The amortization period for other rights varies.

1.7 IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than financial assets and goodwill for which an impairment loss has previously been recognized, are tested to establish if any reversal should be made.

1.8 FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and derivatives for hedging. The classification depends on the purpose for which the financial asset was acquired. The management determines the classification of financial assets at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired mainly for the purpose of selling in the short term. Derivatives are classified as held for trading if they are not designated as hedging instruments. Assets in this category are classified as current assets if they are expected to be settled within 12 months. Otherwise they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables" and "Cash and cash equivalents" in the balance sheet (notes 22 and 25).

Derivatives for hedging

Derivatives that are classified as hedging instruments are designated as hedges and qualify for hedge accounting treatment. The Group normally only enters into derivatives contracts when they qualify for hedge accounting treatment. The Group's derivatives are recorded as current and non-current assets and liabilities.

Recognition and measurement

Purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets recognized at fair value through profit or loss are initially recognized at fair value, while related transaction costs are recognized in the income statement. Financial assets are derecognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has transferred substantially all risks and benefits of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value after the date of acquisition. Loans and trade receivables are carried at amortized cost after the acquisition date, applying the effective interest method. Trade receivables with short maturities are recognized at nominal value.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category, are presented in the income statement in the period in which they arise under the items "Other operating income" and "Other operating expenses".

1.9 OFFSET OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and recognized net in the balance sheet only if there is a legally enforceable right to set off the recognized amounts and an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legal right may not be contingent on a future event and it must be legally enforceable on the company and the counterparty, both in the normal course of business or in the event of default, insolvency or bankruptcy.

1.10 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Assets carried at amortized cost

The Group assesses at the close of each accounting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and this event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

The Group first assesses whether there is objective evidence of impairment.

The impairment is estimated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have not yet occurred), discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is written down and the impairment loss is recognized in the consolidated income statement. If a loan or investment held to maturity has a variable interest rate, the current contractual effective interest rate used as the discount rate when impairment has been established. As a practical solution, the Group can establish impairment loss on the basis of the fair value of the instrument using an observable market price.

If the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized (for example an improvement in the debtor's creditworthiness), the previously recognized impairment loss is reversed through the consolidated income statement

1.11 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are recognized in the balance sheet on the date of the contract at fair value, both initially and on subsequent remeasurement. The method of reporting the gain or loss arising on revaluation depends on whether the derivative is identified as a hedging instrument, and, if so, the nature of the hedged item. The Group identifies certain derivatives as either:

- a hedge of the fair value of a recognized asset or liability or a firm commitment (fair value hedge),
- a hedge of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

When the transaction is entered into, the Group documents the relationship between the hedging instrument and the hedged item, as well as the Group's risk management objective and strategy for undertaking the hedge. The Group also documents its assessment, both when the hedge is undertaken and on a continuous basis, of whether the derivative instruments used in hedging transactions are effective in offsetting the changes in the fair value or cash flows of the hedged items.

Information on the fair value of the different derivative instruments used for hedging purposes is given in note 21. The entire fair value of a derivative designated as a hedging instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair value hedging

The Group only applies fair value hedging for certain financial non-current assets and borrowing.

Cash flow hedging

The effective portion of the change in fair value of a derivative instrument identified as a cash flow hedge and satisfying the criteria for hedge accounting, is reported in other comprehensive income. The gain or loss referring to the ineffective portion is recognized immediately in the income statement in the items "Other operating income" or "Other operating expenses" – net. When a hedging instrument matures or is sold or when the hedge no longer fulfills the criteria for hedge accounting and accumulated gains or losses referring to the hedge are in equity, these gains/losses remain in equity and are recognized in revenue at the time when the forecast transaction is ultimately reported in the income statement. When a forecast transaction is no longer expected to occur, the accumulated gains or losses deferred in equity must immediately be taken to the income statement items "Other operating income" or "Other operating expenses" – net.

1.12 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. Borrowing costs are not included. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.13 TRADE RECEIVABLES

Trade receivables are reported in the amount expected to be paid in after deduction for individually assessed doubtful receivables. The expected maturity of trade receivables is short and therefore the value has been recognized at the nominal amount without discounting. Impairment losses in trade receivables are recognized in the item "Selling and marketing costs".

1.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, bank balances and other current liquid investments with original maturities of three months or less of the date of acquisition.

1.15 SHARE CAPITAL

Ordinary shares are classified as equity.

Transaction costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.16 TRADE PAYABLES

Trade payables are recognized at fair value and are commitments to pay for goods or services acquired from suppliers in the operating activities. Trade payables have a short expected maturity and are classified as current liabilities.

1.17 BORROWING

Borrowing is recognized at fair value, net after transaction costs.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.18 CURRENT AND DEFERRED INCOME TAX

Tax expense for the period includes current and deferred tax. Tax is reported in the income statement, except when the tax refers to items reported in other comprehensive income or directly in equity. In that case the tax is also reported in other comprehensive income and equity respectively.

The current tax expense is calculated on the basis of the tax laws that have been enacted or substantively enacted on the balance sheet date in the countries in which the parent company's subsidiaries and associated companies operate and generate taxable revenues. The management regularly assesses claims made in tax returns for situations where applicable tax rules are subject to interpretation and, where deemed appropriate, makes provision for amounts that will probably have to be paid to the tax authorities.

Deferred tax is recognized in its entirety, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. However, the deferred tax is not recognized if it arises as a consequence of a transaction constituting the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be applied.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

1.19 EMPLOYEE BENEFITS

Pension obligations

The Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, in which the payments are determined on the basis of periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits associated with the employees' service in the current or prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. It is characteristic of defined benefit plans that they define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses as a result of experience adjustments and changes in actuarial assumptions are reported in other comprehensive income in the period in which they arise.

Past service costs are recognized directly in the income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available to the Group.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy or in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates, a) when the Group can no longer withdraw the offer of those benefits, and b) when the company recognizes the costs for a restructuring within the scope of IAS 37 that includes the payment of termination benefits. In cases where the company has made an offer to encourage voluntary redundancy, the termination benefits are calculated on the basis of the number of employees expected to accept the offer.

Profit-sharing and variable salary components

The Group recognizes a liability and an expense for variable salary and profit-sharing, based on a formula that takes into consideration the profit that can be attributed to the parent company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.20 PROVISIONS

Provisions for environmental restoration measures, future waste management costs, restructuring costs and other legal requirements are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more probable than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. No provision has been made for future operating losses.

If there are a number of similar obligations, the probability that an outflow of resources will be required to settle the obligations will be assessed overall for the entire group of obligations. A provision is reported even if the probability of an outflow for a particular item in this group of obligations is minor.

The provisions are recognized at the present value of the amount expected to be needed to settle the obligation. A discount rate before tax is used here which reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in provision due to the passing of time is recorded as interest expense. See note 33, "Other provisions".

1.21 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for goods and services sold in the Group's operating activities. Revenue is reported exclusive of value added tax, returns and discounts and after elimination of sales within the Group.

The Group recognizes revenue when its amount can be reliably measured, it is probable that the future economic benefits will flow to the company and special criteria are fulfilled for each of the Group's operations as described below.

The Group uses the percentage of completion method to determine the appropriate amount to recognize in a given period. Only contract costs incurred for work performed on the balance sheet date are recognized as expenses.

Revenue for the software developed by the Group is received through contract revenue, sales of software and through license fees.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits exceed progress billings. Progress billings not yet paid by customers and retention are included in "Trade and other receivables".

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits.

Sales of contract services are recognized in the accounting period in which the services are rendered, by reference to completion on the balance sheet date as a proportion of the total services to be provided.

Interest income is recognized on a time-proportion basis using the effective interest method. When the value of a receivable is impaired, the Group reduces the carrying amount to the recoverable amount, which is the estimated future cash flow, discounted at the original effective interest rate for the instrument, and continues to reverse the discount effect as interest income. Interest income on impaired loans is recorded at the original effective interest rate.

Dividend income is recognized when the right to receive payment is established.

1.22 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (less any lease incentives) are recognized as expenses in the income statement on a straight-line basis over the lease term.

The Group leases some property, plant and equipment. Leases on non-current assets, in which the Group holds the financial risks and rewards incident to legal ownership, are classified as finance leases. At the start of the lease term finance leases are recorded in the balance sheet at the lower of the leased asset's fair value and present value of the minimum lease payments.

Each lease payment is allocated between amortization of the debt and financial costs for achieving a fixed rate of interest on the reported debt. The corresponding payment liabilities, less financial expenses, are included in the balance sheet items "Non-current borrowing" and "Current borrowing". The interest component of the financial expenses is allocated over the lease term in the income statement so that each accounting period is charged with an amount equivalent to a fixed interest rate on the reported debt in the respective period. Non-current assets held as finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.23 DIVIDENDS

Dividend distribution to the parent company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the parent company's shareholders.

1.24 PARENT COMPANY

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities. RFR 2 means that the Parent Company, in its separate financial statements, must apply all the IFRS and statements adopted by the EU as far as possible, subject to the Annual Accounts Act and the Act on Safeguarding Pension Obligations taking into account the connection between accounting and taxation. The recommendation specifies the exemptions and additions that must be made in relation to IFRS. The differences between the Group's and the Parent Company's accounting policies are presented below. The main differences between the accounting policies applied by the Group and the Parent Company are:

Formats

The income statement and balance sheet follow the format of the Annual Accounts Act. This entails differences compared with the consolidated accounts, mainly as regards financial income and expense, the statement of comprehensive income, provisions and the statement of changes in equity.

Shares and participations in subsidiaries

Investments in subsidiaries are recorded at the lower of cost and fair value. Assessments are made as to whether the book amount corresponds to fair value and the book amount is written down if the impairment is deemed permanent and recorded in the item "Profit/loss from participations in Group companies". Dividend received is reported as financial income.

Income

The Parent Company's income includes dividends and group contributions received from subsidiaries and other internal transactions that are eliminated in the consolidated accounts.

Leases

All leases, regardless of whether they are finance or operating leases, are recorded as rental agreements (operating leases).

Pensions

Pension obligations refer to defined contribution plans and are covered by insurance arrangements.

Taxes

The accumulated values of accelerated depreciation and other untaxed reserves are presented in the parent company balance sheet under the item "Untaxed reserves" with no deduction for the deferred tax. Changes in the untaxed reserves are shown on a separate line in the income statement in the parent company income statement. The consolidated accounts, however, divide untaxed reserves into deferred tax liability and equity.

Group contributions and shareholders' contributions for legal entities

The company reports group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Shareholders' contributions are recognized directly in the equity of the recipient and capitalized in shares and participations by the giver, to the extent there is no impairment loss. Group contributions from subsidiaries are reported as financial income as is normal dividend from subsidiaries. Tax on group contributions is reported in accordance with IAS 12 in the income statement.

Note 2 **Financial risk management**

2.1 FINANCIAL RISK FACTORS

Through its operations the Group is exposed to a number of different financial risks; market risk (covering currency risk, fair value interest rate risk, cash-flow interest rate risk and price risk), credit risk and liquidity risk. The financial risks also include the company's ability to uphold financial key ratios (covenants) that regulate borrowing. The Group's overall risk management policy focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Group's financial performance. The Group uses derivative instruments to hedge certain risk exposure. Risk management is handled by a central treasury function in accordance with policies determined by the Board of Directors. The central function identifies, evaluates and hedges financial risk in close cooperation with the Group's operating units. The Board of Directors draws up written policies, both for overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of surplus liquidity.

Market risk

Price risk

The Group's largest single cost item is personnel, which accounts for 59 (60) per cent of the total costs of continuing operations. Other expenses are of less significance.

Currency risk

The Group operates internationally and is exposed to currency risk arising from various currency exposures, above all in US dollars (USD), euros (EUR) and pounds sterling (GBP). Currency risk arises through future business transactions, reported assets and liabilities and net investment in foreign operations.

The Board of Directors has drawn up policies and guidelines for how currency risk is to be managed in the Group. To minimize the currency risk arising on business transactions and for reported assets and liabilities, the companies use different forms of currency derivatives issued by external banks. Currency risk arises when future business transactions or reported assets and liabilities are denominated in a currency that is not the functional currency of the unit.

At Group level only external foreign currency derivative contracts are classified as hedges of gross amounts of specific assets, liabilities or future transactions.

If the Swedish krona had weakened by 10 per cent against the euro, all other variables being constant, the year's profit for continuing operations as at December 31, 2014 would have been SEK 9.0 (4.1) million higher, as the Group's total revenue in EUR is greater than the corresponding expenses in EUR. Equity would have been SEK 9.4 (4.3) million higher, mainly due to translation of the Group's net investments in Germany.

If the Swedish krona had weakened by 10 per cent against the pound sterling, all other variables being constant, the year's profit for continuing operations as at December 31, 2014 would have been SEK 4.4 (10.1) million higher, as the Group's total revenue in GBP is greater than the corresponding expenses in GBP. Equity would have been SEK 4.7 (11.8) million higher, mainly due to translation of the Group's net investments in the United Kingdom.

If the Swedish krona had weakened by 10 per cent against the US dollar, all other variables being constant, the year's profit for continuing operations as at December 31, 2014 would have been SEK 3.4 (0.0) million lower, mainly as a result of negative net earnings in the US operations. Equity would have been SEK 3.8 (2.0) million lower, mainly due to translation of the Group's net investments in the USA.

Interest rate risk referring to cash flows and fair values

Since the Group does not have any material interest-bearing assets, the Group's income and cash flow from operating activities are in all essentials independent of changes in market interest rates.

The Group's interest rate risk arises through non-current borrowing. Borrowing at variable interest rates exposes the Group to cash flow interest rate risk. Borrowing at fixed interest rates exposes the Group to fair value interest rate risk. The Group's contractual repricing dates for interest rates are shown in note 30.

The Group analyses its interest rate exposure regularly. Different scenarios are simulated, taking into account refinancing, renewals of existing positions, alternative funding and hedging. With these scenarios as a base, the Group calculates the impact on earnings of a given interest rate change. For each simulation the same interest rate change is used for all currencies. The scenarios are only simulated for debt constituting the largest interest-bearing positions.

Simulations carried out show that the impact on pre-tax earnings of a change of 0.1 percentage points would be a maximum increase or decrease respectively of SEK 0.2 (0.3) million.

If the interest rate on borrowing in US dollars on December 31, 2014 had been 0.5 percentage points higher/lower, all other variables being constant, the pre-tax earnings for the financial year would have been SEK 0.02 (0.02) million lower/higher, as an effect of higher/lower interest expense in connection with changed reference rates.

If the interest rate on borrowing in SEK on December 31, 2014 had been 0.5 percentage points higher/lower, all other variables being constant, the pre-tax earnings for the financial year would have been SEK 1.1 (1.0) million lower/higher, mainly as an effect of higher/lower interest expense in connection with changes in reference rates.

Credit risk

Credit risk is managed at company and Group level. Credit risk arises through cash and cash equivalents, derivative instruments and balances at banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and contractual transactions. The Group only uses banks with an A+ or higher rating for depositing cash and cash equivalents. In cases where no independent credit evaluation exists, a risk appraisal is made of the customer's creditworthiness in which financial position and prior experience and other factors are taken into consideration. Individual risk limits are set, based on internal or external credit evaluations in accordance with limits set by the Board of Directors.

The credit quality of financial assets is reported in note 20.

Liquidity risk

Liquidity risk is managed through the Group holding sufficient cash and cash equivalents and current deposits in a liquid market, available funding through contracted credit lines and the possibility of closing market positions. Due to the dynamic character of operations, the Group retains flexibility of funding by maintaining contracts for withdrawable lines of credit.

The management also carefully follows rolling forecasts of the Group's liquidity reserve, consisting of unutilized loan assurances (note 30) and cash and cash equivalents (note 25), on the basis of expected cash flows.

The table below analyses the Group's financial liabilities and derivative instruments settled net that constitute financial liabilities, broken down by the contractual time to maturity remaining on the balance sheet date. The amounts stated in the table are the contracted, undiscounted cash flows.

As at December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bank loans	22,818	1,816	1,196	–
Bond loans	–	200,000	–	–
Derivative financial instruments	13,752	2,792	–	–
Trade and other payables	263,698	2,422	4,902	32,375

As at December 31, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bank loans	44,901	61,669	2,734	–
Bond loans	9,490	9,490	202,359	–
Derivative financial instruments	858	7	–	–
Trade and other payables	270,726	1,634	4,902	34,009

The table below analyses the Group's financial derivative instruments that will be settled gross, broken down by the contractual time to maturity remaining on the balance sheet date. The amounts stated in the table are the contracted, undiscounted cash flows. The amounts that mature within 12 months have not been discounted, since the discount effect is immaterial.

As at December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Forward exchange contracts – cash flow hedges				
– Outflow	358	–	–	–
– Inflow	252,965	13,224	7,333	–

As at December 31, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Forward exchange contracts – cash flow hedges				
– Outflow	15,631	–	–	–
– Inflow	384,640	13,688	1,610	–

2.2 CAPITAL RISK MANAGEMENT

The Group's goal for its capital structure is to safeguard the Group's ability to continue as a going concern, so that it can generate a return for its shareholders and benefit for other stakeholders and maintain an optimal capital structure as a means of controlling the cost of capital. The Group assesses the capital on the basis of debt/equity ratio and equity/assets ratio. Studsvik has an overall goal of an equity/assets ratio of 40 per cent. The equity/assets ratio at the close of the year was 28.1 (26.2) per cent.

To retain or adjust the capital structure, the Group can alter the dividend it pays to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce its liabilities.

Just like other companies in the industry, the Group assesses its capital on the basis of the debt/equity ratio. This ratio is defined as net debt divided by total equity. Net debt is defined as total borrowing (including the items "Current borrowing" and "Non-current borrowing" in the consolidated balance sheet) less cash and cash equivalents. Equity is calculated including non-controlling interests.

	2014	2013
Total borrowing (note 30)	225,830	307,085
Less cash and cash equivalents (note 25)	–120,074	–151,367
Net debt	**105,756**	**155,718**
Total equity	**292,893**	**286,270**
Debt/equity ratio	36.1%	54.4%

The change in debt/equity ratio in 2014 was mainly a consequence of lower net debt. Borrowing decreased during the year and the cash flow after investments was positive. Positive translation differences are the main reason for higher equity.

2.3 FAIR VALUE ESTIMATION

The table below shows financial instruments at fair value on the basis of their classification in the fair value hierarchy. The different levels are defined as follows:

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities.
- Level 2 – Other observable market data for the asset or liability other than quoted prices included in level 1, either direct (i.e. as quoted prices) or indirect (i.e. derived from quoted prices).
- Level 3 – Data on the asset or liability not based on observable market data (i.e. unobservable inputs).

The following table shows the Group's assets and liabilities measured at fair value as at December 31, 2014.

	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss			
– Unlisted shareholdings	–	–	11,247
– Capital insurance	–	13,813	–
– Non-current bank deposits	–	10,246	–
Derivative instruments used for hedging	–	2,073	–
Total assets	**–**	**26,132**	**11,247**
Liabilities			
Derivative instruments used for hedging	–	16,544	–
Total liabilities	**–**	**16,544**	**–**

The following table shows the Group's assets and liabilities measured at fair value as at December 31, 2013.

	Nivå 1	Nivå 2	Nivå 3
Assets			
Financial assets at fair value through profit or loss			
– Unlisted shareholdings	–	–	9,635
– Capital insurance	–	13,745	–
– Non-current bank deposits	–	8,002	–
Derivative instruments used for hedging	–	5,555	–
Total assets	**–**	**27,302**	**9,635**
Liabilities			
Derivative instruments used for hedging	–	865	–
Total liabilities	**–**	**865**	**–**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices from a stock exchange, broker, industrial group, pricing service or supervisory authority are easily and regularly available, and these prices represent actual and regularly occurring market transactions at arm's length. The Group does not currently hold such assets or liabilities.

Fair value of financial instruments not traded on an active market (for example OTC derivatives) is established using valuation techniques. These techniques use market information as far as possible when this is available, while company-specific information is used as little as possible. If all material inputs required for fair value measurement of an instrument are observable the instrument is found at level 2.

In the cases where one or more material inputs are not based on observable market information the instrument concerned is classified at level 3.

Specific valuation techniques used to measure financial instruments include:

- Quoted market prices or brokers' quotations for similar instruments.
- The fair value of interest swaps is calculated as the present value of estimated future cash flows based on observable yield curves.
- The fair value of forward exchange contracts is determined using quoted forward exchange rates at the balance sheet date, where the resulting value is discounted to present value.
- Other techniques, such as estimating discounted cash flows, are used to determine the fair value of remaining financial instruments.

The following table shows changes for instruments at level 3 in 2014.

	Level 3
Opening balance	9,635
Acquisitions of shares	–
Gains recognized in the income statement	1,612
Closing balance	**11,247**
Total gains and losses during the period recognized in the income statement, for assets held at the close of the period	**1,612**

The following table shows changes for instruments at level 3 in 2013.

	Nivå 3
Opening balance	8,287
Acquisitions of shares	–
Gains recognized in the income statement	1,348
Closing balance	**9,635**
Total gains and losses during the period recognized in the income statement, for assets held at the close of the period	**1,348**

Note 3 Important accounting estimates

Estimates and assumptions are continually evaluated and rest on historical experience and other factors, including expectations of future events regarded as reasonable under the circumstances.

3.1 IMPORTANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions about the future. The estimates for accounting purposes derived from these assumptions will, by definition, seldom correspond to the actual outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Impairment tests for goodwill

Each year the Group examines whether goodwill is impaired, in accordance with the accounting policy described in note 1.7. Recoverable amounts for cash-generating units in continuing operations have been determined by calculating value in use. Certain estimates must be made for these calculations (note 16).

Based on the assumptions and estimates made, there is no impairment loss on goodwill.

Income taxes

The Group is liable to pay tax in different countries. Extensive assessments are required to establish the global provision for income tax. There are many transactions and calculations in which the final tax is uncertain at the time the transactions and calculations are made. The Group reports a liability for expected tax field audits based on assessments of whether further tax liability will arise. In cases where the final tax for these cases differs from the amounts first reported, the differences will affect current and deferred tax assets/liabilities in the period when these determinations are made. Deferred tax assets relating to temporary tax-deductible differences and loss carry-forwards are only recognized when it is probable that they can be used in the future. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be used.

Fair value of derivative instruments or other financial instruments

Fair value of financial instruments not traded on an active market is established using valuation techniques. The Group chooses several methods and makes assumptions that are mainly based on the market conditions existing on the respective balance sheet date.

Revenue recognition

The Group uses the percentage of completion method for reporting fixed price contracts. The percentage of completion method means that the Group must estimate completion of services on the balance sheet date as a proportion of the total services to be provided. If the proportion of completed services to total services to be provided deviates by 10 per cent from the management's estimate, the year's reported income in continuing operations would increase by SEK 2.6 (1.9) million if the percentage of completion had increased, or decrease by SEK 2.6 (1.9) million if the percentage of completion had decreased.

Provisions

The operations at Studsvik's facilities in Sweden and the UK are subject to local licensing requirements and Studsvik is liable to decommission facilities, manage waste and restore land. The Group makes provision in its own balance sheet for these future decommissioning costs. The Group also provides collateral in the form of bank guarantees and deposits blocked funds. The Group makes regular assessments of its technical and financial obligations and revises the value of these provisions annually. The commitment consists of discounted values of future cash flows.

If the actual estimate of the discount rate were to deviate by 10 per cent from the management's estimate, the net result before tax would have been SEK 0.2 (0.2) million lower for a higher rate. If the actual estimate of the future decommissioning cost were to deviate by 10 per cent from the management's assessment, the result would have been SEK 1.5 (1.5) million lower for a higher estimate of future costs. Changes in estimates of future costs refer to repository costs for waste treated in the Group's Swedish facility, which affect future cash flows. Other changes in estimated future costs are capitalized as property, plant and equipment and thus only affect future depreciation.

Changes in the Group's provisions are presented in note 33.

Note 4 **Segment reporting**

Operating segments have been established on the basis of information dealt with by the Board of Directors and the President and used to make strategic decisions. The Board of Directors and the President assess operations mainly from a product perspective.

The segments obtain their revenues from various services and products. The major part of the Waste Treatment segment's revenues derive from treatment and volume reduction of low and intermediate level waste. Revenues in the Consultancy Services segment derive from services in the areas of decommissioning, operational and outage support and from health physics services. The Fuel and Materials Technology segment carries out tests, investigations and analyses in a number of areas where fuel and materials performance analysis constitutes the major source of revenue, but revenue is also generated from engineering and consultancy services and corrosion and water chemistry studies. Another major source of revenue for the segment is sales of fuel optimization software.

The Board of Directors and the President assess the operating segments' performance on the basis of operating profit and a measurement called EBITDA before non-recurring items. This measurement excludes the effects of non-recurring items from the operating segments. Examples of these costs are restructuring costs, legal costs and impairment of goodwill when impairment is due to an isolated one-off event. Operating segment assets refer to all non-current assets and current assets by segment; operating segment liabilities refer to all non-current and current liabilities by segment.

Interest income and expenses are not allocated to the segments, since they are affected by measures taken by the central treasury, which handles the Group's cash liquidity.

Continuing operations

Financial year 2014	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Eliminations	Group
Net sales	241,165	399,641	239,506	46,753	–17,495	909,570
External sales revenue	240,321	397,650	239,506	32,094	–	909,570
EBITDA before non-recurring items	23,548	21,949	41,318	–22,272	–	64,543
Non-recurring items	–5,055	5,581	–1,444	–11,167	–	–12,085
Depreciation/amortization and impairment	–15,599	–2,239	–8,484	–7,224	–	–33,546
Earnings from associated companies and joint ventures	–	11,539	–	–	–	11,539
Operating profit	**2,894**	**36,830**	**31,390**	**–40,663**	**–**	**30,451**
Net financial items						–18,855
Taxes						–6,443
Profit/loss for the year from continuing operations						**5,153**
Share of equity in associated companies and joint ventures	–	6,050	48	–	–	6,098
Other operating segments assets	320,843	353,400	227,406	414,595	–281,026	1,035,218
Assets in operations held for sale						–
Total assets						**1,041,316**
Operating segment liabilities	255,261	305,251	108,480	360,457	–281,026	748,423
Equity						292,893
Liabilities in operations held for sale						–
Total equity and liabilities						**1,041,316**
Investments from continuing operations	21,740	311	5,310	5,398	–	32,759
Average number of employees from continuing operations	158	543	120	74	–	895

Financial year 2013	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Eliminations	Group
Net sales	330,818	411,821	234,613	47,685	–23,695	1,001,242
External sales revenue	327,946	408,367	234,235	30,694	–	1,001,242
EBITDA before non-recurring items	67,820	4,210	26,427	–23,410	–	75,047
Non-recurring items	–	–23,034	–	–9,515	–	–32,549
Depreciation/amortization and impairment	–14,013	–3,550	–8,596	–7,625	–	–33,784
Earnings from associated companies and joint ventures	–	7,315	–	–	–	7,315
Operating profit	**53,807**	**–15,059**	**17,831**	**–40,550**	**–**	**16,029**
Net financial items						–18,764
Taxes						–20,149
Profit/loss for the year from continuing operations						**–22,884**
Share of equity in associated companies and joint ventures	–	5,591	48	–	–	5,639
Other operating segments assets	311,480	332,305	198,213	441,360	–286,330	997,028
Assets in operations held for sale						260,687
Total assets						**1,263,354**
Operating segment liabilities	341,637	272,354	117,357	360,127	–286,330	805,145
Equity						286,270
Liabilities in operations held for sale						171,939
Total equity and liabilities						**1,263,354**
Investments from continuing operations	12,153	1,272	4,203	2,232	–	19,860
Average number of employees from continuing operations	155	628	129	76	–	988

Note 4 (cont)

EBITDA before non-recurring items is reconciled against pre-tax profit.

	2014	2013
EBITDA before non-recurring items	**64,543**	**75,047**
Depreciation of property, plant and equipment	–32,220	–32,136
Amortization of intangible assets	–1,326	–1,648
Restructuring costs	–12,085	–32,549
Profit share from associated companies and joint ventures	11,539	7,315
Net financial items	–18,855	–18,764
Profit/loss before tax and discontinued operations	**11,596**	**–2,735**

External sales revenue per product area	2014	2013
Treatment of radioactive waste	238,852	324,800
On-site waste services	1,469	3,146
Consulting and engineering services	160,587	137,470
Health physics services	64,367	57,572
Transport and logistics	21,422	–
Decommissioning services	44,605	51,726
Operational and outage support	154,923	177,070
Fuel and materials performance	83,831	109,425
Corrosion and water chemistry studies	34,148	35,068
Fuel optimization software	73,164	74,142
Other operations	32,202	30,823
Total	**909,570**	**1,001,242**

Other operations include the parent company and the part of the Swedish company Studsvik Nuclear AB that is not part of the Waste Treatment, Consultancy Services or Fuel and Materials Technology segments.

External sales revenue based on the customer's country of location	2014		2013	
	SEK thousand	Per cent	SEK thousand	Per cent
Sweden	182,843	20.2	175,872	17.6
Europe excl Sweden	615,970	67.7	713,822	71.3
North America	84,884	9.3	98,245	9.8
Asia	20,247	2.2	13,303	1.3
All other countries	5,626	0.6	–	0.0
Total	**909,570**	**100.0**	**1,001,242**	**100.0**

In 2014 the Group had one customer that accounts for 11.7 per cent of total sales.

Non-current assets by country	2014		2013	
	SEK thousand	Per cent	SEK thousand	Per cent
Sweden	424,221	64.7	237,583	39.2
Europe excl Sweden	155,519	23.7	284,274	46.8
North America	75,775	11.6	85,007	14.0
Asia	38	0.0	132	0.0
Total	**655,553**	**100.0**	**606,996**	**100.0**

Note 5 Other operating income

Other income	2014	2013
Sale of property, plant and equipment	272	563
Insurance compensation	91	682
Compensation for legal settlement	–	642
Reversed bad debt loss	–	890
Revaluation of holding in mutual insurance company	1,611	1,348
Other	141	925
Total	**2,115**	**5,050**

Other gains	2014	2013
Other financial assets measured at fair value through profit or loss		
– Fair value gains	2,009	1,466
Forward exchange contracts		
– Foreign exchange differences	1,309	3,678
Total	**3,318**	**5,144**

Note 6 Other operating expenses

Other costs	2014	2013
Sale of property, plant and equipment	92	782
Non-recurring structural costs	12,084	32,549
Other	511	6,331
Total	**12,687**	**39,662**

Other losses	2014	2013
Other financial assets measured at fair value through profit or loss		
– Fair value losses	2,812	2,368
Forward exchange contracts		
– Foreign exchange differences	–130	18
Total	**2,682**	**2,386**

Non-recurring structural costs amount to SEK 12,084 thousand and consist of costs for termination of staff in Sweden of SEK 15,558 thousand, in the USA of SEK 1,019 thousand, in the UK of SEK 1,718 thousand and a reversal of previous reserves in Germany of SEK 6,211 thousand.

Note 7 Costs by nature of expense

	2014	2013
Purchases of material and services	296,193	321,337
Personnel costs	518,595	573,637
Energy	24,013	22,071
Depreciation/amortization and impairment	33,546	33,784
Other costs	8,375	9,845
Total	**880,722**	**960,674**

Note 8 Remuneration of auditors

	2014	2013
PricewaterhouseCoopers		
– Audit assignments	2,946	3,042
– Audit business in addition to audit	35	30
– Tax consultancy	814	566
– Other services	–	855
Total	**3,795**	**4,493**
Other auditors		
– Audit business in addition to audit	55	52
– Tax consultancy	236	93
– Other services	–	10
Total	**291**	**155**
Group, total	**4,086**	**4,648**

Audit assignments refer to the examination of the annual accounts, the accounting records and the administration by the Board of Directors and the President. It also includes other duties that are incumbent on the company's auditors, as well as advisory services and other types of support as a result of findings made through such examination or performance of such duties.

Note 9 Employee benefits

Employee benefits	2014	2013
Salaries	441,593	495,989
Social security costs	92,133	94,637
Pension costs – defined contribution based	32,132	34,406
Pension costs – defined benefit based	1,589	1,239
Total	**567,447**	**626,271**
Of which continuing operations	567,447	598,462
Of which operations held for sale	–	27,809

Salaries and other remuneration distributed between the board members and president as well as other employees	2014			2013		
	Board and President	Of which variable remuneration	Other employees	Board and President	Of which variable remuneration	Other employees
Parent company	**5,902**	**–**	**8,296**	**5,738**	**–**	**8,009**
Subsidiaries in Sweden	2,663	–	134,469	2,587	295	139,216
Subsidiaries abroad	7,952	366	282,311	8,350	400	305,675
Total subsidiaries in continuing operations	**10,615**	**366**	**416,780**	**10,937**	**695**	**444,891**
Operations held for sale	–	–	–	–	–	25,719
Total for Group	**16,517**	**366**	**425,076**	**16,675**	**695**	**478,619**

Average number of employees	2014			2013		
	Men	Women	Total	Men	Women	Total
Parent company	**6**	**4**	**10**	**6**	**5**	**11**
Subsidiaries in Sweden	211	75	286	221	74	295
Subsidiaries abroad						
– Germany	411	61	472	466	66	532
– United Kingdom	74	13	87	72	16	88
– USA	32	5	37	44	13	57
– Japan	1	–	1	1	–	1
– Switzerland	1	–	1	2	1	3
– France	–	1	1	–	1	1
Total subsidiaries in continuing operations	**730**	**155**	**885**	**806**	**171**	**977**
Operations held for sale	–	–	–	47	26	73
Total for Group	**736**	**159**	**895**	**859**	**202**	**1,061**

Gender breakdown in the Group (including subsidiaries) for Board members and other senior management	2014		2013	
	Number on balance sheet date	Of whom men	Number on balance sheet date	Of whom men
Board members	11	9	11	8
President and other senior management	6	5	10	10
Total for Group	**17**	**14**	**21**	**18**

All the Board Members and the President belong to continuing operations.
For information on benefits to senior management, see note 38.

Note 10 Financial income and expense

	2014	2013
Financial income		
Current bank balances	129	1,166
Fair value gains (realized and unrealized)	8,260	603
Other financial income	53	39
Total	**8,442**	**1,808**
Financial expenses		
Bank loans	–14,613	–17,069
Fair value losses (realized and unrealized)	–10,290	–847
Other financial expenses	–2,394	–2,656
Total	**–27,297**	**–20,572**
Net financial items	**–18,855**	**–18,764**

Note 11 Income tax

	2014	2013
Current tax		
Current tax on profit for the year	–5,639	–7,251
Adjustment for previous years	1,480	193
Total	**–4,159**	**–7,058**
Deferred tax (note 31)		
Origination and reversal of temporary differences	–2,284	–13,091
Total	**–2,284**	**–13,091**
Total income tax	**–6,443**	**–20,149**

The Swedish income tax rate is 22 (22) per cent. The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate for profits of the consolidated companies as follows.

	2014	2013
Profit/loss before tax	11,596	–2,735
Tax in accordance with the current tax rate	–5,186	602
Non-taxable revenue	–	7,200
Expenses not deductible for tax purposes	–18	–144
Unrecognized tax asset in respect of loss carry forwards	–2,719	–2,795
Adjustment for foreign tax rate	–	–6,223
Impairment loss on deferred tax assets	–	–14,273
Tax loss carry-forwards utilized*	–	–4,886
Adjustment for previous years' tax assessment	1,480	193
Other effects	–	177
Tax expense	**–6,443**	**–20,149**

* Tax loss carry-forwards utilized in England for which no deferred tax assets have previously been reported.

The weighted average tax rate was 45 (–737) per cent.

Other comprehensive income only includes tax effects on cash flow hedges and on December 31 these were SEK 90 (–31) thousand. Other comprehensive income also includes foreign exchange differences, but they have no tax effect.

Note 12 Foreign exchange differences – net

Foreign exchange differences are recognized in the income statement as follows.

	2014	2013
Other gains and losses – net (notes 5 and 6)	506	2,758
Financial items (note 10)	–2,030	–244
Total	**–1,524**	**2,514**

Note 13 Earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue to assume conversion of all dilutive potential shares. There were no unconverted share options or convertible debt instruments in issue on the balance sheet date.

Earnings per share before and after dilution is calculated by dividing the profit for the year by the weighted average number of shares in issue (note 26).

Before and after dilution, continuing operations	2014	2013
Net profit/loss for the year	5,153	–22,884
Weighted average number of ordinary shares in issue	8,218,611	8,218,611
Earnings per share before and after dilution (SEK per share)	**0.63**	**–2.78**

Before and after dilution, operations held for sale	2014	2013
Net profit/loss for the year	–17,153	–173,888
Weighted average number of ordinary shares in issue	–	8,218,611
Earnings per share before and after dilution (SEK per share)	**–2.09**	**–21.15**

Before and after dilution, total operations	2014	2013
Net profit/loss for the year	–12,000	–196,772
Weighted average number of ordinary shares in issue	8,218,611	8,218,611
Earnings per share before and after dilution (SEK per share)	**–1.46**	**–23.93**

Note 14 Dividend per share

Dividend paid in 2014 and 2013 was SEK 0 (0) per share. At the Annual General Meeting on April 29, 2015 it will be proposed that no dividend be distributed for the 2014 financial year.

Note 15 Property, plant and equipment

	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress and advance payments for property, plant and equipment	Total
As at January 1, 2013					
Cost of acquisition	325,334	447,143	281,484	67,968	1,121,929
Accumulated amortization and impairment	–113,680	–326,809	–218,884	–2,937	–662,310
Book value	**211,654**	**120,334**	**62,600**	**65,031**	**459,619**
January 1 – December 31, 2013					
Opening book value	211,654	120,334	62,600	65,031	459,619
Assets in operations held for sale	–39,331	–47,755	–28,551	–13,575	–129,212
Foreign exchange differences	2,381	326	23	–	2,730
Investments	45	3,148	2,447	14,202	19,842
Capitalization of future restoration cost	13,160	–	–	–	13,160
Redistributions	13,870	30,847	4,429	–50,124	–978
Disposals and retirements	–9	–338	–1,289	–	–1,636
Depreciation/amortization	–7,467	–16,313	–8,357	–	–32,137
Impairment losses for the year	–	–	–	–	–
Closing book value	**194,303**	**90,249**	**31,302**	**15,534**	**331,388**
As at December 31, 2013					
Cost of acquisition	299,979	219,266	128,900	15,534	663,679
Accumulated amortization and impairment	–105,676	–129,017	–97,598	–	–332,291
Book value	**194,303**	**90,249**	**31,302**	**15,534**	**331,388**
January 1 – December 31, 2014					
Opening book value non-divested companies	194,303	90,249	31,302	15,534	331,388
Foreign exchange differences	13,944	1,900	922	–	16,766
Investments	95	580	1,501	30,574	32,750
Capitalization of future restoration cost	–	–	–	–	–
Redistributions	5,017	4,003	4,872	–12,263	1,629
Disposals and retirements	–7	–242	–45	–	–294
Depreciation/amortization	–8,278	–16,432	–7,510	–	–32,220
Impairment losses for the year	–	–	–	–	–
Closing book value	**205,074**	**80,058**	**31,042**	**33,845**	**350,019**
As at December 31, 2014					
Cost of acquisition	319,882	227,490	138,837	33,845	720,054
Accumulated amortization and impairment	–114,808	–147,432	–107,795	–	–370,035
Book value	**205,074**	**80,058**	**31,042**	**33,845**	**350,019**

Depreciation costs include SEK 30,305 (24,888) thousand in "Cost of services sold", SEK 172 (241) thousand in "Selling and marketing costs" SEK 1,139 (6,366) thousand in "Administrative expenses" and SEK 604 (642) thousand in "Research and development costs". Interest of SEK 5,590 (4,939) thousand is included in the cost of acquisition of buildings, plant and machinery. The value of finance leases capitalized as property, plant and equipment is presented in note 36.

Note 16 **Intangible assets**

	Goodwill	Software rights	Contractual customer relations and similar rights	Total
As at January 1, 2013				
Cost of acquisition	332,782	24,963	65,948	423,693
Accumulated depreciation and impairment	–31,913	–23,304	–39,090	–94,307
Book value	**300,869**	**1,659**	**26,858**	**329,386**
January 1 – December 31, 2013				
Opening book value	300,869	1,659	26,858	329,386
Foreign exchange differences	4,441	9	52	4,502
Assets in disposal group held for sale	–146,499	–	–22,863	–169,362
Investments	–	–53	71	18
Disposals and retirements	–	–	–9	–9
Depreciation/amortization	–	–592	–1,057	–1,649
Closing book value	**158,811**	**1,023**	**3,052**	**162,886**
As at December 31, 2013				
Cost of acquisition	191,797	25,153	23,739	240,689
Accumulated depreciation and impairment	–32,986	–24,130	–20,687	–77,803
Book value	**158,811**	**1,023**	**3,052**	**162,886**
January 1 – December 31, 2014				
Opening book value	158,811	1,023	3,052	162,886
Foreign exchange differences	15,097	442	70	15,609
Investments	–	–	9	9
Depreciation/amortization	–24	–278	–1,024	–1,326
Impairment losses for the year	–	–	–	–
Closing book value	**173,884**	**1,187**	**2,107**	**177,178**
As at December 31, 2014				
Cost of acquisition	208,746	25,153	23,739	257,638
Accumulated depreciation and impairment	–34,862	–23,966	–21,632	–80,460
Book value	**173,884**	**1,187**	**2,107**	**177,178**

Contractual customer relations and similar rights consist mainly of customer relations/contracts as well as some tenancy rights. Amortization of SEK 1,326 (1,649) thousand is included in "Cost of services sold" in the income statement.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified by segment. A segment level summary of the goodwill allocation is presented below. As of January 1, 2014 income and balance are reported per business segment instead of geographical segment.

	2014	2013
Consultancy Services	170,024	155,401
Other	3,860	3,410
Total	**173,884**	**158,811**

Goodwill is tested annually to identify any impairment loss. Acquired operations are integrated with other operations after acquisition. Impairment testing is therefore carried out at segment level. The segments are identified as cash-generating units.

The cash-generating units' recoverable amount is based on value in use. These values are based on estimated future cash flows based on business plans approved by the Board of Directors for the next five years. The management has established the budgeted gross margin on the basis of previous earnings and its expectations concerning market developments. The rate of growth is estimated for each cash-generating unit on the basis of market position and development. Cash flows beyond the five-year period are extrapolated with an estimated annual rate of growth. A weighted cost of capital for borrowed capital and equity is applied as the discount rate, as presented below.

Material estimates used for calculating value in use in 2014:

	Gross margin, %	Rate of growth after year 5, %	Discount rate, %
Consultancy Services	18.0	2.5	9.4

The cost of borrowed capital has been determined individually for each segment, thereby taking into consideration differences in market rates between the markets in which the various units operate. The cost of equity is calculated as the return on risk-free investments for each segment, plus a market risk premium. The weighted cost of capital used in calculating the recoverable amount is 10 (10 to 14) per cent before tax. Based on the assumptions and estimates made, there is no impairment loss on goodwill. Studsvik has also assessed the sensitivity of value in use to unfavorable changes in the most important assumptions concerning cash flows and discount rate. There are no other specific circumstances that have affected impairment testing.

Sensitivity analysis	Margin at carrying amount, %	Margin at 25 % higher discount rate, %	Margin at 25 % lower operating profit, %
Consultancy Services	653	455	466

Note 17 Investments in associated companies

	2014	2013
As at January 1	**155**	**3,653**
Share in earnings	12,306	7,554
Dividend received from associated companies	–10,406	–11,513
Foreign exchange differences	885	461
As at December 31	**2,940**	**155**

The Group's holding in the two unlisted associated companies KraftAkademin AB and UK Nuclear Waste Management Ltd. Both companies have ordinary shares that are owned directly by the Group.

2014	Operating site	Participating interest %	Valuation method
KraftAkademin AB	Sweden	20	Equity method
UK Nuclear Waste Management Ltd	United Kingdom	15	Equity method

2013	Operating site	Participating interest %	Valuation method
KraftAkademin AB	Sweden	20	Equity method
UK Nuclear Waste Management Ltd	United Kingdom	15	Equity method

KraftAkademin AB produces and conducts training for the nuclear power industry. The business concept is based on giving customers the opportunity of supplementing their internal training activities with courses and seminars when implementing individual competence development plans. Studsvik contributes competence in thermohydraulics, reactor dynamics and health physics to KraftAkademin's operations.

UK Nuclear Waste Management Ltd (NWM) is a joint venture where Studsvik is one of four partners. Studsvik has a significant influence through board representation and knowledge transfer. NWM has been appointed to be responsible, together with the Nuclear Decommissioning Authority (NDA), for management and operation of a final repository and to implement a well-functioning strategy for management of low-level radioactive waste in the United Kingdom.

Obligations and contingent liabilities

Obligation to contribute capital to both associated companies if necessary.

Financial information for the Group's associated companies

A financial summary of the Group's associated companies in which the equity method is applied is given below.

Balance sheet	KraftAkademin AB		UK Nuclear Waste Management Ltd*		Total	
	2014	2013	2014	2013	2014	2013
Current						
Cash and cash equivalents	444	233	1,125	3,795	1,569	4,028
Other current assets	27	26	1,175	2,373	1,202	2,399
Total current assets	**471**	**259**	**2,300**	**6,168**	**2,771**	**6,427**
Financial liabilities (excluding trade payables)	–	–	–	–	–	–
Other current liabilities (including trade payables)	296	27	12,895	7,707	13,191	7,734
Total current liabilities	**296**	**27**	**12,895**	**7,707**	**13,191**	**7,734**
Non-current						
Non-current assets	–	–	29,875	33,160	29,875	33,160
Total non-current assets	**–**	**–**	**29,875**	**33,160**	**29,875**	**33,160**
Financial liabilities	–	–	–	–	–	–
Other non-current liabilities	–	–	–	–	–	–
Total non-current liabilities	**–**	**–**	**–**	**–**	**–**	**–**
Net assets	**175**	**232**	**19,280**	**31,621**	**19,455**	**31,853**

Statement of comprehensive income	2014	2013	2014	2013	2014	2013
Income	539	88	82,040	101,260	82,577	101,348
Depreciation/amortization	–	–	–	–	–	–
Interest income	3	5	–	–	3	5
Interest expense	–	–14	–	–	–	–14
Profit/loss before tax	**–57**	**–14**	**82,040**	**97,474**	**81,981**	**97,460**
Income tax	–	–	–	–22,905	–17,228	–22,905
Net profit for the year	**–57**	**–14**	**82,040**	**74,569**	**64,753**	**74,555**
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	**–57**	**–14**	**82,040**	**74,569**	**64,753**	**74,555**

The information above reflects the figures presented in the associated companies' financial statements adjusted for differences in accounting rules between the Group and the respective associated company.

* The financial year for UKNWM is April 1 – March 31. Comparative figures for 2013 are based on actual outcome, while the 2014 figures are estimated on the basis of available information at the 2014 year-end closing.

Reconciliation of the financial information

Reconciliation of the financial information to the carrying amount of the Group's participations in associated companies.

	KraftAkademin AB		UK Nuclear Waste Management Ltd		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Net assets as at January 1	**232**	**246**	**713**	**24,033**	**945**	**24,279**
Net profit/loss for the year	–57	–14	82,040	50,360	81,983	50,346
Dividend	–	–	–69,373	–76,753	–69,373	–76,753
Capital contributions from owners	–	–	–	–	–	–
Foreign exchange differences	–	–	5,900	3,073	5,900	3,073
Other comprehensive income	–	–	–	–	–	–
Net assets as at December 31	**175**	**232**	**19,280**	**713**	**19,455**	**945**
Participating interest associated companies	35	46	2,892	107	2,927	153
Carrying amount	**48**	**48**	**2,892**	**107**	**2,940**	**155**

Note 18 Interests in joint ventures

	2014	2013
As at January 1	**5,484**	**6,580**
Share in earnings	–767	–239
Less participations sold	–2,132	–
Less operations held for sale	–	–846
Foreign exchange differences	573	–11
As at December 31	**3,158**	**5,484**

The Group's share in earnings of the joint ventures in which the company has interests, all of which are unlisted, and its share of assets (including goodwill and liabilities) is as follows.

2014		Non-current assets	Current assets	Current liabilities	Net assets	Income	Profit/loss	Participating interest
THOR Treatment Technologies, LLC	USA	–	3,702	675	3,026	3,528	–908	50
Total		**–**	**3,702**	**675**	**3,026**	**3,528**	**–908**	

2013		Non-current assets	Current assets	Current liabilities	Net assets	Income	Profit/loss	Participa-ting,interest
THOR Treatment Technologies, LLC	USA	–	6,357	882	5,475	2,668	–239	50
Total		**–**	**6,357**	**882**	**5,475**	**2,668**	**–239**	

THOR Treatment Technologies, LLC (TTT), is a joint venture where Studsvik is a co-owner under a cooperation agreement on joint control. TTT conducts waste treatment operations on the US federal waste market. The Group has no contingent liabilities referring to the holding in TTT.

Obligations and contingent liabilities

The Group has an obligation to contribute capital to TTT if necessary.

Financial information for the Group's joint ventures

A summary is given below of the Group's joint venture companies in which the equity method is applied.

Balance sheet	THOR Treatment Technologies, LLC	
	2014	**2013**
Current		
Cash and cash equivalents	5,915	10,351
Other current assets	1,490	2,362
Total current assets	**7,405**	**12,713**
Financial liabilities (excluding trade payables)	–	–
Other current liabilities (including trade payables)	1,354	1,763
Total current liabilities	**1,354**	**1,763**
Non-current		
Non-current assets	–	–
Total non-current assets	**–**	**–**
Financial liabilities	–	–
Other non-current liabilities	–	–
Total non-current liabilities	**–**	**–**
Net assets	**6,053**	**10,950**

Statement of comprehensive income	**THOR Treatment Technologies, LLC**	
	2014	**2013**
Income	7,056	5,335
Depreciation/amortization	–	–
Interest income	–	–
Interest expense	–	–
Profit/loss before tax	**–1,815**	**–478**
Income tax	–	–
Net profit/loss for the year	**–1,815**	**–478**
Other comprehensive income	–	–
Total comprehensive income	**–1,815**	**–478**

The information above reflects the figures presented in THOR Treatment Technologies, LLC financial statements adjusted for differences in accounting rules between the Group and the joint venture company.

Reconciliation of the financial information

Reconciliation of the financial information to the carrying amount of the Group's participations in joint venture companies.

	2014	**2013**
Net assets as at January 1	**10,967**	**11,444**
Net profit/loss for the year	–1,815	–478
Dividend	–	–
Capital contributions from owners	–	–
Less participations sold	–4,263	–
Foreign exchange differences	1,428	1
Other comprehensive income	–	–
Net assets as at December 31	**6,317**	**10,967**
Participating interest in joint venture companies	3,158	5,484
Carrying amount	**3,158**	**5,484**

Note 19 **Financial instruments by category**

Accounting policies for financial instruments have been applied to the items below.

	Loans and trade receivables	Assets at fair value through profit or loss	Derivatives for hedging	Total
As at December 31, 2014				
Assets on the balance sheet				
Derivative financial instruments	–	–	2,073	2,073
Trade and other receivables	264,210	–	–	264,210
Other financial assets measured at fair value through profit or loss	–	35,306	–	35,306
Cash and cash equivalents	120,074	–	–	120,074
Total	**384,284**	**35,306**	**2,073**	**421,663**

	Liabilities at fair value through profit or loss	Other financial liabilities	Derivatives for hedging	Total
Liabilities on the balance sheet				
Borrowing	–	225,830	–	225,830
Derivative financial instruments	7,750	–	8,794	16,544
Total	**7,750**	**225,830**	**8,794**	**242,374**

	Loans and trade receivables	Assets at fair value through profit or loss	Derivatives for hedging	Total
As at December 31, 2013				
Assets on the balance sheet				
Derivative financial instruments	–	3,677	1,878	5,555
Trade and other receivables	239,732	–	–	239,732
Other financial assets measured at fair value through profit or loss	–	31,382	–	31,382
Cash and cash equivalents	151,367	–	–	151,367
Total	**391,099**	**35,059**	**1,878**	**428,036**

	Liabilities at fair value through profit or loss	Other financial liabilities	Derivatives for hedging	Total
Liabilities on the balance sheet				
Borrowing	–	307,085	–	307,085
Derivative financial instruments	455	–	410	865
Total	**455**	**307,085**	**410**	**307,950**

Note 20 **Credit quality of the financial assets**

The credit quality of the financial assets can be assessed by referring to external credit ratings (if available) or to the counterparty's payment history.

	2014	2013
Trade receivables		
Counterparties without external credit rating		
– New customers (less than 6 months)	64	506
– Existing customers with no previous defaults	177,822	139,853
– Existing customers with some delayed payments in the past	5,379	11,316
Total	**183,265**	**151,675**

Loans to related parties		
Existing related party with no previous defaults	2,723	2,405
Total	**2,723**	**2,405**

No repayment of loans to related parties was made during the year.

Bank balances and current borrowing		
AA- och A+	120,074	151,367
Total	**120,074**	**151,367**

A new credit facility with a limit of SEK 30 million was obtained during the year.

Derivative financial instruments		
AA- och A+	2,073	5,555
Total	**2,073**	**5,555**

Note 21 Derivative instruments

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts – cash flow hedges	2,073	16,544	5,555	865

The entire fair value of a derivative instrument designated as a hedging instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity is less than 12 months. Revaluation of forward exchange contracts designated as hedges is through equity. Other forward contracts are revalued through profit or loss.

The ineffective portion, recognized in the income statement, referring to cash flow hedges, amounts to SEK 1,439 thousand (notes 5 and 6).

The hedged, highly probable forecast transactions in foreign currency are expected to occur on varying dates during the coming 48 months. Gains and losses on forward exchange contracts as at December 31, 2014, recognized in the hedging reserve in equity (note 28), are recognized in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

Outstanding forward exchange contracts on December 31, 2014

		INFLOW CURRENCIES			OUTFLOW CURRENCIES	
		EUR	GBP	USD	EUR	JPY
Maturity year		000	000	000	000	000
2015	Amount	11,828	1,919	16,741	17	17
	Rate [1]	9.288	11.666	7.211	9.408	11.577
2016	Amount	239	–	1,630	–	–
	Rate [1]	8.946	–	6.798	–	–
2017	Amount	–	–	758	–	–
	Rate [1]	–	–	6.846	–	–
2018	Amount	–	–	322	–	–
	Rate [1]	–	–	–	–	–
Remeasured at fair value, SEK thousands		**114,392**	**23,215**	**151,263**	**156**	**192**

[1] Average contractual rate

The nominal amount for outstanding forward exchange contracts is SEK 273,880 (415,569) thousand.

Note 22 Trade and other receivables

	2014	2013
Trade receivables	184,363	152,902
Less – Provision for impairment of receivables	–1,098	–1,227
Trade receivables – net	**183,265**	**151,675**
Loans to related parties (note 37)	2,723	2,405
Other receivables	9,312	–
Service contracts in progress	29,448	43,135
Tax assets	8,255	13,780
Other receivables	4,997	4,182
Prepaid expenses and accrued income		
– Accrued income	15,057	8,210
– Prepaid rent	900	975
– Prepaid lease charges	26	131
– Prepaid insurance premiums	1,286	2,240
– Other prepaid expenses	8,941	12,999
Total	**264,210**	**239,732**
Non-current portion	2,723	2,525
Current portion	261,487	237,207
Total	**264,210**	**239,732**

Of the non-current liabilities SEK 2,723 (2,405) thousand constitutes receivables from related parties, which is on level 2 of the fair value hierarchy.

The book value for trade and other receivables is the fair value.

The effective interest rate on non-current receivables is as follows.

	2014	2013
Loans to related parties (note 37)	2.0%	2.0%

As at December 31, 2014 trade receivables amounting to SEK 34,802 (51,537) thousand were overdue without any impairment loss being identified. These refer to a number of independent customers who have not had payment difficulties in the past. An age analysis of these trade receivables is given below.

	2014	2013
Less than 3 months	32,767	50,679
3 to 6 months	1,874	852
More than 6 months	161	6
Total	**34,802**	**51,537**

The reserve for doubtful receivables amounted to SEK 1,098 (1,227) thousand as at December 31, 2014.

Carrying amounts of the Group's trade and other receivables by currency are as follows.

	2014	2013
SEK	121,935	115,451
EUR	61,494	50,204
GBP	22,140	44,518
USD	51,651	27,989
Other currencies	6,990	1,570
Total	**264,210**	**239,732**

Changes in the reserve for doubtful receivables:

	2014	2013
As at January 1	**–1,227**	**–8,806**
Translation difference	–40	–274
Provision for doubtful receivables	–87	–719
Receivables written off as unrecoverable	38	–
Unused amounts reversed	218	8,572
As at December 31	**–1,098**	**–1,227**

Transfers to and reversals from reserves for doubtful receivables are included in the item "Other costs" in the income statement. Amounts stated in the depreciation account are normally written off when the Group is not expected to recover further cash funds. No impairment loss has been identified for any assets in other categories of trade and other receivables. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

Note 23 Financial assets measured at fair value through profit or loss

	2014	2013
Unlisted shareholdings	11,247	9,635
Capital insurance	13,813	13,745
Non-current bank deposits	10,246	8,002
Total	**35,306**	**31,382**

The statement of cash flows includes financial assets measured at fair value through profit or loss in the category "Cash flow from operating activities" as part of the change in working capital. This does not, however, apply to bank deposits recorded as "Cash flow from financing activities". The Group makes regular payments to blocked bank accounts for future waste management costs. Blocked bank funds in the Nuclear Waste Fund amount to SEK 9,390 (7,970) thousand and are recorded as non-current bank deposits.

The fair value of capital insurance is based on current market prices.

Note 24 Inventories

	2014	2013
Raw material	–	–
Finished goods	1,907	1,817
Total	**1,907**	**1,817**

The expensed expenditure for inventories is included under "Cost of services sold" and amounts to SEK 3,447 (2,773) thousand.

Note 25 Cash and cash equivalents

	2014	2013
Cash and bank balances	120,074	151,367
Total	**120,074**	**151,367**

Note 26 Share capital and other contributed capital

	Number of shares	Share capital	Other contributed equity
As at January 1, 2013	**8,218,611**	**8,219**	**225,272**
As at December 31, 2013	**8,218,611**	**8,219**	**225,272**
As at January 1, 2014	**8,218,611**	**8,219**	**225,272**
As at December 31, 2014	**8,218,611**	**8,219**	**225,272**

All shares are ordinary shares with a quotient value of 1.0.

Note 27 Retained earnings

As at January 1, 2013	**255,278**
Net profit/loss for the year	–196,772
Dividend paid for 2012	–
Transfers within equity	–
As at December 31, 2013	**58,506**
As at January 1, 2014	**58,506**
Net profit/loss for the year	–12,000
Dividend paid for 2013	–
Transfers within equity	–
As at December 31, 2014	**46,506**

Note 28 Reserves

All the items below may be reclassified in the income statement.

	Currency translation reserve	Hedging reserve	Total reserves
As at January 1, 2013	**–12,592**	**1,770**	**–10,822**
Foreign exchange differences			
– Group	4,714	–	4,714
Cash flow hedging			
– Hedging reserve	–	110	110
As at December 31, 2013	**–7,878**	**1,880**	**–5,998**
As at January 1, 2014	**–7,878**	**1,880**	**–5,998**
Foreign exchange differences			
– Group	19,178	–	19,178
Cash flow hedging			
– Currency translation reserve	–555	–	–555
As at December 31, 2014	**10,745**	**1,880**	**12,625**

Note 29 Trade and other payables

	2014	2013
Trade creditors	42,699	43,000
Liabilities for work in progress	82,674	57,596
Social security and other taxes	41,361	63,741
Other liabilities	39,645	26,339
Accrued expenses and deferred income		
– Deferred income	13,023	12,716
– Accrued interest expense	573	1,448
– Accrued salaries	29,428	36,994
– Accrued pension costs	13,500	13,916
– Accrued materials, consulting and service costs	24,292	35,626
– Accrued audit fees	1,285	1,378
– Other items	14,917	18,517
Total	**303,397**	**311,271**
Non-current portion	39,699	40,545
Current portion	263,698	270,726
Total	**303,397**	**311,271**

Note 30 Borrowing

	2014	2013
Non-current portion		
Bank loans	3,013	64,797
Bond loans	200,000	200,000
Total	**203,013**	**264,797**
Current portion		
Bank loans	22,817	42,288
Total	**22,817**	**42,288**
Total borrowing	**225,830**	**307,085**

The bond loan bears an interest margin of 3.75 per cent plus stibor 30 days and matures in its entirety on March 6, 2016.

Exposure of the Group's borrowing to interest rate changes and contractual repricing dates at the balance sheet date	2014	2013
0–6 months	222,817	246,517
6–12 months	–	–
1–5 years	3,013	60,568
More than 5 years	–	–
Total borrowing	**225,830**	**307,085**

Note 30 (cont)

The bank loans mature until 2017. The total borrowing includes bank loans and other borrowing against collateral of SEK 60,729 (69,367) thousand. Shares in Studsvik GmbH and Studsvik Verwaltungs GmbH as well as the shares in Studsvik Nuclear AB have been put up as collateral for the Group's bank borrowing.

For borrowing maturing within one year the company obtained a waiver after the closing date regarding the interest coverage ratio. The terms have subsequently been renegotiated. Carrying amounts and fair value for non-current borrowing are presented below. The loans are at level 2 of the fair value hierarchy.

	FAIR VALUE		CARRYING AMOUNT	
Maturities of borrowing	**2014**	**2013**	**2014**	**2013**
Less than 1 year	22,787	34,545	22,817	42,288
Between 1 and 2 years	199,571	60,050	201,817	63,707
Between 2 and 5 years	1,150	205,895	1,196	201,090
More than 5 years	–	–	–	–
Total	**223,508**	**300,490**	**225,830**	**307,085**

Carrying amounts, by currency, of the Group's borrowing	2014	2013
SEK	221,002	261,067
USD	–	40,117
GBP	4,828	5,901
Total	**225,830**	**307,085**

The Group has the following unutilized credit facilities	2014	2013
Variable interest rate		
– Matures within one year	8,998	–
Total	**8,998**	**–**

The lines of credit that mature within one year are one-year credit facilities that will be reviewed on varying dates in 2015.

Average effective interest rate on balance sheet date, bank borrowing	2014	2013
SEK	3.87%	4.89%
USD	–	4.90%
GBP	2.46%	2.52%

Note 31 Deferred tax

Deferred tax assets and tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax refers to the same tax authority.

Offset amounts	2014	2013
Deferred tax assets		
Deferred tax assets to be utilized after more than 12 months	82,861	65,849
Deferred tax assets to be utilized within 12 months	1,589	7,052
Total	**84,450**	**72,901**
Deferred tax liabilities		
Deferred tax liabilities to be paid after more than 12 months	35,518	32,793
Deferred tax liabilities to be paid within 12 months	2,539	3,267
Total	**38,057**	**36,060**

Deferred tax assets	Tax losses	Fair value gains	Other	Total
As at January 1, 2013	**79,609**	**3,894**	**238**	**83,741**
Charged/credited to the income statement	–11,139	–406	359	–11,186
Translation differences	346	–	–	346
As at December 31, 2013	**68,816**	**3,488**	**597**	**72,901**
Charged/credited to the income statement	–5,094	2,812	–	–2,282
Tax referring to components in other comprehensive income	–	–	90	90
Reposting to current tax	–	–	–	–
Translation differences	13,741	–	–	13,741
As at December 31, 2014	**77,463**	**6,300**	**687**	**84,450**

Deferred tax liabilities	Tax losses	Fair value gains	Other*	Total
As at January 1, 2013	**7,969**	**2,688**	**28,783**	**39,440**
Charged/credited to the income statement	313	142	1,450	1,905
Liabilities in operations for sale	–	–	–6,651	–6,651
Tax referring to components in other comprehensive income	–	31	–	31
Reposting to current tax	–	–	349	349
Translation differences	–	–	986	986
As at December 31, 2013	**8,282**	**2,861**	**24,917**	**36,060**
Charged/credited to the income statement	–1,186	–	1,188	2
Tax referring to components in other comprehensive income	–	–	–	–
Reposting to current tax	–	–	–	–
Translation differences	–	–	1,995	1,995
As at December 31, 2014	**7,096**	**2,861**	**28,100**	**38,057**

* Other deferred tax liabilities include deferred tax of SEK 29.3 (24.7) million referring to temporary differences from goodwill in the German operations.

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through the future taxable profits is deemed probable. Most of the Group's tax loss carry forwards are related to the US and UK operations. They amount to a total of USD 59.3 (59.2) million, which restated at the balance sheet rate is SEK 460.2 (424.3) million, to be utilized within a 20-year period in the USA, and GBP 9.2 (9.3) million in the United Kingdom, which restated at the balance sheet rate is SEK 111.3 (99.2) million, where there is no time limit on the right to apply tax loss carry forwards. The Group's recognized deferred tax assets include tax loss carry forwards in the USA of SEK 58.2 (48.4) million and in the UK of SEK 14.4 (13.0) million.

Note 32 Pension obligations

Defined benefit pension plans

There are a few defined benefit pension plans within the Group, which are primarily based on final salary. The plans that have been considered to be material are in Germany. Other pension obligations, which also exist in Germany and Japan, have not been regarded as having any material effect and have not been subject to actuarial calculation.

Pension insurance with Alecta

Commitments for old-age pension and family pension for employees in Sweden are safeguarded through insurance with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan covering several employers. For the 2014 financial year the Group has not had access to such information as will make it possible to report this plan as a defined benefit plan. The pension plan under ITP, which is vested through insurance with Alecta, is therefore reported as a defined contribution plan. The year's contributions for pension insurance taken out with Alecta amount to SEK 7,133 (6,728) thousand. Alecta's surplus can be distributed to the policy holders and/or the insured. At the end of 2014 Alecta's surplus in the form of a collective solvency level was 146 (153) per cent. The collective solvency level comprises the market value of Alecta's assets as a percentage of its insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

	2014	2013
Obligations in the balance sheet for		
Pension benefits	7,517	5,969
Income statement charge for (note 9)		
Pension costs	35,456	32,390

Amounts recognized in the balance sheet	2014	2013
Present value of unfunded obligations	7,517	5,969
Total	**7,517**	**5,969**

Amounts recognized in the income statement	2014	2013
Defined benefit plans		
Current service cost	33	235
Interest expense	109	104
Total	**142**	**339**

Of the total cost, SEK 142 (339) thousand was included in the items "Cost of goods sold" and "Administrative expenses". The actual return on plan assets was SEK – (–) thousand.

Changes in the liability recognized in the consolidated balance sheet	2014	2013
At the start of the year	**5,969**	**6,021**
Translation differences	1,576	–248
Total expense recognized in the income statement	142	339
Contributions paid	–170	–143
At the end of the year	**7,517**	**5,969**

Total pension costs recognized in the consolidated income statement	2014	2013
Total costs for defined benefit plans	142	339
Total costs for defined contribution plans	29,042	26,669
Costs of special employer's contribution and tax on returns from pension funds	6,272	5,382
Total	**35,456**	**32,390**

Actuarial assumptions	2014	2013
Discount rate	2.0%	3.5%
Expected return on plan assets	0.0%	0.0%
Future salary increases	0.0%	0.0%
Future pension increases	1.0%	1.0%

Note 33 Other provisions

	Future waste costs	Other provisions	Total
As at January 1, 2014	**49,892**	**92,182**	**142,074**
Recognized as an expense in the consolidated income statement			
– Additional provisions	–89	–	–89
– Reversed provisions	8,453	2,086	10,539
Capitalized as property, plant and equipment			
Discount effect	1,078	1,166	2,244
Amount utilized during the period	–3,535	–	–3,535
Translation difference	–	2,972	2,972
As at December 31, 2014	**55,799**	**98,406**	**154,205**
Non-current portion	54,499	98,406	152,905
Current portion	1,300	–	1,300
Total	**55,799**	**98,406**	**154,205**

Future waste management costs

The Group's operations generate nuclear waste and radioactive waste which must be sent for final disposal within the framework of the systems and rules in force in the countries in which Studsvik carries on operations in its own production facilities. Provisions are made for operational waste and also to some extent for decommissioning of facilities and the resulting decommissioning waste. The main part of the costs of decommissioning and decommissioning waste from the Group's Swedish nuclear facilities is financed, under the provisions of the Studsvik Act 1988:1597, through a charge on nuclear generated electricity. Fees paid in are administered by the Nuclear Waste Fund. The Group's total payments to the Nuclear Waste Fund amount to SEK 8,759 (7,970) thousand and are recorded as non-current bank deposits.

Funds for decommissioning and waste management may be withdrawn from the Fund by Studsvik, which holds the nuclear permit for the facilities in question. Studsvik is not liable to pay under the current Act. Studsvik's responsibility for decommissioning and waste management for its own nuclear facilities is limited to buildings, systems and components coming into existence after June 30, 1991. Studsvik estimates these commitments on a current basis and provision is made for them. Recognized provisions include management of waste in connection with decommissioning, SEK 55.8 million. Of the total provisions, SEK 1.3 million is expected to be utilized in 2015 and the rest is expected to be utilized successively and at the earliest starting in 2016.

Other provisions

Other provisions refer to future costs for decommissioning the Swedish and British waste management facilities. In addition to this, future costs of decommissioning other nuclear facilities in Sweden are included. Of the total provisions, SEK 0.0 million is expected to be utilized in 2015. The remaining part of the provisions is expected to be utilized only in connection with decommissioning operations.

Note 34 Cash flow from operating activities

Non-cash items	2014	2013
Depreciation/amortization	33,546	63,515
Impairment losses on property, plant and equipment	–	23,998
Impairment losses on intangible assets	–	67,546
Proceeds from sale of property, plant and equipment	–182	219
Share in earnings from associated companies	–12,306	–7,315
Revalutaton of financial holdings	–2,576	–977
Other changes in provisions	–1,154	6,203
Total	**17,328**	**153,189**

Note 35 **Contingent liabilities**

The Group has contingent liabilities in respect of bank guarantees and other guarantees as well as other items arising in the normal course of business. No material liabilities are expected to arise through these contingent liabilities. In the normal course of business the Group has issued guarantees amounting to SEK 60,729 (89,940) thousand to third parties. No further payments are expected as at the date of these financial statements.

Note 36 **Commitments**

CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet recognized in the financial statements is as follows.

	2014	2013
Property, plant and equipment	–	–
Total	**–**	**–**

OPERATING LEASE COMMITMENTS

Lease expenses for operating leases for the year amounted to SEK 12,301 (14,963) thousand.

Future aggregate minimum lease payments	2014	2013
Within 1 year	10,604	11,853
Between 1 and 5 years	19,454	25,900
More than 5 years	2,232	2,352
Total	**32,290**	**40,105**

FINANCE LEASE COMMITMENTS

Assets recognized as finance leases	Equipment and tools
Opening book value January 1, 2013	**1,057**
Investments	1,253
Depreciation/amortization for the year	–627
Disposals and retirements	–
Closing book value December 31, 2013	**1,683**
Opening book value January 1, 2014	**1,683**
Investments	0
Depreciation/amortization for the year	–626
Disposals and retirements	–1,057
Translation differences	0
Closing book value December 31, 2014	**0**

Future aggregate minimum lease payments	2014	2013
Within 1 year	–	626
Between 1 and 5 years	–	–
More than 5 years	–	–
Total	**0**	**626**

Lease expenses for finance leases for the year amounted to SEK 626 (627) thousand. Finance leases consist of equipment for treating large components in the Swedish operations.

Note 37 **Transactions with related parties**

Studsvik, Inc. owns 50 per cent of THOR Treatment Technologies, LLC (TTT). Under a Joint Venture Operating Agreement the owners are to provide management, technical and marketing services to TTT. Studsvik owns 15 per cent of UK Nuclear Waste Management Ltd (NWM), where Studsvik, in a consortium together with other partners, will manage and operate a repository for low-level radioactive waste in the United Kingdom.

Transactions with related parties	2014	2013
Sale of services		
– THOR Treatment Technologies, LLC	2,800	2,666
– UK Nuclear Waste Management Ltd	4,667	5,365
Reported receivables from related parties		
– THOR Treatment Technologies, LLC	543	71
– UK Nuclear Waste Management Ltd	811	684
– Semprasafe, LLC *	–	323
Provision for doubtful trade receivables		
– Semprasafe, LLC	–	2,834
Impairment loss on trade receivables		
– Semprasafe, LLC	–	14,320
Total costs referring to provisions and impairment losses recognized in the income statement**	**–**	**17,154**
Loans receivable from related parties		
– UK Nuclear Waste Management Ltd	2,723	2,405

* Classified in 2013 as "Operations held for sale". The amount is reported less impairment losses and provisions for doubtful receivables.

** Reported as "Profit/loss for the year from operations held for sale".

Under an agreement with the owners the services are supplied on a commercial basis.

There have been no transactions with other related parties, besides remuneration to the Board of Directors, President and senior management. Remuneration to the Board of Directors, President and senior management is described in note 9.

Studsvik holds 79 per cent of Studsvik Scandpower, Inc. The remaining 21 per cent is held by a private individual previously employed by the company. Studsvik owns 91 per cent of Studsvik Scandpower AB and its subsidiary Studsvik Scandpower GmbH. The remaining 9 per cent is held by the minority shareholder of Studsvik Scandpower, Inc.

The owners have agreed on how share transfers are to take place in the event of one of the parties wishing to relinquish or increase their holdings in the two companies. Studsvik can only increase its ownership through acquisition of the entire minority holding. The acquisition must be at market price. An acquisition must cover both companies. If the minority wishes to relinquish its ownership, the shares must be offered to Studsvik at market price. The market price will be determined by an independent valuation institute. In a situation where Studsvik AB wishes to relinquish its holding the minority has an option to acquire 12 per cent of the shares in Studsvik Scandpower AB at book value of equity.

Note 38 Information on the Board of Directors and senior management

Salaries and other benefits, 2014	Basic salary/ Board fee	Committee fee	Variable remuneration	Other benefits	Pension cost	Other remuneration	Total
Chairman of the Board							
– Anders Ullberg	650	50	–	–	–	–	700
Members of the board (6)							
– Jan Barchan	225	–	–	–	–	–	225
– Lars Engström	225	100	–	–	–	–	325
– Anna Karinen	225	–	–	–	–	–	225
– Alf Lindfors	225	–	–	–	–	–	225
– Peter Gossas	225	50	–	–	–	–	275
– Agneta Nestenborg	225	–	–	–	–	–	225
Employee representatives (4)	–	–	–	–	–	–	–
President	3,488	–	–	129	1,226	–	4,843
Other senior management (5)	7,310	–	477	353	1,300	–	9,440
Total	**12,798**	**200**	**477**	**482**	**2,526**	**–**	**16,483**

Salaries and other benefits, 2013	Basic salary/ Board fee	Committee fee	Variable remuneration	Other benefits	Pension cost	Other remuneration	Total
Chairman of the Board							
– Anders Ullberg	650	50	–	–	–	–	700
Members of the board (6)							
– Jan Barchan	225	–	–	–	–	–	225
– Lars Engström	225	75	–	–	–	–	300
– Peter Gossas	113	25	–	–	–	–	138
– Anna Karinen	225	–	–	–	–	–	225
– Alf Lindfors	225	–	–	–	–	–	225
– Per Ludvigsson (outgoing)	112	50	–	–	–	–	162
– Agneta Nestenborg	225	–	–	–	–	–	225
Employee representatives (4)	–	–	–	–	–	–	–
President	2,757	–	–	121	1,326	–	4,204
President/CEO (outgoing)	500	–	–	30	312	–	842
Other senior management (8)	10,272	–	45	1,029	5,023	5,996	22,365
– of whom outgoing (2)	2,931	–	–	159	3,278	5,996	12,364
Total	**15,529**	**200**	**45**	**1,180**	**6,661**	**5,996**	**29,611**

Remuneration to the board of directors and other senior management	2014	2013
Parent company		
Salaries and other remuneration	7,726	14,993
– Of which variable remuneration	–	–
Pensions	1,645	5,105
Number of persons	13	17
Subsidiaries		
Salaries and other remuneration	6,231	7,957
– Of which variable remuneration	477	45
Pensions	881	1,556
Number of persons	4	5
Group		
Salaries and other remuneration	13,957	22,950
– Of which variable remuneration	477	45
Pensions	2,526	6,661
Number of persons	17	22

Principles

In 2014 the members of the Board of Directors did not receive any remuneration in addition to the Board and Committee fees.

Variable remuneration

The President has the right to variable remuneration. The forms of the variable salary component are established annually. For 2014 the variable salary component is based on the Group's sales and operating margin and may not exceed 50 per cent of annual salary. The variable salary component for other senior management for 2014 is based on outcomes related to individually specified targets at both Group and unit level. For 100 per cent target fulfilment in all parameters a maximum variable salary component is payable of 30–50 per cent of the basic salary.

Other benefits and remuneration

Other benefits reported are company car, meal subsidies and other benefits such as health care, home computer etc. Other remuneration mainly includes severance pay.

Financial instruments

Under current employment contracts there are no share based payments.

Pension

The pensionable age of the President is 65 years. Apart from statutory national pension he has a defined contribution pension plan to which the company pays in a monthly pension premium equivalent to 35 per cent of fixed monthly salary. For other members of the Executive Group Management a pension is payable as a rule from the age of 65. Swedish members of the Executive Group Management follow the ITP plan and the pension obligation is secured through insurance with Alecta. Defined contribution plans apply to members of the Executive Group Management outside Sweden, with the exception of Germany, where a defined benefit plan based on period of employment applies. The pension obligations are vested.

Termination and severance pay

The President's period of notice is 6 months for his own termination of employment and 12 months for termination by the company. In the case of termination of employment by the company, salary is payable during the period of notice as well as an additional monthly severance payment for 6 months after termination of employment, though no longer than until retirement age. The monthly severance payment will be equivalent to the fixed monthly salary received during the period of notice. Deduction is made for any salary from a new employer. For other members of the group executive management, the main rule is that the period of notice is 6 months when employment is terminated by the employee and 12 months when terminated by the company. In the case of termination of employment by the company, salary is payable during the period of notice as well as an additional severance payment of up to 6 months' salary.

Note 39 Operations held for sale

At the close of 2014 there were no operations held for sale.

Cash flow from operations held for sale	**2014**	**2013**
Cash flow from operating activities	–16,796	–33,705
Cash flow from investing activities	93,947	–278
Cash flow from financing activities	–	–
Total	**77,151**	**–33,983**

Cash flow from operations held for sale is included in the Group's reported cash flows in the amounts above.

Assets classified as operations held for sale	**2014**	**2013**
Property, plant and equipment	–	76,519
Goodwill	–	98,870
Other current assets	–	85,298
Total	**–**	**260,687**

Liabilities classified as operations held for sale	**2014**	**2013**
Trade and other payables	–	119,464
Provisions	–	52,475
Total	**–**	**171,939**

In accordance with IFRS 5 assets and liabilities held for sale in 2013 have been written down to fair value after deduction for selling expenses, SEK 5,491 thousand. This is a non-recurring fair value measurement, using observable input data, indicated by the bidding. The measurement is therefore at level 2 of the fair value hierarchy.

Cumulative amount reported in other comprehensive income referring to operations held for sale	**2014**	**2013**
Translation differences on foreign subsidiaries	–	2,610
Total	–	**2,610**

Analysis of profit/loss for the year from operations held for sale and accounting profit on revaluation of operations held for sale	**2014**	**2013**
Net sales	–	214,778
Other operating income	–	912
Expenses	–	–231,885
Other operating expenses	–12,537	–97,011
Operating result	**–12,537**	**–113,206**
Financial expenses	–801	–32
Profit/loss from operations held for sale – before tax	**–13,338**	**–113,238**
Income tax	–3,815	324
Profit/loss from operations held for sale – after tax	**–17,153**	**–112,914**
Profit/loss on revaluation of assets in operations held for sale – before tax	–	–68,097
Income tax	–	7,123
Profit/loss on revaluation of assets in operations held for sale – after tax	**–**	**–60,974**
Profit/loss from operations held for sale – after tax	**–17,153**	**–173,888**

Note 40 Events after the close of the reporting period

No events considered to be material as defined in IAS 10 have occurred after the close of the reporting period on December 31, 2014.

NOTES TO THE PARENT COMPANY ACCOUNTS

For the parent company's accounting policies, see note 1.24.

Note 41 Net sales

Net sales by geographical market	2014	2013
Sweden	6,630	5,513
Europe, not including Sweden	4,782	4,564
North America	507	3,022
Total	**11,919**	**13,099**

Note 42 Employee benefits

	2014		2013	
	Salaries and other remuneration (of which variable remuneration)	Social costs (of which pension costs)	Salaries and other remuneration (of which variable remuneration)	Social costs (of which pension costs)
Board of Directors and President	5,902 (–)	3,237 (1,589)	5,738 (–)	3,186 (1,638)
Other employees	8,296 (–)	6,788 (3,465)	8,009 (95)	6,067 (3,440)
Total	**14,199 (–)**	**10,025 (5,053)**	**13,747 (95)**	**9,253 (5,078)**

See also note 38.

Note 43 Costs by nature of expense

	2014	2013
Purchases of material and services	33,131	22,062
Personnel costs	16,705	21,820
Depreciation/amortization	–	4
Total	**49,836**	**43,886**

Services include fees and remuneration to accounting firms as follows:

	2014	2013
PricewaterhouseCoopers		
Audit assignments	1,137	931
Audit business in addition to audit	35	30
Tax consultancy	37	–
Other services	394	717
Total	**1,603**	**1,678**

Audit assignments refer to the examination of the annual accounts, the accounting records and the administration by the Board of Directors and the President. It also includes other duties that are incumbent on the company's auditors as well as advisory services and other types of support as a result of findings observations made through such examination or performance of such duties..

Note 44 Depreciation

	2014		2013	
	According to plan	Book	According to plan	Book
Equipment and tools	–	–	3	3
Total	**–**	**–**	**3**	**3**

Note 45 Other operating income and operating expenses

Other operating income	2014	2013
Financial assets measured at fair value through profit or loss		
– Fair value gains	1,611	1,349
Foreign exchange gains	41	101
Total	**1,652**	**1,450**

Other operating expenses	2014	2013
Provision for severance payment	–6,560	–9,515
Foreign exchange losses	–1,111	–96
Total	**–7,671**	**–9,611**

Note 46 Operating leases

	2014	2013
Maturity within one year	234	1,232
Maturity after one year but within five years	90	1,874
Maturity after five years	–	–
Total	**324**	**3,106**

The parent company's leases mainly refer to vehicles. In the previous year they also included premises. The comparative figures for 2013 have been restated as regards future lease payments for vehicles as the previous year's figures also included 12.5 per cent VAT.

Note 47 Result from participation in group companies

	2014	2013
Group contributions from subsidiaries	42,807	46,000
Result of recognition of impairment loss on shares in subsidiary	–	–279,305
Total	**42,807**	**–233,305**

The result of recognition of impairment loss on shares in subsidiary in 2013 refers to the write-down of shares in Studsvik Holding, Inc. by SEK 279,305 thousand.

Note 48 Interest income and similar profit/loss items

	2014	2013
Interest	9,150	8,080
Exchange rate differences	8,159	289
Total	**17,309**	**8,369**
Of which, in respect of Studsvik Group companies		
Interest	9,020	6,914
Total	**9,020**	**6,914**

Note 49 Interest expense and similar profit/loss items

	2014	2013
Interest	14,948	13,394
Exchange rate differences	9,739	224
Total	**24,687**	**13,618**
Of which, in respect of Studsvik Group companies		
Interest	1,386	923
Total	**1,386**	**923**

Note 50 Appropriations

	2014	2013
Dissolution of tax allocation reserve	–	–
Total	**–**	**–**

Note 51 Income tax

	2014	2013
Current tax		
Current tax on profit for the year	0	–67
Adjustment for previous years	–99	38
Total	**–99**	**–29**
Deferred tax		
Origination and reversal of temporary differences	2,467	440
Total	**2,467**	**440**
Total income tax	**2,368**	**411**

The Swedish income tax rate is 22.0 (22.0) per cent. The income tax on the parent company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate for profits as follows:

	2014	2013
Profit/loss before tax	–8,507	–277,502
Tax in accordance with the current tax rate	1,872	61,050
Non-taxable revenue	358	298
Expenses not deductible for tax purposes	–132	–61,482
Tax referring to temporary differences	369	507
Adjustment for previous years' tax assessment	–99	38
Total	**2,368**	**411**

The weighted average tax rate was –27.8 (–0.2) per cent.

Note 52 Property, plant and equipment

	2014	2013
Equipment and tools		
Opening cost of acquisition	1,752	1,752
Closing accumulated cost of acquisition	**1,752**	**1,752**
Opening depreciation	–1,752	–1,749
Depreciation for the year	–	–3
Closing accumulated depreciation	**–1,752**	**–1,752**
Closing residual value according to plan	**–**	**–**

Note 53 Financial assets

	2014	2013
Shares in subsidiaries		
Opening cost of acquisition	1,024,067	959,424
Shareholders' contributions	–	64,600
Investment in subsidiaries	–	43
Closing cost of acquisition	**1,024,067**	**1,024,067**
Opening impairment losses	–652,254	–372,949
Impairment losses for the year	–	–279,305
Closing impairment losses	**–652,254**	**–652,254**
Closing value	**371,813**	**371,813**

The impairment loss on shares in a subsidiary refers Studsvik Holding, Inc. In 2013 a subsidiary was established in France, Studsvik France SAS.

	2014	2013
Receivables from subsidiaries		
Loans to Studsvik Holding, Inc. Group		
– Opening cost of acquisition	127,701	133,684
– Repayment received	–51,718	–
– New loans	1,400	59,431
– Change in accrued interest	2,224	–2,267
– Conversion to shareholders' contribution	–	–61,495
– Foreign exchange differences	15,436	–1,652
Closing value	**95,043**	**127,701**
Loan to Studsvik UK Ltd		
– Opening cost of acquisition	15,093	19,979
– Repayment received	–	–5,075
– New loans	5,889	–
– Change in accrued interest	–	–
– Foreign exchange differences	2,151	189
Closing value	**23,133**	**15,093**
Loan to Studsvik France SAS		
– Opening cost of acquisition	11	–
– Repayment received	–	–841
– New loans	908	891
– Change in accrued interest	–11	11
– Foreign exchange differences	40	–50
Closing value	**948**	**11**
Loan to Studsvik GmbH		
– Opening cost of acquisition	67,439	–
– New loans	17,817	67,788
– Change in accrued interest	–79	79
– Foreign exchange differences	5,453	–428
Closing value	**90,630**	**67,439**
Financial assets measured at fair value through profit or loss		
Unlisted shareholdings		
– Opening cost of acquisition	9,636	8,287
– Acquisition of new shares	–	–
– Revaluation to fair value	1,612	1,349
Closing value	**11,248**	**9,636**
Capital insurance		
– Opening cost of acquisition	13,266	12,151
– Items added	269	440
– Reposting to current asset	–455	–478
– Revaluation to fair value	1,186	1,153
Closing value	**14,266**	**13,266**

Note 54 Prepaid expenses and accrued income

	2014	2013
Prepaid rent	67	259
Prepaid credit charges and fees	2,051	4,345
Prepaid pension premiums	88	269
Prepaid software licenses	607	865
Prepaid service charges	2	478
Other	459	10
Total	**3,274**	**6,226**

Note 55 Shares and participations in subsidiaries

	Share of euqity, %	Share of voting rights, %	Number of participa-tions/ shares	Nominal value		Book value
Parent company's holdings						
Studsvik Holding, Inc.	100	100	2,000	kUSD	25,372	24,042
Studsvik Nuclear AB	100	100	5,000	kSEK	50,000	133,400
Studsvik Scandpower, Inc.	79	79	1,503	kUSD	149	984
Studsvik Scandpower AB	91	91	910	kSEK	91	603
Studsvik Japan Ltd	100	100	10,000	kJPY	10,000	373
Studsvik Germany GmbH	100	100		kEUR	26	241
Studsvik Verwaltungs GmbH	100	100		kEUR	26	261
Studsvik UK Ltd	100	100	1,022,500	kGBP	1,023	193,760
Studsvik Instrument Systems AB	100	100	17,000	kSEK	17,000	18,106
Studsvik France SAS	99	99	4,950	kEUR	5	43
Total						**371,813**

Information on subsidiaries' corporate identity numbers and registered offices

	Corporate identity number	Registered office
Studsvik Nuclear AB	556051-6212	Nyköping, Sweden
Studsvik Scandpower, Inc.	36-3088916	Boston, USA
Studsvik Scandpower AB	556137-8190	Nyköping, Sweden
Studsvik Scandpower GmbH	HRB 4839	Norderstedt, Germany
Studsvik Suisse AG	CH400.4.021.112.4	Fischbach-Göslikon, Switzerland
Studsvik Japan Ltd		Tokyo, Japan
Studsvik Holding, Inc.	35-3481732	Atlanta, USA
Studsvik, Inc.	36-2999957	Atlanta, USA
RACE Holding, LLC	20-2472653	Atlanta, USA
Studsvik Germany GmbH	HRB 504467	Mannheim, Germany
Studsvik Verwaltungs GmbH	HRB 504468	Mannheim, Germany
Studsvik GmbH & Co. KG	HRA 503411	Mannheim, Germany
Studsvik UK Ltd	4,772,229	Newcastle, England
Studsvik Alpha Engineering Ltd	3,658,198	Newcastle, England
Studsvik Instrument Systems AB	556197-1481	Nyköping, Sweden
Studsvik France SAS	791 048 200 000 12	Paris, France

Note 56 Liabilities to credit institutions

	2014	2013
Bank loans		
Non-current portion	200,000	260,000
Current portion	21,002	9,367
Total	**221,002**	**269,367**

Note 57 Accrued expenses and deferred income

	2014	2013
Holiday pay liability	1,800	1,635
Accrued wages and salaries	–	110
Accrued social security contributions	5,692	5,390
Accrued interest expense	560	1,405
Provision for severance payment	7,671	9,515
Other	1,943	627
Total	**17,666**	**18,682**

Note 58 Pledged assets

	2014	2013
Shares in subsidiaries	133,902	133,902
Total	**133,902**	**133,902**

Shares in Studsvik GmbH and Studsvik Verwaltungs GmbH as well as in Studsvik Nuclear AB have been put up as collateral for bank loans.

Note 59 Contingent liabilities

	2014	2013
Guarantees	–	–
Contingent liabilities referring to insurance	5,446	10,648
Total	**5,446**	**10,648**

In addition the parent company has made a guarantee commitment for a subsidiary as for its own debt.

Note 60 Derivative instruments

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	–	7,750	2,556	566

Revaluation of forward exchange contracts is through profit or loss.

Outstanding forward exchange contracts, December 31, 2014

	INFLOW CURRENCIES		
Maturity year	GBP 000	USD 000	EUR 000
2015 Amount	1,410	11,700	9,560
Average rate	11.625	7.319	9.322
Remeasured at fair value	17,029	91,050	90,781

Note 61 Investments in property, plant and equipment

	2014	2013
Equipment and tools	–	–
Total	**–**	**–**

No investments were made during the year.

Note 62 Cash flow from operating activities

Non-cash items	2014	2013
Depreciation/amortization	–	3
Fair value gains	–1,613	–1,348
Total	**–1,613**	**–1,345**

Note 63 Transactions with related parties

Intra-Group purchases and sales

The percentage of the year's purchases and sales referring to other companies within the Studsvik Group is presented below.

	2014	2013
Purchases	18%	5%
Sales	100%	100%

The same pricing principles are applied to purchases and sales between group companies as apply to transactions with external parties.

Agreements on severance payments and other commitments to Board members and the President

The President's period of notice is 6 months for his own termination of employment and 12 months for termination by the company. In the case of termination of employment by the company, salary is payable during the period of notice as well as an additional severance payment equivalent to 6 months' salary. See also note 38.

Note 64 Number of employees

	2014	2013
Women	4	5
Men	6	6
Total	**10**	**11**

	2014		2013	
Members of the board and senior management	**Number on balance sheet date**	**Of whom men**	**Number on balance sheet date**	**Of whom men**
Board members	11	8	11	8
President and other senior executives	3	3	3	3

Note 65 Investment in subsidiaries

	2014	2013
Shareholders' contributions	–	64,600
Total	**–**	**64,600**

Shareholder's contribution to Studsvik Holding, Inc. in 2013 through conversion of loan and accrued interest.

The consolidated income statement and balance sheet will be presented to the Annual General Meeting on April 29, 2015 for approval.

The Board of Directors and the President certify that the consolidated accounts have been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU and give a true and fair view of the Group's financial position and results of operations.

The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the parent company's financial position and results of operations.

The administration report for the Group and parent company provides a fair review of the development of the Group's and the parent company's business, financial position and performance and describes significant risks and uncertainties faced by the parent company and the companies that are part of the Group.

Nyköping, March 9, 2015

Anders Ullberg Chairman	Anna Karinen Vice Chairman	Jan Barchan Board Member
Lars Engström Board Member	Peter Gossas Board Member	Thomas Kinell Employee representative
Alf Lindfors Board Member	Roger Lundström Employee representative	Agneta Nestenborg Board Member

Michael Mononen
President

Our audit report was submitted on 16 mars 2015
PricewaterhouseCoopers AB

Lennart Danielsson
Authorized public accountant

Auditor's report

To the Annual General Meeting of the Shareholders of Studsvik AB (publ)
Corporate identity number 556501-0997

REPORT ON THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Studsvik AB for 2014. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 4–52.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as at December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for the parent company and the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Studsvik AB for 2014.

Responsibilities of the Board of Directors and President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 16, 2015
PricewaterhouseCoopers AB

Lennart Danielsson
Authorized public accountant

Corporate Governance

Corporate Governance
Studsvik AB is a Swedish public company with its registered office in Nyköping and listed on Nasdaq Stockholm. The company is the parent of a Group that carries on business in nuclear technology in an international arena. Corporate governance is based on the Articles of Association and the Swedish Companies Act, a number of Swedish and foreign laws and ordinances and the Swedish Code of Corporate Governance (the Code). Studsvik has no departures from the Code to report.

General Meeting of Shareholders
The General Meeting is the company's highest decision-making body, where the shareholders exercise their influence through discussions and decisions. An Annual General Meeting shall be held once a year to adopt the income statement and balance sheet, decide on dividend, elect a Board of Directors and auditors and decide on their remuneration.

The number of shareholders on December 31, 2014 was 3,380. The total number of shares was 8,218,611. All shares have an equal right to participate in the company's assets and profits. Information on shareholders, voting rights and the Articles of Association is presented in the annual report on pages 54–61.

At the Annual General Meeting in April 2014, 48 shareholders participated, representing a total of 37 per cent of all votes in the company. The Annual General Meeting adopted the consolidated income statement and balance sheet, adopted the Board of Directors proposal concerning dividend, discharged the Board of Directors and President from liability and appointed PricewaterhouseCoopers AB as auditor. Other members of the Board of Directors were re-elected and Anders Ullberg was appointed as Chairman. The Meeting also established principles for benefits to senior management and appointed the Nomination Committee. The minutes of the Annual General Meeting can be found on the company's website.

Nomination committee
The main task of the Nomination Committee is to propose candidates for the Board of Directors, Chairman of the Board and auditors and their fees to the Annual General Meeting. The Nomination Committee is also to propose a new Nomination Committee.

As resolved by the Annual General Meeting, the Nomination Committee is to consist of the Chairman of the Board and representatives of each of the three largest shareholders. The Annual General Meeting appointed Stina Barchan (Briban Invest AB), Jan Ebrell (representative of the Karinen family), Malte Edenius and Anders Ullberg (Chairman of the Board). The Nomination Committee's term of office is until a new Nomination Committee is appointed. The composition of the Nomination Committee was announced on April 23, 2014 in a press release and on Studsvik's website.

The Nomination Committee held two meetings. Information on how shareholders can submit proposals to the Nomination Committee has been published on Studsvik's website. The work of the Nomination Committee focuses on ensuring that the Board of Directors is composed of members that together have the knowledge and experience that meets the requirements of the owners concerning Studsvik's highest governing body. In the process of preparing proposals for candidate members of the Board the Chairman of the Board therefore presents to the Nomination Committee the evaluation made of the work of the Board of Directors in the past year.

Composition of the Board of Directors
The Board of Directors consists of seven board members elected by the General Meeting of Shareholders, as well as two members and two alternates appointed by the staff organizations Unionen and the Swedish Association of Graduate Engineers. The members of the Board of Directors are presented on pages 58–59 of the annual report and under Board of Directors and auditors on the website.

The members elected by the Annual General Meeting are to be regarded as independent in relation to the company and the company management. All, apart from Jan Barchan and Anna Karinen, are independent of major shareholders.

Chairman

Anders Ullberg is the Chairman of the Board and leads the work of the Board. He has a particular responsibility to follow the company's development between Board meetings and ensure that the Board Members regularly receive the information necessary for performing a satisfactory job. The Chairman is to maintain regular contact with the President on various matters as needed.

Work of the Board of Directors

The task of the Board of Directors is to administer the company's business in the best way possible and safeguard the interests of the shareholders in its work. The Board's work follows rules of procedure adopted annually at the inaugural board meeting. The rules of procedure specify the division of duties between the Board and the President, the responsibilities of the Chairman and President respectively, and the forms of financial reporting. The President takes part in the work of the Board of Directors and other employees take part when this is called for. The Group's Chief Financial Officer is the secretary to the Board.

In 2014 the Board of Directors held seven meetings, including the inaugural meeting immediately following the Annual General Meeting. The attendance of the members is shown in the table below.

The Board of Directors receives information on the company's economic and financial situation through monthly reports and at board meetings. Operations in the various segments are monitored and discussed in accordance with a rolling plan, which means that the Board of Directors makes a detailed analysis of each segment at least once a year. Moreover the Board of Directors agrees each year on a number of issues that are to be examined at a board meeting during the year. In 2014 a two-day meeting was held which dealt with the Group's strategy, development of the market and a continued review of the German operations as well as the Group's financing.

Ahead of each board meeting the Chairman and President go through the business to be dealt with at the meeting and supporting documentation for the Board's processing of the business is sent to the members about a week before each board meeting.

In 2014 the Board devoted particular attention to implementing the sale of the waste treatment operations in the USA, productivity and staffing of the facilities for waste treatment in Sweden and the United Kingdom, customer based selling and cost savings in administration.

At one meeting the company's auditors reported on their findings from the audit of the annual accounts and the company's administration. The Board of Directors was also given the opportunity of discussions with the auditors without the company management being present.

The Chairman ensures that the work of the Board of Directors is evaluated annually and that the Nomination Committee receives the information necessary concerning the results of the evaluation. The evaluation is discussed by the Board of Directors as a basis for planning the Board's work for the coming year.

Policies, guidelines and instructions

The Board reviews and adopts Group policies and guidelines and the Group's Code of Conduct. The Code of Conduct aims to provide guidance to employees and business partners, minimize risks, strengthen the corporate culture and convey Studsvik's core values.

The President adopts guidelines and operative instructions based on policies and guidelines established by the Board. Guidelines and operative instructions issued by the President primarily cover financial reporting and information technology (IT). All policies and guidelines are available to the Group's employees on Studsvik's intranet.

Board members	Elected	Attendance	Remuneration Committee	Audit Committee	Independent of company	Independent of share-holders	Fee SEK thousand
Anders Ullberg, Chairman	2007	7/7	1/1	6/6	Yes	Yes	700
Anna Karinen, deputy Chairman	2003	7/7	1/1		Yes	No	225
Jan Barchan	2004	7/7	1/1		Yes	No	225
Lars Engström	2008	7/7		6/6	Yes	Yes	325
Peter Gossas	2013	7/7		5/6	Yes	Yes	275
Alf Lindfors	2006	7/7			Yes	Yes	225
Agneta Nestenborg	2010	7/7			Yes	Yes	225
Thomas Kinell (Employee rep)	2011	7/7					
Roger Lundström (Employee rep)	2005	5/7					
Per Ekberg (Empl rep) alternate	2006	7/7					
Tommi Huutoniemi (Empl rep) alternate	2014	6/7					

Audit Committee

The Board of Directors has set up an Audit Committee. The Committee monitors the effectiveness of the company's internal controls, management of the company's risks and assures the quality of the company's financial reporting. The Audit Committee consists of Lars Engström (chairman), Peter Gossas and Anders Ullberg. The presenter in the Committee is the Chief Financial Officer. Apart from the Group's quarterly reports, during the year the Committee has taken note of and dealt with reports from the internal follow-up of internal controls. In addition the Committee has been updated on the development of major current fixed price contracts, dealt with accounting matters, with particular focus on impairment calculations, as well as continually following the progress of the Group's legal disputes. The company's auditors reported to the Committee on their findings from the six-monthly accounts, the hard-close and internal control, conducted at the time of the second and third quarter closings, and the audit of the annual accounts. The Committee meets before each reporting date and on more occasions if necessary. During the year the Committee held six meetings. The Audit Committee works in accordance with the instructions adopted annually by the Board of Directors and reports on its work to the Board of Directors.

Remuneration Committee

The Board has appointed a Remuneration Committee from among its number. The Remuneration Committee submits proposals to the Board for the President's salary and other conditions of employment and, following proposals by the President, approves salaries and other conditions of employment for the Executive Group Management. The Committee also draws up the Board of Directors' proposals to the General Meeting concerning principles of remuneration and other conditions of employment for the Executive Group Management. The Committee held one meeting during the year. The Remuneration Committee works in accordance with the instructions adopted annually by the Board of Directors and reports on its work to the Board of Directors. The Remuneration Committee consists of Anders Ullberg (chairman), Jan Barchan and Anna Karinen.

A description of benefits to senior management is given in note 38 on page 46.

Board fees

The total board fee paid by Studsvik AB for 2014 amounted to SEK 2,200,000 (2,200,000). In accordance with a resolution passed by the Annual General Meeting, the Chairman of the Board receives SEK 650,000 per year and ordinary members SEK 225,000 per year. No fee is paid to members appointed by the employee organizations. The chairman of the Audit Committee receives a fee of SEK 100,000 per year and the members SEK 50,000 per year. No fee is paid to the Remuneration Committee.

Auditors

At the 2014 Annual General Meeting the registered public accounting firm PricewaterhouseCoopers AB was elected as auditor for the period up to and including the 2015 Annual General Meeting. The auditor in charge is authorized public accountant Lennart Danielsson. PriceWaterhouseCoopers conducts the audit of all the Group's companies. The audit is based on an audit plan and during the year the auditor regularly reports observations made to the Audit Committee and on at least one occasion to the Board of Directors. The auditor obtains views from the Audit Committee concerning Studsvik's risks, which are thereafter given particular consideration in the audit plan. The auditor also participates in the Annual General Meeting to present the audit report and describe the audit work and observations made.

In addition to the audit assignment Studsvik has consulted PricewaterhouseCoopers in the area of taxation and on various accounting and financial issues. PricewaterhouseCoopers is obliged to test its independence prior to every decision to provide advice to Studsvik unrelated to the audit assignment. Advisory services in excess of SEK 50,000 are to be approved in advance by the chairman of the Audit Committee. Remuneration to the company's auditors is paid in accordance with an approved invoice on agreed terms. For information concerning remuneration in 2014 please refer to notes 8 and 43.

President/CEO and Executive Group Management

The President is responsible for the day-to-day management of the company. He leads the operative business and prepares information and data for decision-making for the Board of Directors and is the presenter at Board meetings. In 2014 the Executive Group Management consisted of the President/Chief Executive Officer, the Chief Financial Officer, the Head of Business Development and the heads of the three business areas. The Executive Group Management is presented on pages 60–61 in the annual report and on the website under Executive Group Management.

The Executive Group Management meets every month to follow up the operative and financial developments in the segments. On two to three occasions during the financial year the Executive Group Management meets to deal in more detail with matters of an operative, strategic or long-term nature.

The President/CEO and Group functions are located in Stockholm. In accordance with the policies and guidelines established by the Board, the Group functions are responsible for business development, allocation of financial resources among the Group's operations, capital structure and risk management. The tasks also include questions of Group wide acquisitions and disposals, certain major projects, the Group's financial reporting, communication with the stock market and other internal and external communication.

Operative management

The Group's operative business was conducted in 2014 in subsidiaries of Studsvik AB, which are included in the three business areas. Business in the subsidiaries was followed up partly through business area reviews, partly through active board work in the subsidiaries. The business area reviews, which take place quarterly, not only analyze and discuss financial developments, but also market developments, risks and CR issues, among other things. The management groups for the business areas follow the business areas' day to day activities on a monthly basis. Business plans and budgets are prepared by each business area in consultation with the Executive Group Management. Business is carried on in accordance with the rules, guidelines and policies established by the parent company, and local rules established by the respective local board. The heads of business areas have budget responsibility and are to ensure growth in their operations as well as being responsible for utilizing the synergies between the Group's various units.

Internal control

Internal control aims to ensure:

- that company strategies and goals are followed up,
- that shareholders' interests are protected,
- that external financial reporting reflects the actual situation with reasonable certainty,
- that financial reports are prepared in accordance with generally accepted accounting principles, laws and ordinances and other requirements of listed companies.

The Board of Directors has the overall responsibility for ensuring the Group has effective internal controls. The President is responsible for ensuring that processes and organization that guarantee internal control and the quality of financial reporting are in place. Studsvik's has no special internal audit function.

Review of internal controls is carried out by the Group accounting and finance function, which the Board has found to be appropriate in light of the Group's size and complexity.

The audit is conducted via interviews and spot checks and is summarized in a report to the Audit Committee, where it is dealt with. A detailed description of the Group's risks and how they are managed is presented in the Administration Report on pages 11–13. An account of the Group's financial risks can be found in note 2 on pages 28–30.

The outcome of the examination is reported to the Audit Committee and the Board.

Statement by the auditor on the corporate governance report

To the Annual General Meeting of the Shareholders of Studsvik AB (publ), corporate identity number 556501-0997

The Board of Directors is responsible for the corporate governance report for 2014 on pages 54–57 and for its preparation in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

A corporate governance report has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts

Stockholm, March 16, 2015
PricewaterhouseCoopers AB

Lennart Danielsson
Authorized public accountant

Board of Directors and Auditors

Anders Ullberg
Danderyd, born in 1946
Chairman since 2007
Former President and CEO of SSAB Svenskt Stål. Chairman of the Board of BE Group, Boliden, Eneqvist Consulting and Natur & Kultur and member of the board of Atlas Copco, Beijer Alma, Valedo Partners and Åkers. Chairman of the Swedish Financial Reporting Board
Education: M.Sc. (Business and Economics)
Holding: 60,000 shares

Anna Karinen
Sparreholm, born in 1963
Member since 2003, Vice Chairman since 2007
Self-employed in commercial real estate management, board member of Handelsbanken Flen branch office
Education: Bachelor of laws
Holding: 1,327,492 shares

Jan Barchan
Malmö, born in 1946
Member since 2004
CEO of Briban Invest AB, Chairman of the Board of ConnectBlue AB and Audiodev AB and member of the board of Assistera AB, Trianon AB and Trialbee AB
Education: M.Sc. (Business and Economics)
Holding: 1,285,492 shares

Lars Engström
Örebro, born in 1963
Member since 2008
Former President and CEO of Munters AB
Education: M.Sc. (Engineering)
Holding: 10,000 shares

Peter Gossas
Mora, born in 1949
Member since 2013
Industrial Advisor at Peter Gossas AB and KIGO Business Development and member of the board of Höganäs AB
Former President of the business area Sandvik Materials Technology
Education: M.Sc. (Engineering physics)
Holding: 2,000 shares

Alf Lindfors
Östhammar, born in 1946
Member since 2006
Senior advisor, former head of the Electricity Generation business area and Vice President of Vattenfall AB
Education: M.Sc. (Engineering) and post-graduate qualification in reactor technology
Holding: 0 shares

Agneta Nestenborg
Södra Sandby, born in 1961
Member since 2010
Head of Major Projects, Vattenfall Nuclear Projects & Service
Education: Ph.D. and MBA
Holding: 2,000 shares

EMPLOYEE REPRESENTATIVES

Thomas Kinell
Nyköping, born in 1950
Member since 2014, alternate 2011–2013
Employee representative for the Swedish Association of Graduate Engineers, responsible for Independent safety review of Studsvik Nuclear AB
Education: Licentiate of theoretical engineering physics
Holding: 0 shares

Roger Lundström
Nyköping, born in 1966
Member since 2005, alternate 2003–2005
Employee representative for Unionen, works in microscopy and damage analysis at Studsvik Nuclear AB
Education: Mechanical engineer
Holding: 0 shares

Per Ekberg
Nyköping, born in 1959
Alternate since 2006
Employee representative for Unionen, works in the materials research department at Studsvik Nuclear AB
Education: Power generation technology
Holding: 100 shares

Tommi Huutoniemi
Nyköping, born in 1984
Alternate since 2014
Employee representative for the Swedish Association of Graduate Engineers, works in consulting operations at Studsvik Nuclear AB
Education: M.Sc. (Engineering physics)
Holding: 0 shares

AUDITOR

PricewaterhouseCoopers AB
Auditor in charge: Lennart Danielsson
Born in 1959
Auditor of Studsvik since 2011
Other assignments: Sweco AB and Mekonomen AB


Anders Ullberg


Peter Gossas


Thomas Kinell


Anna Karinen


Alf Lindfors


Roger Lundström


Jan Barchan


Agneta Nestenborg


Per Ekberg


Lars Engström


Tommi Huutoniemi

Executive Group Management

Michael Mononen
President and Chief Executive Officer
Education: M.Sc. (Civil engineering)
Born in 1958
Year of employment: 2013
Background: Various roles in Sapa Group, Group Vice President Sapa AB, President of Sapa Heat Transfer AB
Directorships: Member of the Board Mobile Climate Control
Holding: 30,000 shares

Pål Jarness
Chief Financial Officer
Education: M.Sc. (Business and Economics)
Born in 1964
Year of employment: 2013
Background: Chief Financial Officer of Actic, Goodyear Dunlop Nordic and Kraft Foods Nordic and various positions in finance and human resources at Philip Morris
Holding: 25,000 shares

Camilla Hoflund
Head of the Fuel and Materials Technology business area
Education: Mining engineer, Materials Technology
Born in 1969
Year of employment: 1994–2000, 2003
Background: Consultant and business developer in Det Norske Veritas and other leading positions in the Group
Holding: 0 shares

Stefan Berbner
Head of the Consulting Services business area
Education: PhD Chemical Engineering
Born in 1963
Year of employment: 2011
Background: Several senior management positions in the Freudenberg Group, including General Manager Engineering Projects, Director Industrial Filtration and other leading positions in the Group
Holding: 0 shares

Mats Fridolfsson
Head of the Waste Treatment business area
Education: System scientist, post-secondary education in Norrköping and Linköping University
Born in 1962
Year of employment: 2010
Background: Alstom Power Sweden AB, including as site manager of Oskarshamn nuclear power plant, Flextronics and other leading positions in the Group
Holding: 0 shares

Sam Usher
Head of Business Development
Education: MEng Chemical Engineering, M.Sc. Engineering Management, CEng Chartered Engineer
Born in 1969
Year of employment: 2008
Background: Plant Manager BNFL Sellafield, Business, Project and Strategic Development Manager, AMEC and other leading positions in the Group
Holding: 2,042 shares

Michael Mononen

Pål Jarness

Camilla Hoflund

Stefan Berbner

Mats Fridolfsson

Sam Usher

Five year review

CONDENSED INCOME STATEMENTG

Amounts in SEK million	2010	2011	2012	2013	2014
Net sales	1,088.1	969.3	1,012.9	1,001.3	909.6
Cost of services sold	–820.1	–745.3	–771.2	–742.1	–660.5
Gross profit	**268.0**	**224.0**	**241.7**	**259.1**	**249.1**
Selling and marketing costs	–44.9	–39.2	–45.2	–46.5	–47.6
Administrative expenses	–145.9	–141.9	–149.9	–142.0	–146.9
Research and development costs	–39.8	–28.4	–25.4	–26.6	–25.8
Participation in associated company's profit before tax	7.3	7.6	5.4	7.3	11.5
Other, net	–11.6	17.4	–11.4	–31.9	–9.8
Operating profit	**33.1**	**39.5**	**15.2**	**16.0**	**30.5**
Net financial items	–17.8	–12.6	–13.8	–18.8	–18.9
Profit/loss after financial items	**15.3**	**26.9**	**1.4**	**–2.8**	**11.6**
Income tax	–5.8	–18.3	–15.0	–20.1	–6.4
Profit/loss for the year from continuing operations	**9.5**	**8.6**	**–13.6**	**–22.9**	**5.2**
Operations held for sale					
Profit/loss for the year from operations held for sale	–5.5	14.1	–34.2	–173.9	–17.2
NET PROFIT/LOSS FOR THE YEAR	**4.0**	**22.7**	**–47.8**	**–196.8**	**–12.0**

CONDENSED BALANCE SHEETS

Amounts in SEK million	2010	2011	2012	2013	2014
Assets					
Goodwill	313.4	315.9	300.9	158.8	173.9
Other non-current assets	701.2	685.1	608.0	448.2	481.7
Trade receivables	239.7	223.0	169.1	151.7	183.3
Other non-interest bearing current assets	104.3	109.9	122.6	92.6	73.0
Cash and cash equivalents and current investments	68.4	122.1	115.8	151.4	129.4
Assets in operations held for sale	–	–	–	260.7	–
TOTAL ASSETS	**1,427.0**	**1,456.0**	**1,316.4**	**1,263.4**	**1,041.3**
Equity and liabilities					
Equity	520.5	548.5	477.9	286.0	292.6
Non-controlling interests	0.3	0.3	0.3	0.3	0.3
Non-current interest-bearing liabilities	146.0	92.1	131.0	264.8	203.0
Non-current non-interest-bearing liabilities	273.0	322.2	263.9	222.7	242.3
Current interest-bearing liabilities	129.9	125.5	99.3	42.3	22.8
Current non-interest-bearing liabilities	357.3	367.4	344.0	275.4	280.3
Liabilities in operations held for sale	–	–	–	171.9	–
TOTAL EQUITY AND LIABILITIES	**1,427.0**	**1,456.0**	**1,316.4**	**1,263.4**	**1,041.3**

CONDENSED CASH FLOW STATEMENTS

Refers to total operations

Amounts in SEK million	2010	2011	2012	2013	2014
Operating result	33.4	53.6	–19.4	–165.3	17.9
Reversal of depreciation/amortization	68.6	62.3	64.0	63.5	33.5
Other non-cash items	4.8	21.9	–72.8	89.7	–16.2
Cash flow from operating activities	**106.8**	**137.8**	**–28.2**	**–12.1**	**35.2**
Net financial items	–15.7	–13.0	–13.4	–18.5	–17.6
Taxes	–12.3	–12.0	–27.5	–13.3	1.1
Cash flow before changes in working capital	**78.8**	**112.8**	**–69.1**	**–43.9**	**18.7**
Changes in working capital	28.7	38.3	61.8	19.3	–39.5
Cash flow before investments	**107.5**	**151.1**	**–7.3**	**–24.6**	**–20.8**
Investments	–52.8	–63.3	–9.1	–15.3	70.7
Cash flow after investments	**54.7**	**87.8**	**–16.4**	**–39.9**	**49.9**

DATA PER SHARE	2010	2011	2012	2013	2014
Number of shares at close of period	8,218,611	8,218,611	8,218,611	8,218,611	8,218,611
Average number of shares	8,218,611	8,218,611	8,218,611	8,218,611	8,218,611
Earnings per share from continuing operations before and after dilution, SEK	1.16	1.04	–1.65	–2.78	0.63
Earnings per share from operations held for sale before and after dilution, SEK	–0.67	1.72	–4.17	–21.15	–2.09
Earnings per share before and after dilution, SEK	0.49	2.77	–5.82	–23.93	–1.46
Equity per share, SEK	63.37	66.77	58.19	34.83	35.64

KEY FINANCIAL FIGURES AND RATIOS	2010	2011	2012**	2013**	2014
Margins					
Operating margin, %	2.5	4.5	1.5	1.6	3.3
Profit margin, %	1.1	3.4	0.1	–0.3	1.3
*Return on investment**					
Return on operating capital, %	4.3	8.2	5.3	4.5	7.7
Return on capital employed, %	4.4	9.1	5.0	3.5	5.5
Return on equity, %	0.8	4.3	–2.6	–6.0	1.8
Capital structure					
Operating capital, SEK million	729.3	645.4	287.5	353.2	398.6
Capital employed, SEK million	797.7	767.5	403.3	504.6	518.7
Equity, SEK million	520.8	548.8	478.2	286.3	292.9
Net interest-bearing debt, SEK million	207.6	95.6	114.5	155.7	105.7
Net debt/equity ratio, %	39.9	17.4	23.9	54.4	36.1
Interest coverage ratio, multiple	1.6	2.5	1.1	–0.9	1.8
Equity/assets ratio, %	36.5	37.7	36.3	26.2	28.1
Cash flow					
Self-financing ratio, multiple	2.1	2.6	0.9	0.5	–
Investments, SEK million	25.6	55.4	48.9	20.1	32.8
EBITDA	102.0	115.9	44.6	49.8	50.7
EBITDA/Net financial items	5.4	9.0	3.4	2.7	3.2
Employees					
Average number of employees	1,169	1,153	1,031	988	895
Net sales per employee, SEK million	1.1	1.0	1.0	1.0	1.0

* Calculation based on closing balance 2012 and 2013.

** Calculation based on continuing operations

Definitions of key figures and ratios

Average number of employees
Average number of employees at the end of each month.

Capital employed
Balance sheet total less non-interest-bearing liabilities. Average capital employed has been calculated as opening balance plus closing balance of capital employed, divided by two.

Earnings per share
Profit for the year divided by the average number of shares. The average number of shares has been calculated as a weighted average of all shares in issue for the year.

EBITDA
Operating result before amortization and impairment.

EBITDA/Net financial items
Operating result before amortization and impairment divided by net financial items.

Equity
The total of non-restricted and restricted equity at the end of the year. Average equity capital has been calculated as opening balance plus closing balance of equity capital, divided by two.

Equity/assets ratio
Equity including non-controlling interests as a percentage of the balance sheet total.

Equity per share
Equity divided by the number of shares at the end of the period.

Interest coverage ratio
Profit after financial income divided by financial expense.

Investments
Total of the acquisition of businesses/subsidiaries and acquisition of intangible assets and property, plant and equipment

Net debt
Total non-current and current borrowing less cash and cash equivalents.

Net debt/equity ratio
Interest-bearing net debt divided by equity including non-controlling interests.

Net interest-bearing debt
Total of current and non-current interest-bearing liabilities less current investments and cash and bank balances.

Net sales per employee
Net sales for the year divided by average number of employees.

Operating capital
The balance sheet total less non-interest-bearing liabilities, current investments, cash and bank balances. Average operating capital has been calculated as opening balance plus closing balance of operating capital, divided by two.

Operating margin
Operating profit after depreciation/amortization as a percentage of net sales.

P/E ratio
The share price divided by earnings per share.

Profit margin
Profit/loss after financial items as a percentage of net sales.

Return on capital employed
Profit/loss after financial items with financial expenses added back, as a percentage of average capital employed.

Return on equity
Profit for the year as a percentage of average equity.

Return on operating capital
Operating result as a percentage of average operating capital.

Self-financing ratio
Cash flow before investments divided by investments.

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