



# Financial Report

## General information about the business

Götaverken Miljö AB is owned by Babcock & Wilcox Vølund A/S, registration number 25 05 36 64, with residence in Esbjerg, Denmark, and acts as an independent supplier or in collaboration with its parent company in certain larger projects.

Götaverken Miljö AB is solely a Cleantech company, specialising in unique and globally leading products for cleaning of environmentally hazardous emissions and energy recovery. ADIOX® for removal of dioxins and MERCOX™ for removal of mercury from flue gases are successful market leaders. The company develops, designs and delivers complete systems and plants and carries out servicing as well as engineering and consultancy assignments. Plants, consultancy services and servicing are delivered direct to customers in mainly Scandinavia and by way of subcontracting to the parent company in the rest of Europe. Unique products such as ADIOX® dioxin removal material and scrubbers are delivered direct or via agents and partners in strategically-selected countries to customers throughout the world. The ADIOX® technology for removal of dioxins from flue gases has now been installed in more than 100 incineration lines in various parts of the world. The company also carries out servicing and conversion activities, chiefly aimed at delivered systems and existing large heat pumps and chillers.

The company has 32 employees, of which seven are female, and the head office is located in Gothenburg.

## Flue gas condensation – our strongest segment also in 2014

The company is a leader in cleaning and energy recovery through flue gas condensation for waste incineration plants. As much as 60% of the company's sales in 2014 refers to new plant supplies in this segment. Revenue-recognised turnover totalled SEK 123 364 thousand (SEK 79 979 thousand) and generated an operating profit of SEK 7 610 thousand (SEK 6 153 thousand).

## Babcock & Wilcox Vølund A/S brings new business opportunities

Götaverken Miljö AB now has a powerful industrial owner with a well-developed international network that is utilised for marketing and sale of the company's products on new markets. The company's strategy is to be a technology and skills leader in the field of wet flue gas cleaning and flue gas condensation for production of energy from waste remains as well as the ambition to be a cutting-edge company with regard to dioxin and mercury separation. This makes the company a perfect match for the parent

company, which is one of the world's leading suppliers of facilities for energy production from waste and biomass. The parent company has a big market share in Scandinavia, and increased growth on new markets is a clearly expressed strategy. Becoming part of Babcock & Wilcox Vølund A/S means that the company is an even more interesting partner to existing and new customers. The parent company is also buying system solutions, in the form of wet and dry flue gas cleaning systems, directly from the company.

Of the year's turnover, SEK 21 755 thousand (SEK 7 345 thousand) is sales to the parent company. Internal profits total SEK 5 315 thousand (SEK 2 536 thousand). Purchases from the parent company total SEK 2 147 thousand (SEK 61 thousand).

## Development of our international sales network

Since the introduction of ADIOX® technology this solution has been taken up by more than 100 energy production facilities throughout the world, with excellent results. With these reference facilities as a basis, we have established an agent and dealer network in a number of selected countries, but we also utilize the marketing channels offered by B&W MEGTEC. The aim is to intensify local marketing and sales of ADIOX® material in countries where dioxin emissions are followed-up by authorities and to extend the offer to also include ADIOX® dioxin absorbers or multi-stage scrubbers for flue gas cleaning.

## Energy recovery

Our core activities – reducing environmentally-hazardous emissions and energy recovery to save on the use of scarce resources – the energy recovery segment has been the most successful one during the year. A huge increase of interest in energy recovery has been noted due to the fact that operators of facilities for energy production see considerable improvement of their plant economy.

## Our larger project activities

In May 2013 Eidsiva Bioenergi AS, Gjøvik, Norway ordered a comfort cooling facility based on absorption chilling technology. The absorption chiller including heat exchanger and pipes were delivered in June 2014 and delivery was completely taken-over in August 2014.

In June 2013 our parent company ordered a semi-dry flue gas cleaning facility for its delivery of a complete plant for energy production from waste to viridor Waste Management Limited, to be constructed in Peterborough, UK. The main part of the components has been delivered to site and take-over is expected in December 2015.

In August 2013 Borås Energi and Miljö ordered flue gas condensation equipment to its plant for energy production from waste at Ryaverket in Borås, Sweden. At the end of the year the trial run was about to be finalized and take-over is planned to take place in the beginning of February 2015.

I March 2014 AffaldPlus in Næstved, Denmark, ordered a complete flue gas condensation facility including an absorption heat pump to its plant for energy production from waste. At the end of the year the trial run was in its final stage and take-over is expected in February 2015.

In March 2014 I/S Vestforbrænding, Copenhagen, Denmark ordered a sludge dewatering system and fly ash discharge system to its plant for energy production from waste. At the end of year most of the engineering work had been finished and erection of the main components is expected to start in January 2015. Take-over is scheduled to take place in the beginning of May 2015.

### Continued investment and development in servicing

Götaverken Miljö operates and refines its servicing activities. This covers servicing of flue gas cleaning and water cleaning plants, absorption heat pumps/chillers, heat exchangers and auxiliary systems, as well as compressor heat pumps. The bookings for ADIOX® refill material to previous installations are still increasing. The larger service projects include among others delivery of comfort cooling plant based on absorption chilling to Eidsiva Bioenergi AS, Gjøvik, Norway, service of compressor heat pump at Västhamnsverket, Öresundskraft, Sweden, exchange of scrubber condenser of quench at Halmstad Energi och Miljö, Sweden, as well as ongoing delivery of sludge dewatering and ash discharge system to I/S Vestforbrænding, Copenhagen, Denmark.

### Human resources

Götaverken Miljö's business activities have chiefly been handled with current employees.

Five-year overview	2014	2013	2012	2011	2010
Net sales, SEK th.	123 364	79 979	139 105	88 647	77 649
Operating profit, SEK th.	7 610	6 153	-1 673	9 867	7 272
Gross profit (%)	20,4	30,4	10,8	32,2	33,0
Profit margin (%)	6,2	8,3	Neg.	11,8	9,4
Equity/assets ratio (%)	50,8	48,1	32,7	49,5	28,0
Earning capacity on equity (%)	24,1	27,6	Neg.	56,6	61,6
Liquidity ratio (%)	223,0	207,6	148,0	201,1	144,2

### Proposed distribution of unappropriated earnings

The following profit is available for distribution by the Annual General Meeting (in SEK).

Profit brought forward	20 177 561
Profit for the year	5 696 538
<b>Total SEK</b>	<b>25 874 099</b>

The Board proposes that the profit brought forward be distributed as follows:

Carried forward	12 874 099
<b>Total SEK</b>	<b>25 874 099</b>



Income statement			
	Note	2014	2013
<b>Current operations</b>			
Net sales		123 364	79 979
Cost of goods sold		-98 157	-55 687
<b>Gross profit</b>		<b>25 207</b>	<b>24 292</b>
<b>Operating costs</b>			
Sales expenses		-12 319	-12 708
Research and development		-1 116	-1 557
Administrative expenses		-3 737	-3 451
Depreciation	4	-425	-423
<b>OPERATING PROFIT</b>	1,2,3,4,6	<b>7 610</b>	<b>6 153</b>
<b>Profit from financial investments</b>			
Interest income and similar items		29	503
Interest expense and similar items		-293	-161
<b>PROFIT BEFORE TAX</b>		<b>7 346</b>	<b>6 495</b>
Tax	14	-1 649	-1 020
<b>Deferred tax</b>		<b>0</b>	<b>-435</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>5 697</b>	<b>5 040</b>

Cash flow statement			
		2014	2013
<b>Current operations</b>			
Operating profit before financial items		7 610	6 153
Depreciation		425	423
Provision, guarantee commitments		-542	1 240
Other adjustment items		-54	0
		<b>7 439</b>	<b>7 816</b>
Interest received		29	503
Interest paid		-293	-161
Tax paid		-2 346	-1 175
		<b>4 829</b>	<b>6 983</b>
Increase/decrease, stocks		54	0
Increase/decrease, current receivables		-16 050	23 913
Increase/decrease, accounts payable		4 464	692
Increase/decrease, current operating liabilities		-732	-3 694
<b>Cash flow from current operations</b>		<b>-7 435</b>	<b>27 894</b>
<b>Investment operations</b>			
Investments in tangible fixed assets		-121	-486
Investments in financial assets		-42	-50
<b>Cash flow from investment operations</b>		<b>-163</b>	<b>-536</b>
<b>Financial operations</b>			
Loans raised/Amortisation of liability		0	-8 136
Dividend paid		0	8 136
<b>Cash flow from financing operations</b>		<b>0</b>	<b>-8 136</b>
<b>Cash flow for the period</b>		<b>-7 598</b>	<b>19 222</b>
<b>Liquid funds at the beginning of the period</b>		<b>30 120</b>	<b>10 898</b>
<b>Liquid funds at the period-end</b>		<b>22 522</b>	<b>30 120</b>

Balance sheet			
	Note	2014	2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Equipment and tools	4	704	1 008
<b>Financial assets</b>			
Other long-term holdings	10	592	496
Deferred prepaid tax		0	0
<b>Total fixed assets</b>		<b>1 296</b>	<b>1 504</b>
<b>Current assets, stocks etc.</b>			
Stocks		80	134
<b>Current receivables</b>			
Accrued non-invoiced income	5	7 378	2 868
Accounts receivable		16 783	6 968
Prepaid expenses and accrued income	8	1 014	1 318
Tax receivable		954	257
Other current receivables		2 063	34
		<b>28 192</b>	<b>11 445</b>
<b>Cash and bank balances</b>	13	<b>22 522</b>	<b>30 120</b>
<b>Total current assets</b>		<b>50 794</b>	<b>41 699</b>
<b>TOTAL ASSETS</b>		<b>52 090</b>	<b>43 203</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital, 5 000 shares at a nominal value of SEK 100		500	500
Statutory reserve		100	100
		<b>600</b>	<b>600</b>
<i>Non-restricted equity</i>			
Profit brought forward		20 178	15 138
Profit for the year		5 697	5 040
<b>Total equity</b>	7	<b>26 475</b>	<b>20 778</b>
<b>Provisions</b>			
Provisions for guarantee commitments	9	1 129	1 791
Provisions for pensions	1, 10	736	616
		<b>1 865</b>	<b>2 407</b>
<b>Current liabilities</b>			
Accounts payable		11 212	6 748
Accrued expenses and prepaid income	12	5 637	5 600
Advance payments from customers	5	6 352	6 860
Other current liabilities		549	810
<b>Total current liabilities</b>		<b>23 750</b>	<b>20 018</b>
<b>TOTAL LIABILITIES</b>		<b>25 615</b>	<b>22 425</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52 090</b>	<b>43 203</b>
<b>Memorandum items</b>			
<b>Pledged assets</b>			
Floating charges <i>In own custody deposit.</i>		57 000	57 000
<b>Contingent liabilities</b>			
Guarantee undertakings		none	none

## Notes to the accounts

### Accounting and valuation principles

The financial statements have for the first time been established in compliance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board, number BFNAR 2012:1, regarding annual financial report and consolidated accounts (K3). The accounting policies are unchanged from previous year. The comparative figures have not been re-calculated and have not influenced balances brought forward.

Income from works at a fixed price is reported at the rate at which the work is completed, the so-called 'percentage of completion' for revenue recognition in accordance with the above general recommendations. The degree of completion is established from accrued time. Income from service contracts is accounted according to the period of the contract. Inventories are measured at the lowest cost or net realizable value on a first-in, first-out basis.

The following definitions have been used for key ratios. Gross profit: Gross profit or loss/turnover. Profit margin: Profit or loss after depreciation + interest income/turnover. Equity/assets ratio: Equity + 78 % of untaxed reserves/equity + liabilities. Earning capacity on equity: Profit or loss after net interest income/expense - standard tax rate/average equity + 78 % of untaxed reserves. Acid-test ratio: Current assets - stock/current liabilities.

#### Note 1 - Salaries, other remuneration and social security expenses

	2014	2013
<b>Average number of employees</b>		
Men	24	22
Women	7	6
<b>Total</b>	<b>31</b>	<b>28</b>
<b>Board and President</b>		
Salary costs	1 698	1 585
Social security expenses	1 200	1 010
<i>Of which pension costs</i>	<i>537</i>	<i>494</i>
<b>Total, Board and President</b>	<b>2 898</b>	<b>2 595</b>
<b>Other employees</b>		
Salary costs	16 356	15 353
Social security expenses	7 767	6 811
<i>Of which pension costs</i>	<i>2 304</i>	<i>2 141</i>
<b>Total, other employees</b>	<b>24 123</b>	<b>22 164</b>

The company has, according agreement, undertaken to pay pension to the managing director. The commitment refers to the pension provision in the balance sheet. Other long-term holdings refer to endowment policy, pledged to guarantee this pension provision

#### Note 2 - Gender distribution, executive management

	2014	2013
<b>Board members</b>		
Men	4	4
Women	0	0
<b>Total</b>	<b>4</b>	<b>4</b>
<b>President and other officers of the Company</b>		
Men	1	1
Women	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

	2014	2013
<b>Note 3 - Breakdown of depreciation</b>		
Tangible assets	425	423
<b>Total</b>	<b>425</b>	<b>423</b>

Tangible assets have been depreciated according to plan with 10-33 % of equipment.

	2014	2013
<b>Note 4 - Equipment and tools</b>		
Opening acquisition value	4 671	4 905
Purchases	121	486
Sales and disposals	0	-720
<b>Closing accumulated acquisition value</b>	<b>4 792</b>	<b>4 671</b>
Opening depreciation	3 663	3 960
Depreciation for the year	425	423
Sales and disposals	0	-720
<b>Closing accumulated depreciation</b>	<b>4 088</b>	<b>3 663</b>
<b>Residual value according to plan</b>	<b>704</b>	<b>1 008</b>
<b>Note 5 - Work in progress</b>		
Projects in progress where revenue recognized amount exceeds invoiced amount.	7 378	2 868
Projects in progress where pre-invoiced amount exceeds revenue recognized amount.	-6 352	-6 860
	<b>1 026</b>	<b>-3 992</b>

As security for the company's customers, the company has issued advance payment guarantees and performance guarantees with bank and insurance company totalling SEK 14 663 (15 934)

	2014	2013
<b>Note 6 - Leasing</b>		
Future minimum leasing expenses at closing day.		
Within a year	61	17
Later than a year but within five years	624	362
Later than five years	0	0
Leasing expenses written-off for the year	371	296

Leasing contracts apply to company cars and office equipment.

	Share capital	Statutory reserve	Non-res. equity
<b>Note 7 - Equity</b>			
Amount at the beginning of the year	500	100	20 178
Profit allocation as decided at the AGM			
Dividend			0
Profit for the year			5 697
<b>Amount at the year-end</b>	<b>500</b>	<b>100</b>	<b>25 875</b>

	2014	2013
<b>Note 8 - Prepaid expenses and accrued income</b>		
Prepaid rent	300	253
Other prepaid costs	485	883
Accrued income	229	182
<b>Total</b>	<b>1 014</b>	<b>1 318</b>

	2014	2013
<b>Note 9 - Other provisions</b>		
Provisions for guarantee commitments	1 129	1 791

	2014	2013
<b>Note 10 - Financial assets</b>		
<i>Valued to market value.</i>		
Opening acquisition value	500	446
Investment for the year	42	54
Closing acquisition value	542	500
Opening depreciation	-4	0
Depreciation	0	-4
Cancellation of previous depreciation	4	0
Value regulation	50	0
Accounted value	592	496

	2014	2013
<b>Note 11 - Financial investments</b>		
The company's interest incomes include:		
Exchange profit	0	457
Other interest income	29	46
Total interest income	29	503
The company's interest expenses include:		
Current group liabilities	0	127
Exchange loss	293	0
Other interest expenses	0	34
Total interest expenses	293	161

	2014	2013
<b>Note 12 - Accrued expenses and prepaid income</b>		
Accrued social security contributions	1 615	1 428
Accrued holiday pay	3 145	2 885
Accrued salaries	487	343
Other accrued costs	390	944
<b>Total</b>	<b>5 637</b>	<b>5 600</b>

	2014	2013
<b>Note 13 - Liquid funds</b>		
Bank balances	22 522	30 120
<b>Total liquid funds</b>	<b>22 522</b>	<b>30 120</b>

	2014	2013
<b>Note 14 - Income tax</b>		
Tax as per income statement:		
Tax	1 649	1 020
Change of deferred tax	-	435
<b>Total tax</b>	<b>1 649</b>	<b>1 455</b>
Average effective tax rate (%)	22,4	22,4
Reconciliation effective tax rate:		
Profit before tax	7 346	6 495
Tax according current tax rate, 22%	1 616	1 429
Tax effect of:		
Non-taxable income	-14	-
Non-deductible expenses	47	26
<b>Total tax</b>	<b>1 649</b>	<b>1 455</b>
Effective tax rate (%)	22,4	22,4

All values as thousands SEK if not otherwise stated.

Göteborg, February 3, 2015

**John Veje Olesen**  
Chairman

**Jacob Rosenhøj Jørgensen**

**Kasper Lundtorp**

**Sven Brantebäck**

**Ingemar Håkansson**

**Lennart Gustafsson**  
Managing Director

# Audit Report

To the annual meeting of the shareholders of Götaverken Miljö AB, Corporate identity number 556652-2743

## Report on the annual accounts

I have audited the annual accounts of Götaverken Miljö AB for the year January 1, 2014 – December 31, 2014.

### *Responsibility of the Board of directors and the Chief Executive Officer for the annual accounts*

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual 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 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 Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinions*

In my 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 Götaverken Miljö AB as of December 31, 2014 and of its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

I therefore recommend to the annual meeting of shareholders that the income statement and balance sheet be adopted.

## Report on the statutory and regulatory requirements

In addition to my audit of the annual accounts, I have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of Götaverken Miljö AB for the financial year January 1, 2014 – December 31, 2014.

### *Responsibility of the Board of directors and the Chief Executive Officer*

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 Chief Executive Officer are responsible for administration under the Companies Act.

### *Auditor's responsibility*

My 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 my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion on the Board of Directors' proposed appropriations of the company's profit or loss, I examined whether the proposal is consistent with the Companies Act. As a basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any member of the Board of Directors or the Chief Executive Officer. I also examined whether any member of the Board of Directors or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinions*

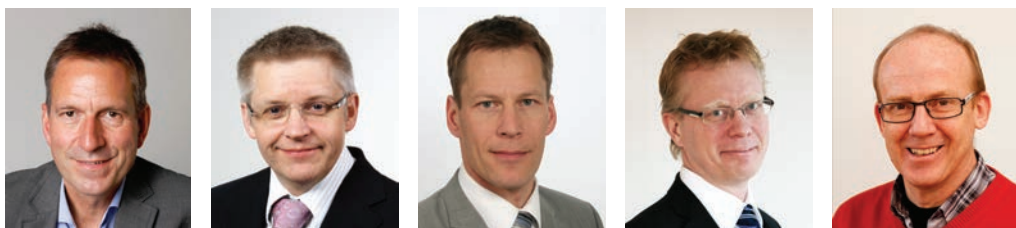
I recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Göteborg, February 3, 2015

Adrian & Partners AB

**Mats Olsson**  
Authorized Public Accountant

# Members of the board



*From the left*

*John Veje Olesen*, Chairman of the Board, Managing Director, Babcock & Wilcox Vølund A/S

*Jacob Rosenhøj Jørgensen*, Financial Director, Babcock & Wilcox Vølund A/S

*Kasper Lundtorp*, Manager, Mergers & Acquisitions, Babcock & Wilcox Vølund A/S

*Sven Brantebäck*, staff representative

*Ingemar Håkansson*, deputy staff representative

# Auditor

*Mats Olsson*, corporate lawyer and authorized public accountant. Partner in Adrian & Partners AB

# Management



*From the left*

*Lennart Gustafsson*, Managing Director

*Per Lindgren*, Manager Sales

*Therese Tillander*, Manager Service

*Ulf Hägg*, Manager Process

*Anders Lorén*, Manager Projects



Götaverken Miljö is located in Göteborg and has its origin in the Götaverken companies, a large industrial group comprising, among other things, shipyards and boiler manufacturing with a history dating back to 1841. Our office has an attractive location on Hisingen, on the banks of the river, the Göta Älv, where

Götaverken previously ran its shipbuilding operations. The company was founded in 1988 as a spin-off from Götaverken Energy and is owned by Babcock & Wilcox Vølund A/S, headquartered in Esbjerg, Denmark.

**GÖTAVERKEN MILJÖ AB**

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