

# 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 28 employees, of which six are female, and the head office is located in Gothenburg.

## Flue gas condensation – our strongest segment also in 2013

The company is a leader in cleaning and energy recovery through flue gas condensation for waste incineration plants. As much as 40% of the company's sales in 2013 refers to new plant supplies in this segment. Revenue-recognised turnover totalled SEK 79 979 thousand (SEK 139 105 thousand) and generated an operating profit of SEK 6 153 thousand (SEK -1 673 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 waste-fired combustion plants, and to strive 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 waste-fired boilers and their peripheral systems. The parent company has a big market share in Scandinavia, and growth is a clearly expressed strategy. Becoming part of Babcock & Wilcox Vølund A/S means that the company is an even stronger partner that in the long term is of greater interest to customers. The parent company is also buying system solutions directly from the company.

Of the year's turnover, SEK 7 345 thousand (SEK 14 636 thousand) is sales to the parent company. Internal profits total SEK 2 536 thousand (SEK 4 640 thousand). Purchases from the parent company total SEK 61 thousand (SEK 258 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. The aim is to intensify local marketing and sales, principally of ADIOX® material, in countries where dioxin emissions are followed-up, but also to take on bigger commitments as 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 waste incineration plants see considerable improvement of their plant economy.

## Project activities

In June 2010 the company received an order for a polishing scrubber/scrubber condenser with absorption heat pump for Öresundskraft Kraft & Värme AB, intended for the new waste-to-energy plant Filborna in Helsingborg, Sweden. The project was taken over by the customer in March of 2013.

In June 2011 Ekokem Oy ordered a complete flue gas polishing and condensation plant for its modernized line for combustion of environmentally hazardous waste in Riihimäki, Finland. The project was handed over to the customer in January of 2013.

In July 2011 the company received an order for dry flue gas cleaning including conditioning tower from our

parent company for its delivery of an waste incineration line to Lidköping's thermal power station, Sweden. The project was taken over by the end customer in March 2013.

In November 2011 Eksjö energi AB ordered a flue gas condensation plant for its existing incineration line. The plant was handed over to customer in January 2013.

In October 2012, Bodens Energi AB ordered a flue gas condensation plant to its existing incineration line. The plant was taken over by the customer in January 2013.

In May 2013 Reno Syd I/S in Skanderborg, Denmark ordered a flue gas condensation plant to replenish its waste incineration plant. The delivery of this rebuilding was taken over in November 2013.

In May 2013 Eidsiva Bioenergi AS, Gjøvik, Norway ordered a comfort cooling facility based on absorption chilling technology for delivery in June 2014. Absorption chiller and heat exchanger have been delivered and installation works are in progress.

In June 2013 our parent company ordered a dry flue gas cleaning facility including conditioning tower to its delivery of a complete waste incineration plant to Viridor Waste Management Limited, for erection in Peterborough, UK. Engineering works are in progress and take-over is planned for in December 2015.

In August 2013 Borås Energi and Miljö ordered a flue gas condensation plant to its waste incineration plant Ryaverket in Borås, Sweden. Engineering works and purchasing of components and contract works are in progress. Delivery will take place at the end of 2014.

### Continued investment 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 absorption chillers to Vattenfall AB Heat Uppsala, cooling plant based on absorption chilling for delivery in June 2014 to Eidsiva Bioenergi AS, Gjøvik, Norway, exchange of impeller for a compressor heat pump to Göteborg Energi AB and revision of compressor heat pumps for Fortum Service Öst AB.

### Human resources

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

Five-year overview	2013	2012	2011	2010	2009
Net sales, SEK th.	79 979	139 105	88 647	77 649	91 358
Operating profit, SEK th.	6 153	-1 673	9 867	7 272	6 550
Gross profit (%)	30,4	10,8	32,2	33,0	28,9
Profit margin (%)	8,3	Neg.	11,8	9,4	7,3
Equity/assets ratio (%)	48,1	32,7	49,5	28,0	17,7
Earning capacity on equity (%)	27,6	Neg.	56,6	61,6	29,9
Liquidity ratio (%)	207,6	148,0	201,1	144,2	130,1

### Proposed distribution of unappropriated earnings

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

Profit brought forward	15 137 674
Profit for the year	5 039 887
<b>Total SEK</b>	<b>20 177 561</b>

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

Carried forward	20 177 561
<b>Total SEK</b>	<b>20 177 561</b>



Income statement			
	Note	2013	2012
<b>Current operations</b>			
Net sales		79 979	139 105
Cost of goods sold		-55 687	-124 127
<b>Gross profit</b>		<b>24 292</b>	<b>14 978</b>
<b>Operating costs</b>			
Sales expenses		-12 708	-11 049
Research and development		-1 557	-1 343
Administrative expenses		-3 451	-3 467
Depreciation	4	-423	-792
Other operating income		0	0
<b>OPERATING PROFIT</b>	1,2,3,4	<b>6 153</b>	<b>-1 673</b>
<b>Profit from financial investments</b>			
Interest income and similar items		503	60
Interest expense and similar items		-161	-500
<b>PROFIT BEFORE TAX</b>		<b>6 495</b>	<b>-2 113</b>
Tax		-1 020	0
<b>Deferred tax</b>		<b>-435</b>	<b>435</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>5 040</b>	<b>-1 678</b>

Cash flow statement			
	2013	2012	
<b>Current operations</b>			
Operating profit before financial items	6 153	-1 673	
Depreciation	423	792	
Provision, guarantee commitments	1 240	-15	
	<b>7 816</b>	<b>-896</b>	
Interest received	503	60	
Interest paid	-161	-500	
Tax paid	-1 175	-318	
	<b>7 816</b>	<b>-1 654</b>	
Increase/decrease, stocks	0	32	
Increase/decrease, current receivables	23 913	-20 807	
Increase/decrease, accounts payable	692	744	
Increase/decrease, current operating liabilities	-3 694	5 938	
<b>Cash flow from current operations</b>	<b>27 894</b>	<b>-15 747</b>	
<b>Investment operations</b>			
Investments in tangible fixed assets	-486	-428	
Investments in financial assets	-50	-55	
<b>Cash flow from investment operations</b>	<b>-536</b>	<b>-483</b>	
<b>Financial operations</b>			
Loans raised/Amortisation of liability	-8 136	8 136	
Dividend paid	0	0	
<b>Cash flow from financing operations</b>	<b>-8 136</b>	<b>8 136</b>	
<b>Cash flow for the period</b>	<b>19 222</b>	<b>-8 094</b>	
Liquid funds at the beginning of the period	10 898	18 992	
Liquid funds at the period-end	30 120	10 898	

Balance sheet			
	Note	2013	2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Equipment and tools	4	1 008	945
<b>Financial assets</b>			
Other long-term holdings	9	496	446
Deferred prepaid tax		0	435
<b>Total fixed assets</b>		<b>1 504</b>	<b>1 826</b>
<b>Current assets, stocks etc.</b>			
Stocks		134	134
<b>Current receivables</b>			
Accrued non-invoiced income	5	2 868	12 082
Accounts receivable		6 968	21 602
Prepaid expenses and accrued income	7	1 318	1 392
Tax receivable		257	102
Other current receivables		34	25
		<b>11 445</b>	<b>35 203</b>
<b>Cash and bank balances</b>		30 120	10 898
<b>Total current assets</b>		<b>41 699</b>	<b>46 235</b>
<b>TOTAL ASSETS</b>		<b>43 293</b>	<b>48 061</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		15 138	16 816
Profit for the year		5 040	-1 678
<b>Total equity</b>	6	<b>20 778</b>	<b>15 738</b>
<b>Provisions</b>			
Provisions for guarantee commitments	8	1 791	576
Provisions for pensions	1, 9	0	8 136
		<b>2 407</b>	<b>1 167</b>
<b>Current liabilities</b>			
Accounts payable		6 748	6 056
Liability to parent company		0	8 136
Accrued expenses and prepaid income	10	5 600	5 959
Advance payments from customers	5	6 860	5 092
Other current liabilities		810	5 913
<b>Total current liabilities</b>		<b>20 018</b>	<b>31 156</b>
<b>TOTAL LIABILITIES</b>		<b>22 425</b>	<b>32 323</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43 203</b>	<b>48 061</b>
<b>Memorandum items</b>			
<b>Pledged assets</b>			
Floating charges		57 000	57 000
<i>In own custody deposit.</i>			
<b>Contingent liabilities</b>			
Guarantee undertakings		none	none

## Notes to the accounts

### Accounting and valuation principles

Götaverken Miljö AB's accounting and valuation principles are in compliance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. The accounting policies are unchanged from previous year. Income from sales of goods is accounted according to recommendation of Swedish Accounting Standards Board number BFNR 2003:3 p 20-22. Inventories are measured at the lowest of cost or net realizable value on a first-in, first-out (FIFO) basis. Income from service contracts is accounted according to the period of the contract.

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

Average number of employees	2013	2012
Men	22	24
Women	6	6
<b>Total</b>	<b>28</b>	<b>30</b>
<b>Board and President</b>		
Salary costs	1 585	1 586
Social security expenses	1 010	1 141
<i>Of which pension costs</i>	<i>494</i>	<i>500</i>
<b>Total, Board and President</b>	<b>2 595</b>	<b>2 727</b>
<b>Other employees</b>		
Salary costs	15 353	16 001
Social security expenses	6 811	7 963
<i>Of which pension costs</i>	<i>2 141</i>	<i>2 404</i>
<b>Total, other employees</b>	<b>22 164</b>	<b>23 964</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

Board members	2013	2014
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>

Note 3 - Breakdown of depreciation	2013	2012
Tangible assets	423	792
<b>Total</b>	<b>423</b>	<b>792</b>

Tangible assets have been depreciated according to plan 20 % of equipment.

Note 4 - Equipment and tools	2013	2012
Opening acquisition value	4 905	4 477
Purchases	486	428
Sales and disposals	-720	0
<b>Closing accumulated acquisition value</b>	<b>4 671</b>	<b>4 905</b>
Opening depreciation	3 960	3 168
Depreciation for the year	423	792
Sales and disposals	-720	0
<b>Closing accumulated depreciation</b>	<b>3 663</b>	<b>3 960</b>
<b>Residual value according to plan</b>	<b>1 008</b>	<b>945</b>

Note 5 - Work in progress	2013	2012
Projects in progress where revenue recognized amount exceeds invoiced amount.	2 868	12 082
Projects in progress where pre-invoiced amount exceeds revenue recognized amount.	-6 860	-5 092
	<b>-3 992</b>	<b>6 990</b>

Work in progress at a fixed price is reported in accordance with the Swedish Accounting Standards Board main rule in BFNR 2003:3 at the rate at which the work is completed, the so-called 'gradual revenue recognition' principle.

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).

Note 6 - Equity	Share capital	Statutory reserve	Non-res. equity
Amount at the beginning of the year	500	100	15 138
Profit allocation as decided at the AGM			0
Dividend			0
Profit for the year			5 040
<b>Amount at the year-end</b>	<b>500</b>	<b>100</b>	<b>20 178</b>

Note 7 - Prepaid expenses and accrued income	2013	2012
Prepaid rent	253	301
Other prepaid costs	883	388
Accrued income	182	703
<b>Total</b>	<b>1 318</b>	<b>1 392</b>

Note 8 - Other provisions	2013	2012
Provisions for guarantee commitments	1 791	576

Note 9 - Financial assets	2013	2012
Acquisition cost for capital insurance	500	446
Valued to the lower of acquisition cost or market value.		
Market value: 496		
Depreciation: 4		

Note 10 - Accrued expenses and prepaid income	2013	2012
Accrued social security contributions	1 428	1 516
Accrued holiday pay	2 885	3 105
Accrued salaries	343	402
Other accrued costs	944	936
<b>Total</b>	<b>5 600</b>	<b>5 959</b>

*All values as thousands SEK if not otherwise stated.*

Göteborg, February 5, 2014

**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, 2013 – December 31, 2013.

### *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, 2013 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, 2013 – December 31, 2013.

### *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*

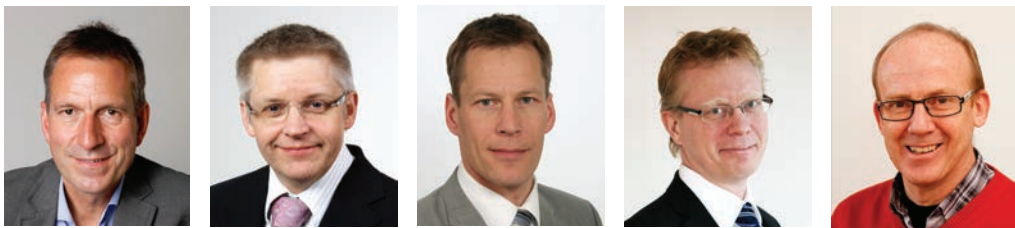
I recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Göteborg, February 5, 2014

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 From the left*

*Per Lindgren*, Manager Sales

*Anders Lorén*, Manager Projects

*Lennart Gustafsson*, Managing Director

*Ulf Hägg*, Manager Process

*Erland Astorsson*, Manager Service



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.

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