



Studsvik

Annual Report 2013

Information to shareholders

ANNUAL GENERAL MEETING OF SHAREHOLDERS, APRIL 23, 2014

The Annual General Meeting will be held in Stockholm, World Trade Center, Klarabergsviadukten 70 / Kungsbron 1, on Wednesday, April 23, 2014, at 16.00.

Notification of attendance

Shareholders wishing to participate must be registered in the share register kept by Euroclear Sweden AB by April 15, 2014, and must give notification of their intention to attend by April 15 at the latest.

- by telephone +46 155 22 10 33,
- by mail to Studsvik AB, P.O. Box 556, SE-611 10 Nyköping, Sweden,
- by email to studsvik@studsvik.se,
- by fax +46 155 26 30 00, or
- via Studsvik's website, www.studsvik.com.

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 15, 2014.

Nomination Committee

Studsvik's Nomination Committee consists of:

- Jan Ebrell, representative of the Karinen family (chairman)
- Stina Barchan, Brihan 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 2014

- | | |
|---|------------------|
| • Report on the first quarter as at March 31 | April 23, 2014 |
| • Report on the first half year as at June 30 | July 17, 2014 |
| • Report on the three first quarters as at September 30 | October 21, 2014 |
| • Year-end report 2014 | February 2015 |
| • Annual report 2014 | April 2015 |

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

Contents

Facts about Studsvik	2
President's comments	3
Studsvik getting organized	4
Administration report	6
Market	6
Sales and earnings	8
Comments on the Group's operating segments	10
Risk management	16
Proposed distribution of profits	19
The Studsvik Share	19
Financial statements	22
Group	22
Parent company	26
Notes to the consolidated accounts	30
Notes to the parent company accounts	52
Auditor's report	57
Corporate Governance	58
Board of Directors and Auditors	62
Executive Group Management	64
Five year review	66
Definitions of key figures and ratios	68

Facts about Studsvik

THIS IS STUDSVIK

Studsvik delivers services to customers mainly in the nuclear power industry, but also to other industry through treatment of radioactive waste from hospitals, universities, gas and oil facilities and other process industry. We test materials and reactor fuel in our own qualified laboratories, supply software and consulting services to streamline the operation of nuclear power plants and perform work at customers' facilities in connection with maintenance, modernization and decommissioning. We also treat, stabilize and reduce the volume of low and intermediate level waste at our own facilities in Sweden and England. Until the close of 2013 Studsvik conducted waste treatment operations in the USA as well.

2013 IN BRIEF

- After the balance sheet date Studsvik signed an agreement to sell the main part of Studsvik's USA waste management operations.
- Adjusted for non-recurring items the operating result in the continuing operations was SEK 48.5 (23.9) million. The operating profit before non-recurring items was SEK 16.0 (15.2) million.
- Studsvik issued a three-year corporate bond of SEK 200 million.
- A decision was made to change the operative organization. The new organization came into force on January 1, 2014 and is divided into three business areas:
 - *Waste Treatment*, focusing on the processing of radioactive waste.
 - *Consultancy Services*, performing qualified consulting services in fields such as health physics, waste management, decontamination and engineering services at nuclear power plants, gas and oil facilities.
 - *Operating Efficiency*, specializing in issues concerning fuel and reactor operation.
- A new executive management group was appointed in view of the new organization from January 1, 2014:
 - Michael Mononen, President/CEO and acting head of the Operating Efficiency business area
 - Pål Jarness, Chief Financial Officer
 - Mats Fridolfsson, head of the Waste Treatment business area
 - Stefan Berbner, head of the Consultancy Services business area
 - Sam Usher, head of Business Development

MISSION

To offer specialist services characterized by innovation, efficiency and safety to the international nuclear power industry in the fields of waste treatment, consulting services and operating efficiency as well as management and treatment of radioactive waste from hospitals, universities, gas facilities, oil facilities and other process industry.

STRATEGIES

Growth with profitability

We are strengthening 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 proprietary 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 ratios	2013	2012
Sales, SEK million	1,001.3	1,012.9
Operating profit/loss, SEK million	16.0	15.2
Profit/loss after net financial items, SEK million	-2.8	1.4
Earnings per share, SEK	-23.93	-5.82
Operating margin, %	1.6	1.5
Equity/assets ratio, %	26.2	36.3
Equity per share, SEK	34.83	58.19
Average number of employees	988	1,031

Focus on improved profitability

In 2013 we overhauled all operations in Studsvik. The work resulted in a number of decisions and measures to create a stable foundation from which we can develop a sustainably profitable and competitive business.

The most strategic decision was to sell the main part of our American waste treatment operations, thus improving Studsvik's financial situation and reducing exposure to the challenging American market. At the beginning of 2014 the sale was completed of the Erwin and Memphis facilities and the patents for THOR technology in China to EnergySolutions. The buyer also received a license to sell THOR technology in the commercial market in North America.

All in all the transaction means that Studsvik will be a more stable company with potential for increased profitability and growth. The purchase price was USD 23 million, providing a positive cash flow of SEK 88 million.

Studsvik's continuing commitments in the USA; the engineering and consulting operations, the part-owned company TTT and Studsvik Scandpower, which is the leader in fuel optimization software and core monitoring, will still be part of Studsvik's core operations.

During the year we concentrated work in other parts of the Group on increasing efficiency and gradually raising margins. The greatest efficiency improvements were made in production, by streamlining project management and coordinating and reducing staff in parts of the operations. The work will continue in 2014 and be combined with measures to introduce a Group-wide, value-based sales culture.

The measures had some effect already in 2013. Despite a weak and to some extent volatile market, the operating margin in the continuing operations, adjusted for non-recurring items, rose from 2.4 to 4.9 per cent. Sales in local currency increased in the continuing operations by 13 per cent.

Segment Sweden reported an operating margin of 21.5 per cent and growth of almost 10 per cent thanks to good capacity utilization and improved productivity.

The United Kingdom segment also reported considerable improvement. The operating margin was 8 per cent and sales rose by 27 per cent, partly as a consequence of a large order for the treatment of heat exchangers from the Berkeley facility in the UK. It was also gratifying that performance improved in other parts of the UK operations.

In Germany we implemented a vigorous rationalization program during the year as part of the adjustment in which we are gradually reducing operations in the shrinking maintenance market so as to grow in the profitable market in engineering services and decommissioning. The number of employees was reduced by over 80 people, which explains the non-recurring costs of about SEK 23 million that arose during the year. Excluding these we almost achieved a break even result in the German operations, despite a weak market.

Global Services continued to develop steadily, but sales decreased somewhat, as did the operating margin, which was 8.4 per cent compared with 9.2 per cent in the previous year.

As part of the work to increase profitability and efficiency we are leaving the country organization and in 2014 will introduce a new organization based on three business areas with global responsibility: Waste Treatment, Consultancy Services and Operating Efficiency. The new organization will create better conditions for us to focus on customers and business and benefit from synergies.

I see the changes implemented to date as important steps in the work of creating sustainable and stable growth and profitability. Much effort remains to be made in coming closer to our customers, focusing on products and services with a high knowledge content and putting our focus on areas in which Studsvik has or can take a leading position in the market, but we are improving our potential step-by-step.

At the same time we estimate that demand for our services will gradually increase in the nuclear power sector; partly due to increased maintenance and dismantling of older reactors, partly due to the new construction taking place and planned in many countries. We also see that we have a potential competitive advantage in similar industries where our skills are in demand, such as health physics, decontamination and engineering services at gas, oil and mining facilities.

All in all, Studsvik after 2013 is better equipped and more focused than before and we will continue the work of change in 2014 to create sustainably profitable operations.

Nyköping, March 2014

Michael Mononen



Michael Mononen took up the position of President and CEO of Studsvik on March 1, 2013, succeeding Anders Jackson

Studsvik is getting organized for increased customer focus and profitable growth

In November 2013 Studsvik decided to introduce a new organization. The change aims to increase the Group's customer orientation and clarify both technical and commercial responsibility. In combination the new organization creates the conditions for a clear profitability improvement and ultimately profitable growth in selected service and product areas.

The organization came into force on January 1, 2014 and is divided into three business areas:

WASTE TREATMENT focusing on treatment of radioactive waste. The business area's main market is Europe with facilities in Sweden and the United Kingdom. The business area includes:

- The waste treatment facilities and waste operations in Sweden
- Studsvik's MRF facility and waste services for customers in the United Kingdom
- Studsvik's representation office in France
- The sales and marketing functions working for these units

CONSULTANCY SERVICES, which carry out qualified consulting services in fields such as safety, health physics and waste management. The business area addresses a global market. The business area includes:

- The German operations
- THOR Treatment Technologies and the engineering operations in the USA
- The consulting operations in Sweden
- The consulting operations in the United Kingdom

OPERATING EFFICIENCY, specializing in issues concerning fuel and reactor operation. The market is global and Studsvik offers both world-leading software for optimization and monitoring of fuel and tests and evaluation of materials in its own laboratories in Sweden. The business area includes:

- Materials Technology in Sweden
- The Studsvik Scandpower Group
- Studsvik's representation office in Japan

In consequence of the new organization, as of January 1, 2014 Studsvik's Executive Group Management consists of:

- Michael Mononen, President/CEO and acting head of the Operating Efficiency business area
- Pål Jarness, Chief Financial Officer
- Mats Fridolfsson, head of the Waste Treatment business area
- Stefan Berbner, head of the Consultancy Services business area
- Sam Usher, head of Business Development

The change constitutes an important step in Studsvik's efforts to improve the Group's profitability and future growth. As part of the change in organization, at the end of 2013 extensive work to streamline Studsvik's operations was started and, in close dialog with Studsvik's customers, to evaluate and focus on products and services with high knowledge content, in which Studsvik has or can take a leading position in the market by creating and delivering value to the Group's customers.



Administration report



The Board of Directors and the President of Studsvik AB (publ), corporate identity number 556501-0997, hereby submit the annual accounts for 2013.

BUSINESS ACTIVITIES OF THE GROUP

Studsvik is a leading supplier of services to the international nuclear power industry. Its customers are mainly nuclear power plants and suppliers to the nuclear industry. The operations are conducted at Studsvik's own facilities in Europe as well as at customer sites. The company's mission is to supply specialist services characterized by innovation, efficiency and safety to the international nuclear power industry. The services cover the entire lifecycle of nuclear power plants as regards waste treatment, decommissioning, engineering and services, and operating efficiency as well as management and treatment of radioactive waste from hospitals, universities, gas facilities, oil facilities and other process industry.

Until the end of 2013 the Group's operations were organized in five geographical segments: Sweden, United Kingdom, Germany, USA and Global Services. As of 2014 the operations are organized into and based on three business areas, each of which works globally with an integrated service/product portfolio.

The annual report follows the Group structure applicable until the end of 2013. Unless otherwise stated the information in text and figures refers to operations excluding operations held for sale.

The company's share is listed on the NASDAQ OMX Stockholm exchange.

MARKET

NEW CONSTRUCTION, EFFICIENCY IMPROVEMENT AND DECOMMISSIONING

Electricity is the fastest growing energy source according to the International Atomic Energy Agency (IAEA). Growth is greatest

in developing countries, where it is estimated that the need will more than treble by 2030.

At present 437 reactors are in operation globally, 67 new reactors are being built and more than 100 are at the planning stage. Growth is highest in Asia, mainly in China, India and South Korea, but also in eastern and western Europe, in countries such as Finland and France, and in the USA. Two thirds of new construction is expected to take place in Asia.

Four fifths of the 437 nuclear power plants in operation are 20 or more years old. Many countries have decided to implement re-investment programs to extend the life in relation to the expected 30–40 years initially planned for. 140 nuclear power reactors have been closed down and decommissioning is in progress or has been completed in most of them.

Studsvik is favored both by new construction and enhanced efficiency, partly through its Global Services operations, and partly through the nuclear engineering services offered by all segments. Global Services carries out tests of material and fuel for existing and new reactor designs and develops software that supports reactor operation. Engineers carry out safety and radiological studies for planned nuclear power plants and in connection with efficiency improvements, as well as drawing up the waste and decommissioning plans that must be in place before building starts.

Waste is generated in the operation of nuclear power plants and other nuclear facilities. A large amount of low and intermediate level waste will also be generated in connection with the planned closedown of reactors in the next few years. Many countries have also started to deal with facilities and waste from the 1950s and 1960s, when the first power-generating reactor types were developed and military use of nuclear energy increased. By treating and compacting waste, Studsvik can reduce waste volume and at the same time chemi-

cally stabilize the material, which reduces storage costs and assists safer storage.

Studsvik's market for treatment of waste is also increasing due to new legislation in many countries. Final disposal of nuclear waste is always in the country in which it was produced, but some countries allow the waste to be sent abroad for treatment before final disposal in its country of origin. This means that Studsvik receives and treats low and intermediate level waste from European countries such as England, Germany, Italy and Finland.

In 2011 Germany decided to phase out nuclear power. The market for decommissioning and treatment of waste from the German nuclear power industry will in the long run increase as an effect of the decision.

WELL POSITIONED

Studsvik offers services in all phases of a nuclear power plant's lifecycle, which means that the company benefits both from continued operation, up-grading 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 power reactor is to be decommissioned the work must be planned carefully and various types of calculations and analyses must be carried out, at the same time as methods of treatment of the waste must be identified. In this field Studsvik competes with actors such as Amec, Westinghouse and General Electric.

In the field of operating efficiency customers sometimes have their own competing competencies and operations. To some extent research institutions also offer this type of service. There are, however, hardly any competitors operating commercially, which, combined with an international circle of customers and specialized contracts, puts Studsvik in a strong position in the market throughout the lifecycle of nuclear power plants.

In the area of waste treatment Studsvik has a unique offer and is effectively alone in the world in being able to reduce the volume and give radiological clearance to metal from large metal components such as heat exchangers and steam

generators. Studsvik also has a world-leading technique for stabilizing and reducing the volume of complex types of waste through its patented THOR technology.

STUDSVIK'S AREAS OF OPERATIONS

WASTE TREATMENT

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 a major environmental and economic value in reducing and chemically stabilizing these volumes.

Studsvik has developed methods for treating different types of nuclear waste. The methods considerably reduce the customers' costs for subsequent management and storage. Studsvik processes and treats waste in its own facilities, but also carries out services directly at customers' facilities.

Services that are carried out at customers' own sites include for example, characterization, sorting and packaging of waste, stabilization and solidification of wet waste, compacting of dry waste and measurement of radioactivity in waste before treatment and recycling. The services carried out at Studsvik's own facilities are aimed at sorting, stabilizing and reducing the volume of waste, so as to reduce customers' costs for storage and final disposal. 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 any oxygen. The Group has developed its own pyrolysis process called THORSM, which can be used to treat both dry and wet low-level and intermediate-level waste.

Metallic materials are cleaned, i.e. the radioactivity removed, using different mechanical methods, usually in combination with melting, enabling most of the material to be radiologically cleared and reused. Increasing the output of and modernizing reactors is usually done by replacing large components such as turbines, heat exchangers and steam generators





with new equipment. These components vary in size and often weigh over 100 tonnes. Studsvik has developed effective methods of dealing with spent components in an environmentally responsible and cost-effective way.

DECOMMISSIONING

Studsvik has worked with decommissioning in Sweden and Germany for more than 20 years and in the United Kingdom since 2005, making it an established player in these markets.

Decommissioning of nuclear facilities, which is in progress in several countries, is a long and complicated process. Studsvik's services cover the entire decommissioning and dismantling process, from feasibility studies, planning and project management to practical dismantling and subsequent waste treatment. Studsvik has developed its own technology and equipment for certain dismantling work. Decommissioning projects are large and multidisciplinary and often conducted in partnerships. Studsvik and Westinghouse have entered into an agreement under the trademark of **ndcon**, Nuclear Decommissioning Consortium by Studsvik and Westinghouse, to offer every kind of decommissioning service. The partnership is initially focused on Germany and Sweden.

ENGINEERING AND SERVICES

The nuclear power industry endeavors to produce as much electric power as possible while maintaining safety. One way of increasing output is to shorten the outage periods for regular maintenance and service. Studsvik has developed methods for making maintenance work more effective and thus established a strong position in continental Europe with partner contracts often spanning several years. The services include specialized consulting services and health physics as well as services with less value added such as mechanical services and decontamination.

OPERATING EFFICIENCY

The nuclear power industry needs specialized engineering services to establish the strength and expected life of construction materials and fuel, in both operational and reinvestment phases. Studsvik has laboratories in which both irradiated and non-irradiated materials can be tested and evaluated.

Good fuel economy is central for achieving sound profitability when operating a nuclear power plant. By increasing burn-up of reactor fuel the power extraction can be increased, but operating safety may not be jeopardized when more energy is to be extracted from each fuel element. Studsvik's software for fuel optimizing and core monitoring is world-leading.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors decided in 2013 to investigate the possibility of selling the American waste treatment operations and in February 2014 Studsvik signed an agreement with the American company EnergySolutions on the sale of the operations in Erwin and Memphis as well as Studsvik's holding in Semprasa. EnergySolutions took over the operations on March 1, 2014 but will carry the results from January 1, 2014. Studsvik will retain the engineering and consulting operations based in the USA, which are expected to employ about ten people, as well as the part-owned company TTT. Further, Studsvik will retain the patents for the THOR technology, with the exception of the patent in China, which will be transferred to EnergySolutions. EnergySolutions will also be entitled to use the patents in the commercial market in North America. The purchase price was USD 23 million, providing a positive cash flow of SEK 88 million. The transferred operations are recorded in the annual report as operations held for sale. Relevant comparative figures have been adjusted.

SALES AND EARNINGS

Sales amounted to SEK 1,001.3 (1,012.9) million, an increase in local currencies of 13 per cent. The operating profit was SEK 16.0 (15.2) million, including non-recurring items of SEK -32.5 (-8.7) million. Adjusted for non-recurring items the operating profit was SEK 48.5 (23.9) million.

Sales and earnings increased in Sweden. Capacity utilization and efficiency at the incineration facility was high and production at the melting plant increased. In the United Kingdom sales increased by 27 per cent in local currency and there was a significant improvement in earnings.

The decommissioning projects in Germany and Belgium that have been in progress for a long period of time continued as planned and had a good level of capacity utilization. The

same applied to operations in neighboring countries such as the Netherlands and Switzerland. During the year the German organization gradually adapted to the new market situation in Germany and reduced staff by more than 80 people. Adjusted for the costs of these measures, SEK 23.0 million, segment Germany reported an operating profit close to break even.

Capacity utilization in the continuing consulting operations in the USA improved, but sales decreased somewhat.

Materials technology in Global Services had a weak start to the year due to several delayed incoming deliveries of test material. At the end of the year, however, capacity utilization, sales and earnings improved relative to the previous year. Sales and earnings in software operations decreased as an effect of reduced demand on the Japanese and German markets. Profitability continued to be good, though lower than in 2012, which was a record year in terms of profitability.

PROFITABILITY

The operating margin for the Group was 1.6 (1.5) per cent. Adjusted for non-recurring items the operating margin was 4.9 (2.4) per cent. The profit margin was -0.3 (0.1) per cent. Capital employed increased to SEK 504.6 (403.3) million. The turnover rate of capital employed was 2.0 (2.5) and the return on capital employed was 3.5 (5.0) per cent.

FINANCING

On February 19, 2013 Studsvik issued a senior, unsecured corporate bond of SEK 200 million with a maturity of three years in the Swedish market, with final maturity in March 2016. The corporate bond was listed on NASDAQ OMX Stockholm at the end of March.

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 2013 sales in local currencies increased and the operating margin was 1.6 (1.5) per cent. Adjusted for non-recurring items the operating margin in 2013 was 4.9 (2.4) per cent. The equity/assets ratio was 26.2 (36.3) per cent and the net debt/equity ratio was 54.4 (23.9) per cent.

INVESTMENTS

The Group's investments amounted to SEK 20.1 (48.9) million. Most of the investments referred to operations in Sweden.

RESEARCH AND DEVELOPMENT

Development projects are initiated and implemented both in partnership with customers in the form of consulting contracts and within the framework of Studsvik's internal 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 2013 total costs of company-funded research and development amounted to SEK 26.6 (25.4) million. Most resources were allocated to Studsvik's in-core fuel management codes. In software development the expenditure is a combination of maintenance of existing software and new development.



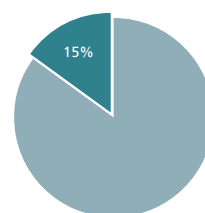
Sweden

Studsvik treats and reduces the volume of low-level waste on behalf of customers mainly in the nuclear power industry. The segment holds a strong position in the European market in the areas of 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 treating radioactive waste from non-nuclear activities, such as hospitals, universities and the process industry. The waste is handled and treated at the customer's site or in Studsvik's facilities outside Nyköping.

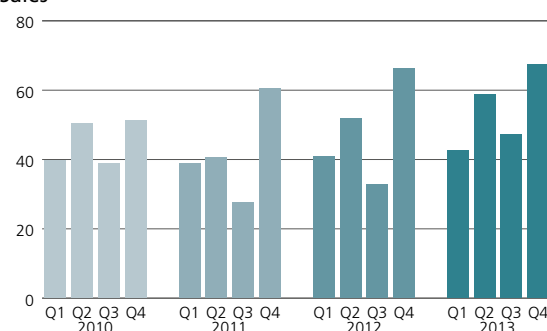
Key ratios

Amounts in SEK million	2010	2011	2012	2013
Sales	179.9	167.3	191.6	211.1
Operating profit	19.9	19.8	20.2	45.3
Operating margin, %	11.1	11.9	10.6	21.5
Investments	8.4	26.1	19.2	8.4
Number of employees	92	92	97	103

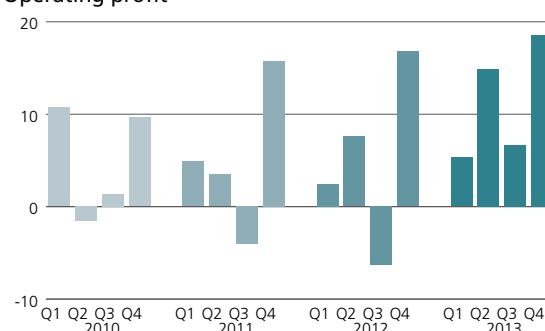
Percentage of sales



Sales



Operating profit



The incineration facility developed well during the year with high capacity utilization, sound profitability and increased capacity compared with the previous year. Output and profitability also increased in the metal treatment operations. Studsvik reduced the volume, decontaminated and recycled five heat exchangers from the Berkeley facility in the United Kingdom, among other things, and finished the treatment of steam generators from Ringhals nuclear power plant in Sweden. Productivity enhancing activities were conducted in both operational areas in 2013, which for the incineration facility meant an approximately 10 per cent increase in capacity compared with the previous year and for the metal treatment operations the elimination of a number of bottlenecks, contributing to a 4 per cent increase in production.

In early 2013 the Swedish Radiation Safety Authority granted a license for pilot operation of the new pyrolysis facility at the Studsvik site. After evaluation of the first pilot operation the facility was granted a license for continued pilot operation.

The facility, which processes material within the framework of a 20-year contract with Westinghouse Electric, had high capacity utilization from the start.

During the year Studsvik and its customer Bruce Power agreed to annul an agreement signed in 2009 regarding treatment of 32 steam generators. An agreement was signed in which Studsvik received SEK 11.2 million in financial compensation. As a consequence the order book decreased by SEK 216 million. The order book at the time was sound, which meant that capacity utilization could be kept at a high level during the year.

The order book was sound at the close of 2013, which will create the conditions for good capacity utilization in 2014.

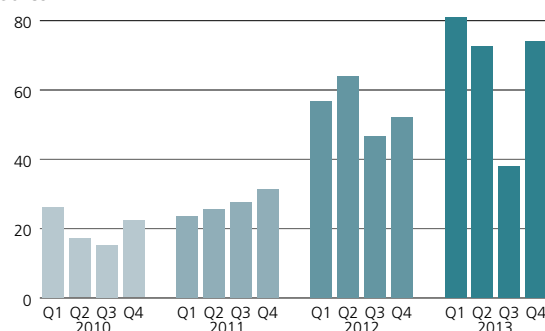
Sales during the year amounted to SEK 211.1 (191.6) million and the operating profit was SEK 45.3 (20.2) million. The operating margin was 21.5 (10.6) per cent.

United Kingdom

Studsvik was established in the United Kingdom in 2005 with the objective of building up consulting and waste management operations within the framework of the national strategy for management of waste that the Nuclear Decommissioning Authority is responsible for.

Studsvik currently offers a broad range of services in waste management, including treatment of radioactive, low-level waste and consulting and engineering services for customers in both the nuclear sector and other industries. Low-level radioactive metal is treated at Studsvik's own, licensed recycling facility (MRF) in Workington, West Cumbria, which came into operation in 2009. Studsvik also owns 15 per cent, and URS and AREVA the remaining shares, of the umbrella organization UK Nuclear Waste Management, which is responsible for operating the United Kingdom's low-level radioactive waste repository (LLWR Ltd).

Sales



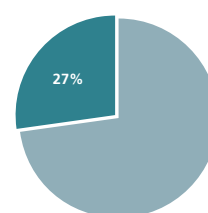
The positive trend of recent years for Studsvik in the United Kingdom continued in 2013, with rising sales in all areas of operation and improved profitability compared with the previous year.

In 2013 Studsvik completed transportation of the remaining ten (out of a total of fifteen) heat exchangers from the closed-down nuclear power plant in Berkeley, Gloucestershire, for treatment at Studsvik's facility outside Nyköping. Five of the ten heat exchangers were processed for recycling during the year, while the remaining five are expected to be treated by Studsvik in Sweden in 2014.

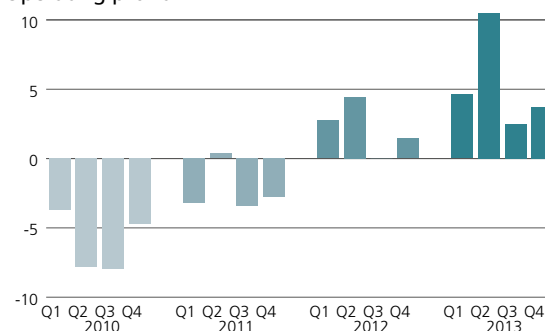
Key ratios

Amounts in SEK million	2010	2011	2012	2013
Sales	80.5	107.8	219.3	265.6
Operating profit/loss	-24.2	-9.7	8.5	21.3
Operating margin, %	neg	neg	3.9	8.0
Investments	1.1	1.6	2.0	3.8
Number of employees	64	71	82	88

Percentage of sales



Operating profit



The capacity utilization of the consulting operations was good and the earnings of UK Nuclear Waste Management, in which Studsvik holds a 15 per cent stake, improved. In April 2013 the Nuclear Decommissioning Authority extended the contract for UK Nuclear Waste Management's operating responsibility for LLWR Ltd for a further five years.

The order book was strong both for waste treatment and the consulting operations at the close of 2013.

Sales increased to SEK 265.6 (219.3) million. The operating result improved to SEK 21.3 (8.5) million. Nuclear Waste Management contributed a share in earnings of SEK 7.6 (5.1) million. The operating margin was 8.0 (3.9) per cent.

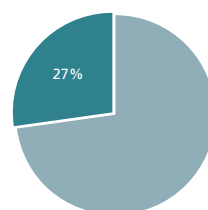
Germany

Studsvik's German operations address customers in Continental Europe. The segment has a broad range of services that cover the entire lifecycle of nuclear reactors and other nuclear facilities. A large proportion of the services are provided in connection with refueling and maintenance outages of nuclear power plants and the work is mainly carried out on the customers' premises. Studsvik has a strong market position with all German and most Swiss, Netherlands and Belgian nuclear power plants as customers.

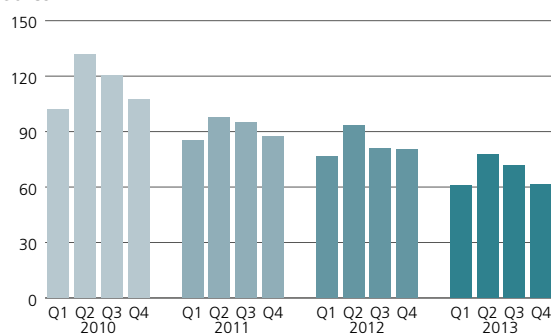
Key ratios

Amounts in SEK million	2010	2011	2012	2013
Sales	461.5	365.3	331.3	271.4
Operating profit/loss	28.8	18.4	-6.7	-23.5
Operating margin, %	6.2	5.0	neg	neg
Investments	1.8	1.3	3.6	1.0
Number of employees	661	646	584	530

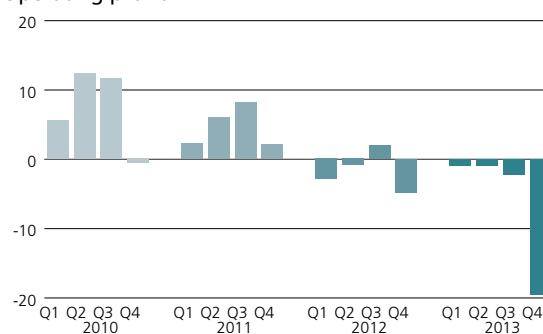
Percentage of sales



Sales



Operating profit



Capacity utilization was satisfactory during the year. Assignments consisted mainly of periodical maintenance work in the nuclear power industry, but also of ongoing decommissioning contracts.

At the beginning of the year the segment's largest customer announced that their budget had decreased considerably and that their purchases from sub-contractors would decrease. The decision had a negative impact on Studsvik's sales and is the main reason for the reduced sales in relation to the previous year. A vigorous adjustment program was implemented during the year, cutting the number of employees by 81 people. The operations have been successively redirected from the shrinking maintenance market to the growing and more profitable market in engineering services and decommissioning. The effect of the action program implemented is in the form of better capacity utilization and thus also improved profitability.

Engineering services continued to report satisfactory capacity utilization and decommissioning projects in Germany, Belgium, the Netherlands and Switzerland continued as planned with good capacity utilization.

The order book was weaker at the close of 2013 than at the close of 2012, but is expected to enable satisfactory utilization of resources in 2014.

Sales decreased to SEK 271.4 (331.3) million. The operating result was SEK -23.5 (-6.7) million and was charged with non-recurring items of SEK -23.0 (-8.7) million. Adjusted for these, the operating margin was -0.2 (0.5) per cent.

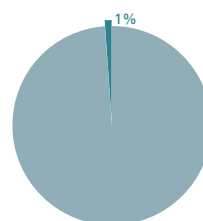
USA

After selling the American waste treatment operations, Studsvik consulting operations provide a niche offering, primarily based on Studsvik's patented pyrolysis technology THORSM.

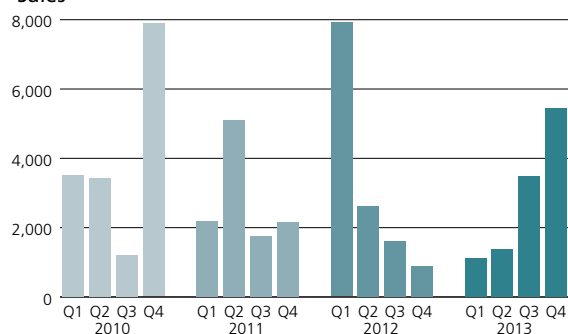
Key ratios

Amounts in SEK million	2010	2011	2012	2013
Sales	16.0	11.2	13.0	11.4
Operating profit/loss	1.1	-29.4	-8.9	-9.9
Operating margin, %	7.0	neg	neg	neg
Investments	0.5	0.5	0.2	0.2
Number of employees	40	36	33	29

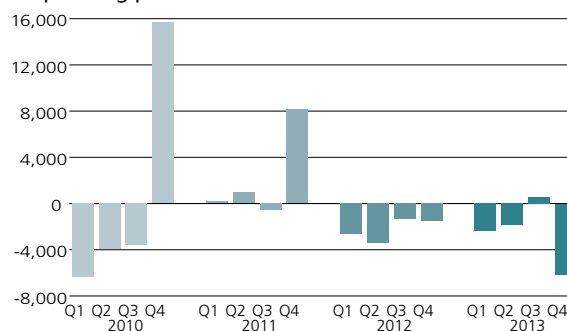
Percentage of sales



Sales



Operating profit



There are many types of complex radioactive waste that, due to chemical and radiological properties, are difficult to treat using traditional methods. Studsvik has developed the THOR process to treat the most varying types of radioactive waste, including what is regarded as difficult to treat. These include waste with a high organic content, high nitrate levels, high content of solid material, waste containing heavy metals etc.

Studsvik's consulting operations in the USA are mainly based on THOR technology. Apart from pure consulting services the operations also include various forms of licensing of THOR technology to customers within and outside the USA. Studsvik also owns 50 per cent of THOR Treatment Technologies, LLC, which markets the technology on the federal market in the USA. A THOR facility is in process of being started up in Idaho, USA.

Capacity utilization in the consulting operations improved. Contracts in 2013 mainly referred to customers in the USA, France and Japan.

The order book was sound at the close of 2013.

Sales amounted to SEK 11.4 (13.0) million and the operating result was SEK -9.9 (-8.9) million.

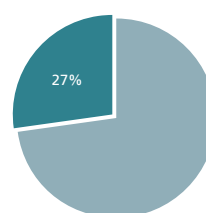
Global Services

Studsvik carries out tests, investigations and analyses of nuclear fuel and materials for nuclear power plants, reactor and fuel manufacturers, as well as government agencies and organizations around the world. Studsvik also has a considerable consulting business and is the only independent supplier of software for fuel optimization and core monitoring. The testing and analysis is carried out at Studsvik's laboratories in Sweden, while software operations are conducted at several offices in Europe and the USA. Development of software takes place mainly in the USA.

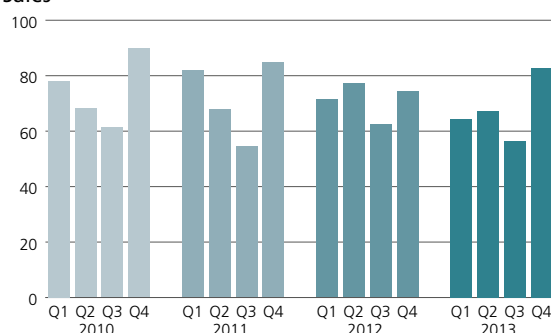
Key ratios

Amounts in SEK million	2010	2011	2012	2013
Sales	296.6	287.9	284.5	270.7
Operating profit	33.1	33.7	26.1	22.8
Operating margin, %	11.2	11.7	9.2	8.4
Investments	9.2	17.5	11.0	4.2
Number of employees	153	161	160	161

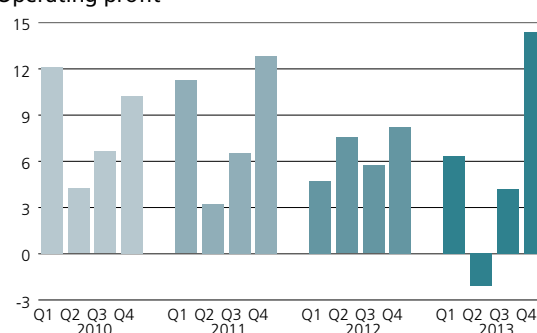
Percentage of sales



Sales



Operating profit



Substantially reduced demand from Japan after Fukushima and reduced demand in Germany, in combination with low electricity prices, impacted the segment negatively, mainly the software operations, where new sales of software decreased. Reduced new sales has a direct impact on earnings, as the cost structure is mainly fixed. Despite this profitability was sound, though not on a level with 2012, which was a record year in terms of profitability.

Sales and earnings in materials technology increased relatively to the previous year and profitability improved. The year started poorly in materials technology due to a delay in incoming deliveries from customers that were planned for processing at the beginning of the year. Capacity utilization improved towards the end of the year, however. An action

program is in progress aimed at securing more even capacity utilization and improved profitability. The measures focus on increasing the order book, avoiding delays in delivery, adapting costs and raising prices.

Consulting operations developed in parity with the previous year, with a good inflow of orders, satisfactory capacity utilization and profitability.

The segment's order book was sound at the close of 2013, which will enable high capacity utilization in 2014.

Global Services sales amounted to SEK 270.7 (284.5) million. The operating profit was SEK 22.8 (26.1) million. The operating margin was 8.4 (9.2) per cent.

PARENT COMPANY

Parent company operations comprise the coordination of tasks for the Group, and assets mainly consist of shares in subsidiaries. Parent company sales were SEK 13.1 (12.8) million. The operating result was SEK –38.9 (–23.7) million. Non-recurring items of SEK –9.5 (0.0) million are included.

The result after financial items was SEK –277.5 (–271.6) million; which includes dividend from subsidiaries of SEK 0 (0) million. An impairment loss of SEK 279.3 (275.0) million on the parent company's book value of shares and assets in subsidiaries was recognized. The impairment loss refers both years to segment USA. Cash and cash equivalents amounted to SEK 56.5 (62.9) million and interest-bearing debt to SEK 269.4 (131.8) million. The increase is an effect of the bond loan of SEK 200 million issued in February 2013, ordinary amortization and redemption of bank loans.

NEW PRESIDENT

Michael Mononen took over as President/CEO on March 1, 2013, succeeding Anders Jackson.

NEW CHIEF FINANCIAL OFFICER

On January 1, 2014 Jerry Ericsson took up the position of Senior Advisor and was replaced by Pål Jarness.

BENEFITS TO SENIOR MANAGEMENT

The Annual General Meeting held on April 22, 2013 adopted principles for benefits to senior management.

Senior management executives 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 performance-related remuneration of a maximum of 50 per cent of fixed salary. Performance-related remuneration will be primarily based on the Group's financial targets. A plan for the performance-related remuneration will be determined for the financial year.

Apart from the provisions of collective agreements or other agreements, senior management executives can choose pension solutions on an individual basis. They may thus convert salary and performance-related remuneration to extra pension contributions, given that the cost to Studsvik is unchanged over time.

A maximum period of notice of 12 months from either senior management or Studsvik is applicable. A severance payment equivalent to a maximum of 12 months' salary, in addition to salary during the period of notice, may be payable. 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 2014 Annual General Meeting.

EMPLOYEES

The average number of employees in the Group in 2013 was 988 (1,031).

Demand for the Group's services in the field of service and maintenance decreased in Germany after the decision to phase out nuclear power by 2022. The workforce has gradually adapted to the new market conditions, which meant a reduction of 81 employees in 2013. Demand is increasing in other areas and the increase is most marked in the consulting area. The entire nuclear power industry is facing a generation change and therefore major efforts are being made to create attractive conditions for the Group's existing and potential employees. Along with active recruitment, this is a basic premise for utilizing the business opportunities that exist in a growing market.

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 that each unit will 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 2013 injuries resulting in sickness absence decreased from 22 to 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. As part of this work, all employees are encouraged to identify improvements and to report potential risks and risk behaviors. All meetings and gatherings in the Group also start off with a current safety message.

HEALTH AND HEALTH PROMOTION

Studsvik's ambition is to offer its employees a healthy work environment and a good work-leisure balance. The goal is to maintain a high standard of health and safety work, where local statutes and ordinances constitute the lowest accepted level. Studsvik conducts systematic health and health promotion work, mainly focused on preventive measures and rehabilitation. Sickness absence and ill health 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 ill health. 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 19 (18) 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 integrated parts of the Group's business strategy. For Studsvik, it entails a commitment to follow the principles of sustainable development. This also includes economy, environment, health and safety as well as ethical and social aspects. The goal is to minimize the environmental impact of operations and Studsvik's own facilities, both as regards emissions and use of resources. Studsvik is to supply the market and customers with sustainable solutions for safe and environmentally friendly operation and decommissioning of nuclear facilities. Studsvik reports statistics and key ratios in the area of corporate responsibility at www.studsvik.se.

SOCIAL COMMITMENT

Studsvik endeavors to maintain good and open communications with regions, municipalities, authorities and other stakeholders. We also aim to support the local community through cooperation with organizations and municipal administrations on matters that are strategically important for Studsvik.

DECOMMISSIONING OF 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 2013 the fee to the Nuclear Waste Fund was SEK 0.9 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 in an international, competitive market. The responsibility for assessing operational and financial risks lies with each 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 section "Financial risk management", 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 under the Swedish Environmental Code 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 security culture means it has a high capacity for adjustment to new rules and terms of reference. 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 plant lifecycles, Studsvik's 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 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 that is constantly exposed to competitive challenges. The possibility of other methods being developed that reduce 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, which could be hindered by new legislation or amendments to international conventions. Transportation also requires official approval,

special equipment and/or vehicles, resulting in the possibility of prolonged delays, which can lead to 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 personnel. 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 processes 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 can result 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

In most countries, nuclear decommissioning and the treatment of radioactive waste require the active involvement of the authorities, for example through decisions on financing, decommissioning permits, and rules regulating final disposal.

In many markets these activities are funded through complex systems involving a combination of accumulated funds, income from the operations of nuclear power plants, and taxes. Consequently, political decisions affect demand for Studsvik's services, mainly in the areas of waste treatment 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 business 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 taken out 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 taken out 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 3.8 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). Liability insurance for the American operations is provided by the American Nuclear Insurers Liability Insurance Pool (ANI) and the Chartis Speciality Insurance Co.

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. The 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 60 per cent of total costs. The Group's currency exposure is greatest against EUR, GBP and USD.

Sensitivity analysis	Change	Effect on operating profit/loss
Price to customer	1% +/-	SEK 10.0 million
Personnel costs	1% +/-	SEK 5.7 million
Exchange rate EUR/GBP/USD	10% +/-	SEK 16.0 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.

OUTLOOK

The need for electricity is increasing globally. New nuclear power capacity is being planned and built in many countries, in parallel with the modernization and output increase of nuclear power plants in several of the countries where Studsvik operates. The German decision to phase out nuclear power by 2022 has reduced demand for service and maintenance. Studsvik has adapted its organization to this, but the new market situation may require further adjustment. The German nuclear power reactors already taken out of operation as well as those to be taken out of operation by 2022 will be subject to decommissioning. When this process will start is as yet not clear. Decommissioning and demolition of nuclear facilities in other markets is expected to expand in the long term. Studsvik has a strong product portfolio for decommissioning and an established market position. Nuclear power production in Japan is at present at a complete standstill, which has a negative effect in the short term on demand from Japan for services and products related to production and operation.

PROPOSED DISTRIBUTION OF PROFITS

The Board of Directors proposes that no dividend be distributed in 2013. 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 56,739,285, consisting of retained earnings, SEK 333,830,470 and profit for the year, SEK -277,091,185. The Board of Directors proposes that the profits be distributed as follows:

To be carried forward	SEK 56,739,285
Total non-restricted equity in the parent company	SEK 56,739,285

THE STUDSVIK SHARE

SHARE PRICE AND TRADING

The Studsvik share is listed on the NASDAQ OMX Stockholm exchange. In 2013 the share price rose by 28.1 per cent from SEK 29.50 to SEK 37.80. At the close of the year the market value was SEK 310 million. During the year the share price varied between a high of SEK 38.50 on December 5 and a low of SEK 27.80 on May 7.

In 2013, 2.1 million Studsvik shares were traded for a value of SEK 62.3 million. This corresponds to 41 per cent of the free float (the value of shares that are available for trading), to be compared with 97 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, 2013 Studsvik AB (publ) had 8,218,611 shares in issue. Each share carries one vote and entitles the owner to share equally in the company's assets and earnings. The quotient value is SEK 1.0 and the share capital amounted to SEK 8.2 million.

SHAREHOLDERS

On December 31, 2013 Studsvik had 3,706 shareholders. The percentage of shares registered abroad was 16 per cent. The two largest owners, the Karinen family and Brihan Invest AB, held 37.1 per cent of the shares and the ten largest shareholders 61.8 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 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 growth potential, the strength of its balance sheet, liquid funds and financial position in general. For 2013 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.

SHAREHOLDERS DECEMBER 31, 2013

	Number of shares	Holding, %
Karinen Family	1,769,552	21.5
Briban Invest AB	1,283,492	15.6
Avanza Pensionsförsäkring AB	418,225	5.1
Credit Agricole Suisse SA	346,098	4.2
Nordnet Pensionsförsäkring AB	250,047	3.0
Malte Edenius	230,000	2.8
Invus Investment AB	224,800	2.7
Eikos AB	210,000	2.6
Leif Lundin	179,300	2.2
Fourth National Pension Fund	168,183	2.1
Total, 10 largest shareholders – holdings	5,079,697	61.8
Other shareholders	3,138,914	38.2
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, 2013

Shareholding	Number of shareholders	Number of shares	% of total shares
1 – 500	3,046	322,105	3.9
501 – 2,000	450	503,674	6.1
2,001 – 10,000	146	632,397	7.7
10,001 – 50,000	40	855,450	10.4
50,001 – 100,000	10	791,578	9.7
100,001 –	14	5,113,407	62.2
Total	3,706	8,218,611	100.0

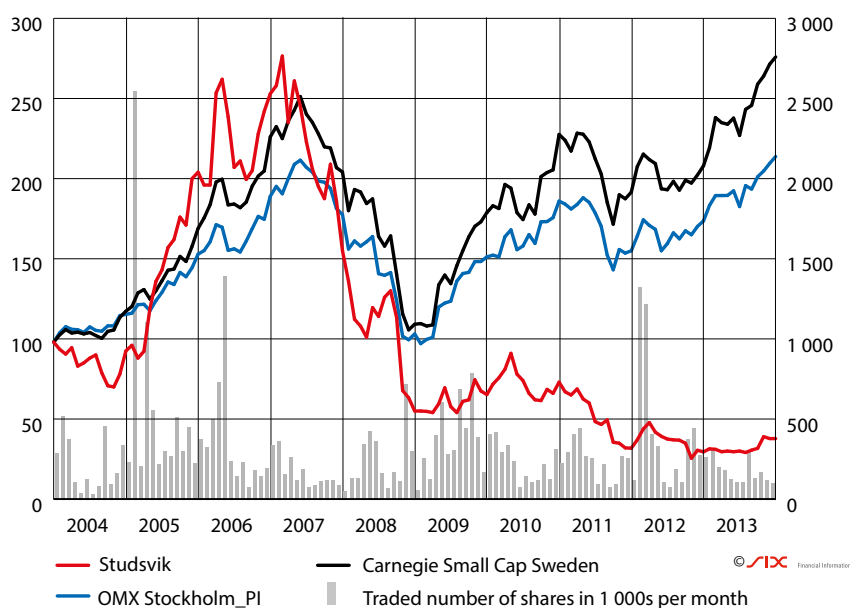
DATA PER SHARE

Amount, SEK	2009	2010	2011	2012	2013
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	65.25	73.00	31.80	29.50	37.80
Earnings per share from continuing operations before and after dilution	0.16	1.16	1.04	–1.65	–2.78
Earnings per share from operations held for sale before and after dilution	–4.44	–0.67	1.72	–4.17	–21.15
Equity per share	65.82	63.37	66.77	58.19	34.83
P/E ratio	neg	149	11	neg	neg

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 take-over 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.



Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK '000

Continuing operations	Note	2013	2012
Net sales	4	1,001,242	1,012,876
Costs of services sold	7	-748,356	-771,170
Gross profit		252,886	241,706
Selling and marketing costs	7	-43,711	-45,206
Administrative expenses	7,8	-142,000	-149,940
Research and development costs	7	-26,607	-25,413
Share in earnings from associated companies	17, 18	7,315	5,365
Other operating income	5	10,194	7,695
Other operating expenses	6	-42,048	-19,041
Operating result	4, 5, 6, 7, 8, 9	16,029	15,166
Financial income	10,12	1,205	799
Financial expenses	10,12	-19,725	-14,168
Fair value gain/loss (realized and unrealized)		-244	-426
Profit/loss before tax		-2,735	1,371
Income tax	11	-20,149	-14,957
Profit/loss for the year from continuing operations		-22,884	-13,586
Operations held for sale			
Profit/loss for the year from operations held for sale	39	-173,888	-34,226
NET PROFIT/LOSS FOR THE YEAR		-196,772	-47,812
Other comprehensive income			
Items that may later be reversed in the income statement			
Translation differences on foreign subsidiaries	39	4,714	-17,746
Cash flow hedging		141	4,124
Income tax on items recognized in other comprehensive income		-31	-907
Other comprehensive income for the year, net after tax		4,824	-14,529
Total profit or loss and other comprehensive income for the year		-191,948	-62,341
Income for the year attributable to			
Parent company's shareholders		-196,772	-47,812
Non-controlling interests		-	-
Total comprehensive income attributable to			
Parent company's shareholders		-191,948	-62,325
Non-controlling interests		0	-16
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		-2.78	-1.65
Profit/loss from operations held for sale		-21.15	-4.17
Net profit for the year		-23.93	-5.82

Group statement of financial position

Amounts in SEK '000

	Note	2013	2012
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	15	331,388	459,619
Intangible assets	16	162,886	329,386
Investments in associated companies	17, 18	5,639	10,233
Deferred tax assets	31	72,901	83,741
Financial assets at fair value through profit or loss	19, 23	30,904	23,167
Derivative financial instruments	19, 21, 23	753	280
Trade and other receivables	19, 22	2,525	2,489
Total non-current assets		606,996	908,915
<i>Current assets</i>			
Inventories	24	1,817	6,973
Trade and other receivables	19, 22	237,207	281,988
Financial assets at fair value through profit or loss	19, 23	478	45
Derivative financial instruments	19, 21, 23	4,802	2,737
Cash and cash equivalents	19, 25	151,367	115,792
Total current assets		395,671	407,535
Assets in operations held for sale	39	260,687	–
TOTAL ASSETS		1,263,354	1,316,450
EQUITY			
<i>Capital and reserves attributable to parent company's shareholders</i>			
Share capital	26	8,219	8,219
Other contributed capital	26	225,272	225,272
Other reserves	28	–5,998	–10,822
Retained earnings	27	58,506	255,278
Equity attributable to the parent company's shareholders		285,999	477,947
Non-controlling interests		271	271
Total equity		286,270	478,218
LIABILITIES			
<i>Non-current liabilities</i>			
Borrowing	19, 30	264,797	130,979
Derivative financial instruments	19, 21, 23	7	1,527
Deferred tax liabilities	31	36,060	39,440
Pension obligations	32	5,969	6,021
Other provisions	33	140,097	176,376
Trade and other payables	29	40,545	40,578
Total non-current liabilities		487,475	394,921
<i>Current liabilities</i>			
Trade and other payables	29	270,726	333,608
Current tax liabilities		1,821	5,692
Borrowing	19, 30	42,288	99,284
Derivative financial instruments	19, 21, 23	858	1,033
Other provisions	33	1,977	3,694
Total current liabilities		317,670	443,311
Liabilities in operations held for sale	39	171,939	–
Total liabilities		977,084	838,232
TOTAL EQUITY AND LIABILITIES		1,263,354	1,316,450

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, 2012	8,219	225,272	3,691	311,309	548,491	287	548,778
Total profit or loss and other comprehensive income for the period			-14,513	-47,812	-62,325	-16	-62,341
Dividend				-8,219	-8,219	-	-8,219
Closing balance at December 31, 2012	8,219	225,272	-10,822	255,278	477,947	271	478,218
 Opening balance at January 1, 2013	 8,219	 225,272	 -10,822	 255,278	 477,947	 271	 478,218
Total profit or loss and other comprehensive income for the period			4,824	-196,772	-191,948	-	-191,948
Closing balance at December 31, 2013	8,219	225,272	-5,998	58,506	285,999	271	286,270

Group statement of cash flow

Amounts in SEK '000

Total operations	Note	2013	2012
<i>Cash flow from operating activities</i>			
Operating result		-165,274	-19,368
Adjustment for non-cash items	34	153,189	-8,837
		-12,085	-28,205
Interest received		1,205	799
Interest paid		-19,757	-14,196
Income tax paid		-13,265	-27,526
Cash flow from operating activities before changes in working capital		-43,902	-69,128
Change in working capital			
– Current assets		-30,568	38,763
– Other current liabilities		49,854	23,007
Cash flow from operating activities*	39	-24,616	-7,358
<i>Cash flow from investing activities</i>			
Acquisition of financial assets	23	-4,795	-23,330
Disposals of financial assets	23	-2,162	54,281
Purchases of property, plant and equipment	15	-20,120	-48,638
Sale of property, plant and equipment	15	271	1
Purchases of intangible assets	16	-18	-230
Dividend from associated companies	17, 18	11,513	8,844
Cash flow from investing activities*	39	-15,311	-9,072
<i>Cash flow from financing activities</i>			
Loans raised	30	207,792	63,295
Repayments of loans	30	-133,270	-41,291
Dividend	27	–	-8,219
Cash flow from financing activities*	39	74,522	13,785
Change in liquid assets		34,595	-2,645
Cash and cash equivalents at beginning of the year		115,792	122,092
Translation difference		980	-3,655
Cash and cash equivalents at end of the year	25	151,367	115,792

* How cash flow has been impacted by operations held for sale is presented in note 39.

Parent company income statement

Amounts in SEK '000

	Note	2013	2012
Net sales	41	13,099	12,859
Costs of services sold	43	-2,772	-2,627
Gross profit		10,327	10,232
Administrative expenses	43	-41,114	-33,991
Other operating income	45	1,450	208
Other operating expenses	45	-9,611	-191
Operating result	41, 42, 43, 44, 45	-38,948	-23,742
Result from participation in group companies	47	-233,305	-248,600
Interest income and similar items	48	8,369	10,753
Interest expense and similar items	49	-13,618	-9,975
Profit/loss before tax		-277,502	-271,564
Appropriations	50	-	-
Income tax	51	411	-1,346
NET PROFIT/LOSS FOR THE YEAR		-277,091	-272,910
Parent company statement of comprehensive income			
Net profit/loss for the year		-277,091	-272,910
Other comprehensive income		-	-
Total comprehensive income for the year		-277,091	-272,910

Parent company balance sheet

Amounts in SEK '000

	Note	2013	2012
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	52		
– Equipment and tools		–	3
Financial assets	53		
– Deferred tax assets		3,192	2,695
– Shares in subsidiaries	55	371,813	586,475
– Receivables from subsidiaries		210,244	153,663
Financial assets at fair value through profit or loss	53	22,902	20,438
Total non-current assets		608,151	763,274
<i>Current assets</i>			
Inventories and goods for resale		627	546
Trade and other receivables		3,491	1,585
Financial assets at fair value through profit or loss		–	45
Derivative financial instruments	60	2,556	1,779
Receivables from group companies		49,112	27,801
Prepaid expenses and accrued income	54	6,226	1,961
Cash and cash equivalents		56,452	62,872
Total current assets		118,464	96,589
TOTAL ASSETS		726,615	859,863
EQUITY			
<i>Equity</i>			
Share capital		8,219	8,219
Restricted reserves		225,272	225,272
Total restricted equity		233,491	233,491
<i>Non-restricted equity</i>			
Non-restricted reserves		333,830	606,740
Net profit/loss for the year		–277,091	–272,910
Total non-restricted equity		56,739	333,830
Total equity		290,230	567,321
Untaxed reserves		–	–
LIABILITIES			
<i>Non-current liabilities</i>			
Liabilities to credit institutions	56	260,000	119,848
Deferred tax liabilities		438	374
Liabilities to group companies		37,150	37,164
Other liabilities		13,267	12,151
Total non-current liabilities		310,855	169,537
<i>Current liabilities</i>			
Liabilities to group companies		94,406	99,746
Trade payables		1,168	1,407
Liabilities to credit institutions	56	9,367	11,970
Income tax liability		–	983
Derivative financial instruments	60	566	78
Other liabilities		1,341	821
Accrued expenses and deferred income	57	18,682	8,000
Total current liabilities		125,530	123,005
Total liabilities		436,385	292,542
TOTAL EQUITY AND LIABILITIES		726,615	859,863

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK '000

	Share capital	Statutory reserve	Non-restricted equity	Total equity
Opening balance at January 1, 2012	8,219	225,272	614,959	848,450
Comprehensive income				
– Dividends			–8,219	–8,219
– Net profit/loss for the year			–272,910	–272,910
Closing balance at December 31, 2012	8,219	225,272	333,830	567,321
Opening balance at January 1, 2013	8,219	225,272	333,830	567,321
Comprehensive income				
– Net profit/loss for the year			–277,091	–277,091
Closing balance at December 31, 2013	8,219	225,272	56,739	290,230

Parent company cash flow statement

Amounts in SEK '000

	Note	2013	2012
<i>Cash flow from operating activities</i>			
Operating result		–38,948	–23,742
Adjustment for non-cash items	62	–1,345	–15
		–40,293	–23,757
Interest received		7,409	4,957
Interest paid		–13,170	–5,853
Income tax paid		–1,849	–1,438
Cash flow from operating activities before changes in working capital		–47,903	–26,091
Change in working capital			
– Current assets		–6,604	–2,467
– Other current liabilities		5,886	–5,033
Cash flow from operating activities		–48,621	–33,591
<i>Cash flow from investing activities</i>			
Group contribution received		26,400	25,000
Acquisition of financial assets	53	–43	–2,809
Loans to group companies	53	–122,094	7,437
Cash flow from investing activities		–95,737	29,628
<i>Cash flow from financing activities</i>			
Repayments of loans		–62,062	–36,579
Loans raised		200,000	65,921
Dividend paid		–	–8,219
Cash flow from financing activities		137,938	21,123
Change in liquid assets		–6,420	17,160
Cash and cash equivalents at beginning of the year		62,872	45,712
Cash and cash equivalents at end of the year		56,452	62,872

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 to all the years presented, unless otherwise stated.

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 the income statement.

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, 2013, the following apply to the Group:

- IAS 1, "Presentation of financial statements", amendment concerning other comprehensive income. The items reported under other comprehensive income are presented in two separate groups. The grouping is to be based on whether or not they are potentially reclassifiable to profit or loss. The amendment has no material impact on the Group's financial reporting.
- IAS 19, "Employee benefits". The corridor method previously applied by the Group is no longer applied. Past service costs are now recognized immediately. Interest costs and expected return on plan assets have been replaced by a net interest rate calculated using a discount rate, based on the net surplus or net deficit in the defined benefit plan. The amendment has no material impact on the Group's financial reporting.
- IFRS 13, "Fair value measurement", aims to make measurement at fair value in various contexts more consistent and less complex. The guidance has no major impact on the Group's financial reporting.

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 do not come into force until after the financial year starting on January 1, 2013. 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:

- IFRS 10, "Consolidated financial statements", provides further guidance on how to identify control, which is the deciding factor that determines whether a company is to be included in the consolidated accounts. The Group will apply IFRS 10 to the financial year starting on January 1, 2014, but the standard will not have any impact on the financial statements.
- IFRS 12, "Disclosures of interest in other entities", covers disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated "structure entities". The Group intends to apply IFRS 12 in the financial year starting on January 1, 2014. The standard will not have any major impact on the 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. There are two types of joint arrangement; joint operations and joint ventures. The Group has joint ventures through which the parties have joint control of the arrangement and have the rights to the net assets of the arrangement. Joint ventures are reported in accordance with the equity method; the proportional method is no longer allowed. The standard will not have any major impact on the financial statements.

- IFRIC 21, "Levies", clarifies recognition of a liability to pay a levy or charge that is not income tax. The interpretation identifies the obligating event that triggers the liability to pay a levy or charge and thus when a liability is to be recognized. The standard is not expected to have any major impact on the financial statements.
- IFRS 9, "Financial instruments", deals with classification, measurement and recognition of financial assets and liabilities and replaces the parts of IAS 39 that relate to classification and measurement of financial instruments. IFRS 9 states that financial assets are to be classified into two different categories; measured at fair value or measured at amortized cost. There are no major changes for financial liabilities compared with IAS 39. The greatest change refers to liabilities identified at fair value. For these, the portion of changes in fair value that refers to own credit risk should be reported in other comprehensive income instead of through profit or loss, unless this causes inconsistency in accounting. The Group has not yet evaluated the effects.

1.2 CONSOLIDATED ACCOUNTS

Subsidiaries

Subsidiaries are all the companies in which the Group has the power to govern financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The Group also assesses existence of control where it does not have a shareholding amounting to more than half of the voting power, but is able to govern the financial and operating policies by virtue of de facto control. 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 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets or disposal groups are classified as non-current assets held for sale when their carrying amounts will be recovered principally through a sale transaction and where a sale at the turn of the year is considered to be highly probable. Studsvik Processing Facility Erwin, LLC, and Studsvik Processing Facility Memphis, LLC, along with Semprasafe, LLC, which are all part of segment USA, are reported in this annual report as 'Operations held for sale' in that a sale of the operations was highly probable at the turn of the year. The operations are recognized at the lower of carrying amount and fair value less selling expenses.

1.9 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'.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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'.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 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 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.

1.21 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'.

1.22 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.

1.23 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.

1.24 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.

1.25 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 60 (60) per cent of the total costs of continuing operations. Other expenses vary. The Group's risk exposure as regards purchases is therefore of less significance.

Currency risk

The Group operates internationally and is exposed to currency risk arising from various currency exposures, above all in euros (EUR), pounds sterling (GBP) and US dollars (USD). 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, 2013 would have been SEK 4.1 (6.1) million higher, as the Group's total revenue in EUR is greater than the corresponding expenses in EUR. Equity would have been SEK 4.3 (6.0) 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, 2013 would have been SEK 10.1 (2.7) million higher, as the Group's total revenues in GBP are greater than the corresponding expenses in GBP. Equity would have been SEK 11.8 (9.9) 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, 2013 would have been SEK 0.0 (1.9) million lower, mainly as a result of negative net earnings in the US operations. Equity would have been SEK 2.0 (–18.3) 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 point would be a maximum increase or decrease respectively of SEK 0.3 (0.2) million.

If the interest rate on borrowing in US dollars on December 31, 2013 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 0.2 (0.5) million lower/higher, as an effect of higher/lower interest expense in connection with renegotiation of new interest fixing periods.

If the interest rate on borrowing in pounds sterling on December 31, 2013 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 (0.03) million lower/higher, as an effect of higher/lower interest expense in connection with renegotiation of new interest fixing periods.

If the interest rate on borrowing in SEK on December 31, 2013 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 1.0 (0.0) million lower/higher, mainly as an effect of higher/lower interest expense in connection with renegotiation of new interest fixing periods.

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, 2013 – Continuing operations	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
As at December 31, 2012 – Total including operations held for sale				
Bank loans	107,792	72,483	63,257	–
Derivative financial instruments	1,033	1,266	261	–
Trade and other payables	333,608	1,744	2,890	35,944

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, 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	–
As at December 31, 2012				
Forward exchange contracts – cash flow hedges				
– Outflow	11,326	–	–	–
– Inflow	167,385	70,464	10,322	–

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 for continuing operations at the close of the year was 26.2 (36.3) per cent and the deterioration is mainly explained by the negative comprehensive income for the year.

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.

	2013	2012
Total borrowing (note 30)	307,085	230,263
Less cash and cash equivalents (note 25)	–151,367	–115,792
Net debt	155,718	114,471
Total equity	286,270	478,218
Debt/equity ratio	54.4%	23.9%

The change in debt/equity ratio in 2013 was mainly a consequence of higher net debt and lower equity. Borrowing increased during the year and the cash flow after investments was negative. The negative comprehensive income for 2013 due to negative earnings from operations held for sale is the main reason for the lower 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, 2013.

	Level 1	Level 2	Level 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	–
Derivatives used for hedging	–	5,555	–
Total assets	–	27,302	9,635
Liabilities			
Derivatives used for hedging	–	865	–
Total liabilities	–	865	–

The following table shows the Group's assets and liabilities measured at fair value as at December 31, 2012.

	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss			
– Unlisted shareholdings	–	–	8,287
– Capital insurance	–	12,196	–
– Non-current bank deposits	–	2,729	–
Derivatives used for hedging	–	3,017	–
Total assets	–	17,942	8,287
Liabilities			
Derivatives used for hedging	–	2,560	–
Total liabilities	–	2,560	–

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 2013.

	Level 3
Opening balance	8,287
Acquisitions of shares	–
Gains recognized in the income statement	1,348
Closing balance	9,635
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	1,348

The following table shows changes for instruments at level 3 in 2012.

	Level 3
Opening balance	5,428
Acquisitions of shares	2,809
Gains recognized in the income statement	50
Closing balance	8,287
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	50

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 ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES

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.

If the management's estimate of the budgeted operating margin used in the calculation for the American segment had been 25 per cent lower, with an unchanged assumption concerning discount rate, the Group would have recognized an impairment loss on goodwill of SEK 1.6 million.

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.

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 1.9 (6.4) million if the percentage of completion had increased, or decrease by SEK 1.9 (6.4) 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 estimate, the result from continuing operations would have been SEK 1.5 (1.0) 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 clear geographical management structure that exists in Studsvik's organization has influenced the segment structure. The Board of Directors and the President assess operations from both a geographical and product perspective.

The segments obtain their revenues from various services and products. The major part of segment Sweden's revenues derive from treatment and volume reduction of low and intermediate level waste. The United Kingdom segment derives revenues from engineering and consultancy services, treatment of low-level waste and decommissioning services. Revenues in segment Germany derive from services in the areas of decommissioning, operational and outage support and from health physics services. The source of revenue in segment USA is from consulting and engineering services. Segment Global Services 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 Global Services 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 2013	Sweden	United Kingdom	Germany	USA	Global Services	Other	Eliminations	Group
Net sales	211,183	265,586	271,414	11,394	270,683	50,611	-79,629	1,001,242
External sales revenue	153,420	265,586	269,843	11,394	270,305	30,694	-	1,001,242
EBITDA before non-recurring items	54,684	18,966	1,587	-8,828	31,511	-22,873	-	75,047
Non-recurring items	-	-	-23,034	-	-	-9,515	-	-32,549
Depreciation/amortization and impairment	-9,352	-5,212	-2,097	-809	-8,690	-7,624	-	-33,784
Earnings from associated companies and joint ventures	-	7,554	-	-239	-	-	-	7,315
Operating result	45,332	21,308	-23,544	-9,876	22,821	-40,012	-	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	-	107	-	5,484	48	-	-	5,639
Other operating segments	146,202	246,768	186,076	96,971	206,206	442,243	-327,438	997,028
Assets in operations held for sale								260,687
Total assets								1,263,354
Operating segment liabilities	188,121	125,522	162,563	173,419	122,305	360,653	-327,438	805,145
Equity								286,270
Liabilities in operations held for sale								171,939
Total equity and liabilities								1,263,354
Investments from continuing operations	8,337	3,816	1,033	239	4,203	2,232	-	19,860
Average number of employees from continuing operations	103	88	530	29	161	77	-	988

Financial year 2012	Sweden	United Kingdom	Germany	USA	Global Services	Other	Eliminations	Group
Net sales	191,584	219,276	331,315	12,992	284,533	46,787	-73,611	1,012,876
External sales revenue	132,889	219,276	329,988	12,992	284,434	33,297	-	1,012,876
EBITDA before non-recurring items	28,453	8,773	4,803	-8,289	33,311	-16,710	-	50,341
Non-recurring items	-	-	-8,739	-	-	-	-	-8,739
Depreciation/amortization and impairment	-8,214	-5,298	-2,809	-1,010	-7,181	-7,289	-	-31,801
Earnings from associated companies and joint ventures	-	5,064	-	301	-	-	-	5,365
Operating result	20,239	8,539	-6,745	-8,998	26,130	-23,999	0	15,166
Net financial items								-13,795
Taxes								-14,957
Profit/loss for the year from continuing operations								-13,586
Share of equity in associated companies and joint ventures	-	3,605	-	5,732	48	-	-	9,385
Other operating segments	135,371	218,782	195,615	24,825	192,346	357,226	-242,509	881,656
Assets in operations held for sale								425,409
Total assets								1,316,450
Operating segment liabilities	160,015	119,653	150,888	176,036	124,205	229,706	-242,509	717,994
Equity								478,218
Liabilities in operations held for sale								120,238
Total equity and liabilities								1,316,450
Investments from continuing operations	19,161	1,944	3,604	207	11,024	9,991	-	45,931
Average number of employees from continuing operations	97	82	584	33	160	75	-	1,031

Note 4 (cont.)

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

	2013	2012
EBITDA before non-recurring items	75,047	50,341
Depreciation of property, plant and equipment	-32,136	-29,838
Amortization of intangible assets	-1,648	-1,963
Restructuring costs	-32,549	-8,739
Profit share from associated companies and joint ventures	7,315	5,365
Net financial items	-18,764	-13,795
Profit/loss before tax and operations held for sale	-2,735	1,371

External sales revenue per product area	2013	2012
Treatment of radioactive waste	324,800	264,224
On-site waste services	3,146	–
Consulting and engineering services	137,470	141,681
Health physics services	57,572	58,049
Decommissioning services	51,726	61,429
Operational and outage support	177,070	222,602
Fuel and materials performance	109,425	109,502
Corrosion and water chemistry	35,068	32,004
Fuel optimization software	74,142	89,846
Other operations	30,823	33,539
Total	1,001,242	1,012,876

Other operations include the parent company and the part of the Swedish company Studsvik Nuclear AB that is not part of the Global Services or Sweden segments.

External sales revenue based on the customer's country of location	2013		2012	
	SEK thousand	Per cent	SEK thousand	Per cent
Sweden	175,872	17.6	161,292	15.9
Europe excl Sweden	713,822	71.3	738,339	72.9
North America	98,245	9.8	76,519	7.6
Asia	13,303	1.3	36,726	3.6
Total	1,001,242	100.0	1,012,876	100.0

In 2013 the Group has one customer that accounts for 15.7 per cent of total sales.

Non-current assets per country	2013		2012	
	SEK thousand	Per cent	SEK thousand	Per cent
Sweden	237,583	39.2	226,600	29.0
Europe excl Sweden	284,274	46.8	280,505	35.9
North America	85,007	14.0	274,361	35.1
Asia	132	0.0	165	0.0
Total	606,996	100.0	781,631	100.0

Note 5 Other operating income

Other income	2013	2012
Sale of property, plant and equipment	563	60
Insurance compensation	682	456
Compensation for legal settlement	642	–
Government grants	–	515
Reversed bad debt losses	890	–
Revaluation of holding in mutual insurance company	1,348	–
Other	925	200
Total	5,050	1,231

Other gains	2013	2012
Other financial assets measured at fair value through profit or loss		
– Fair value gains	1,466	1,108
Forward exchange contracts		
– Foreign exchange differences	3,678	5,356
Total	5,144	6,464

Note 6 Other operating expenses

Other costs	2013	2012
Bad debt losses	–	996
Sale of property, plant and equipment	782	522
Non-recurring structural costs	32,549	8,739
Other	6,331	85
Total	39,662	10,342

Other losses	2013	2012
Other financial assets measured at fair value through profit or loss		
– Fair value losses	2,368	1,488
Forward exchange contracts		
– Foreign exchange differences	18	7,211
Total	2,386	8,699

Non-recurring structural costs amount to SEK 32,549 thousand and consists of costs for termination of staff in the parent company of SEK 9,515 thousand and in segment Germany of SEK 23,033 thousand.

Note 7 Costs by nature of expense

	2013	2012
Purchases of material and services	321,337	329,206
Personnel costs	573,637	591,575
Energy	22,071	24,372
Depreciation/amortization and impairment	33,784	31,801
Other costs	9,845	14,775
Total	960,674	991,729

Note 8 Remuneration to auditors

	2013	2012
PricewaterhouseCoopers		
– Audit assignments	3,042	2,734
– Audit business in addition to audit	30	125
– Tax consultancy	566	325
– Other services	855	901
Total	4,493	4,085

	2013	2012
Other auditors		
– Audit business in addition to audit	52	–
– Tax consultancy	93	286
– Other services	10	234
Total	155	520
Group, total	4,648	4,605

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	2013	2012
Salaries	495,989	515,551
Social security costs	94,637	101,042
Pension costs – defined contribution based	34,406	31,416
Pension costs – defined benefit based	1,239	1,153
Total	626,271	649,162
Of which continuing operations	598,462	618,728
Of which operations held for sale	27,809	30,434

Salaries and other remuneration distributed between board members and president as well as other employees	2013			2012		
	Board and President	Of which variable remuneration	Other employees	Board and President	Of which variable remuneration	Other employees
Parent company	5,738	–	8,009	5,377	–	7,590
Subsidiaries in Sweden	2,587	295	139,216	2,831	292	131,346
Subsidiaries abroad	8,350	400	305,675	9,150	582	330,057
Total subsidiaries in continuing operations	10,937	695	444,891	11,981	874	461,403
Operations held for sale	–	–	25,719	–	–	28,326
Total for Group	16,675	695	478,619	17,358	874	497,319

Average number of employees	2013			2012		
	Men	Women	Total	Men	Women	Total
Parent company	6	5	11	6	5	11
Subsidiaries in Sweden	221	74	295	207	78	285
Subsidiaries abroad						
– Germany	466	66	532	482	73	555
– United Kingdom	72	16	88	67	15	82
– USA	44	13	57	46	14	60
– Japan	1	–	1	1	1	2
– Switzerland	2	1	3	1	1	2
– France	–	1	1	28	6	34
Total subsidiaries in continuing operations	806	171	977	832	188	1,020
Operations held for sale	47	26	73	64	9	73
Total for Group	859	202	1,061	902	202	1,104

Gender breakdown in the Group (including subsidiaries) for members of the Board and other senior management	2013		2012	
	Number on balance sheet day	Of which men	Number on balance sheet day	Of which men
Board members	11	8	11	8
President and other senior management	10	10	10	10
Total for Group	21	18	21	18

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

Note 10 Financial income and expense

	2013	2012
<i>Financial income</i>		
Current bank balances	1,166	451
Fair value gains (unrealized and realized)	603	4,162
Other financial income	39	348
Total	1,808	4,961
<i>Financial expenses</i>		
Bank loans	-17,069	-10,930
Fair value losses (unrealized and realized)	-847	-4,588
Other financial expenses	-2,656	-3,238
Total	-20,572	-18,756
Net financial items	-18,764	-13,795

Note 11 Income tax

	2013	2012
<i>Current tax</i>		
Current tax on profit for the year	-7,251	-5,419
Adjustment for previous years	193	200
Total	-7,058	-5,219
<i>Deferred tax (note 31)</i>		
Origination and reversal of temporary differences	-13,091	-9,262
Effect of change in tax rate	-	-476
Total	-13,091	-9,738
Total income tax	-20,149	-14,957

The Swedish tax rate is 22 (26.3) 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.

	2013	2012
Profit/loss before tax	-2,735	1,371
Tax in accordance with the current tax rate	602	-361
Non-taxable revenue	7,200	2,097
Expenses not deductible for tax purposes	-144	-2,497
Unrecognized tax asset in respect of loss carry forwards	-2,795	-8,325
Adjustment for foreign tax rate	-6,223	1,549
Revaluation of deferred tax – change in tax rate	-	-476
Impairment loss on deferred tax assets	-14,273	-4,829
Tax loss carry-forwards utilized*	-4,886	-1,706
Adjustment for previous years' tax assessment	193	538
Other effects	177	-947
Tax expense	-20,149	-14,957

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

Revaluation of the deferred tax assets in the previous year, when the tax rate in England fell from 26 per cent to 24 per cent, amounted to SEK -1,642 thousand.

Due to a change in the Swedish corporate tax rate from 26.3 per cent to 22 per cent, resolved on June 26, 2012 and applicable from April 1, 2013, the carrying amounts concerned for deferred tax were restated in the annual report for 2012. The revaluation amounted to SEK 1,166 thousand.

The weighted average tax rate was -737 (1,091) per cent. The main reasons for the difference between Swedish income tax and the weighted average tax rate are that an impairment loss on deferred tax assets in the American operations of SEK 14.3 million was recognized and that no tax asset was recognized for the operating loss in the American operations.

Other comprehensive income only includes tax effects on cash flow hedges and on December 31 these were SEK -31 (-907) 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.

	2013	2012
Other gains and losses – net (notes 5 and 6)	2,758	-2,235
Financial items (note 10)	-244	-426
Total	2,514	-2,661

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	2013	2012
Net profit/loss for the year	-22,884	-13,586
Weighted average number of ordinary shares in issue	8,218,611	8,218,611
Diluted and undiluted earnings per share (SEK per share)	-2.78	-1.65

Before and after dilution, operations held for sale	2013	2012
Net profit/loss for the year	-173,888	-34,226
Weighted average number of ordinary shares in issue	8,218,611	8,218,611
Earnings per share before and after dilution (SEK per share)	-21.15	-4.17

Before and after dilution, total operations	2013	2012
Net profit/loss for the year	-196,772	-47,812
Weighted average number of ordinary shares in issue	8,218,611	8,218,611
Diluted and undiluted earnings per share (SEK per share)	-23.93	-5.82

Note 14 Dividend per share

Dividend paid in 2013 and 2012 amounted to SEK 0.0 thousand (SEK 0 per share) and SEK 8,219 thousand (SEK 1 per share). At the Annual General Meeting on April 23, 2014 it will be proposed that no dividend be distributed for the 2013 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, 2012					
Cost of acquisition	326,894	444,020	284,162	65,221	1,120,297
Accumulated amortization and impairment	-106,114	-308,059	-224,001	-1,058	-639,232
Book value	220,780	135,961	60,161	64,163	481,065
January 1 – December 31, 2012					
Opening book value	220,780	135,961	60,161	64,163	481,065
Foreign exchange differences	-4,432	-3,740	-2,442	-774	-11,388
Investments	330	3,249	5,320	39,739	48,638
Capitalization of future restoration cost	3,350	–	–	–	3,350
Redistributions	295	17,660	17,961	-36,090	-174
Disposals and retirements	–	-283	-462	–	-745
Depreciation/amortization	-8,669	-32,513	-17,938	–	-59,120
Impairment losses for the year	–	–	–	-2,007	-2,007
Closing book value	211,654	120,334	62,600	65,031	459,619
As at December 31, 2012					
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
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

Depreciation costs include SEK 24,888 (51,518) thousand in 'Cost of services sold', SEK 241 (232) thousand in 'Selling and marketing costs', SEK 6,366 (6,860) thousand in 'Administrative expenses' and SEK 642 (511) thousand in 'Research and development costs'. Interest of SEK 4,939 (4,828) 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, 2012				
Cost of acquisition	348,886	25,042	68,971	442,899
Accumulated amortization and impairment	-32,985	-22,630	-36,569	-92,184
Book value	315,901	2,412	32,402	350,715
January 1 – December 31, 2012				
Opening book value	315,901	2,412	32,402	350,715
Foreign exchange differences	-15,032	-102	-1,572	-16,706
Investments	-	84	146	230
Depreciation/amortization	-	-735	-4,118	-4,853
Closing book value	300,869	1,659	26,858	329,386
As at December 31, 2012				
Cost of acquisition	332,782	24,963	65,948	423,693
Accumulated amortization 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
Operations held for sale	-146,499	-	-22,863	-169,362
Foreign exchange differences	4,441	9	52	4,502
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 amortization and impairment	-32,986	-24,130	-20,687	-77,803
Book value	158,811	1,023	3,052	162,886

Contractual customer relations and similar rights consist mainly of customer relations/contracts as well as some tenancy rights. Depreciation of SEK 1,649 (4,853) 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.

	2013	2012
United Kingdom	23,122	22,604
Germany	107,018	103,054
USA	25,840	172,380
Global Services	2,831	2,831
Total	158,811	300,869

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 with the exception of the Global Services segment, where goodwill values are attributed to the respective area of operation.

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 three 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 three-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 2013:

	Gross margin %	Rate of growth after year 3, %	Discount rate, %
United Kingdom	26	2.4	10.3
Germany	12	1.5	9.9
USA	13	2.4	14.2
Global Services	32	2.4	10.4

Material estimates used for calculating value in use in 2012:

	Gross margin %	Rate of growth after year 3, %	Discount rate, %
United Kingdom	23	1.4	8.9
Germany	13	1.2	8.9
USA	29	2.7	9.4
Global Services	37	3.0	8.3

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 about 10 to 14 (8 to 9) 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. These amounts also exceeded the carrying amounts for net assets for all segments except the USA. The sensitivity analysis indicates that an assumption of a 25 per cent lower operating result with an unchanged discount rate assumption indicates an impairment loss equivalent to SEK 1.6 million. 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 result, %
United Kingdom	304	196	213
Germany	153	82	97
USA	70	25	-4
Global Services	414	256	297

Note 17 Investments in associated companies

		2013	2012
As at January 1		48	48
Share in earnings		–	–
Dividend received from associated companies		–	–
As at December 31		48	48

The Group's share in earnings of the associated company KraftAkademin AB, which is unlisted and registered in Sweden, and its share of assets (including goodwill and liabilities) is as follows (applying the equity method).

2013		Current assets	Current liabilities	Income	Profit/loss	Participating interest %
KraftAkademin AB	Sweden	52	5	18	–3	20
Total		52	5	18	–3	

2012		Current assets	Current liabilities	Income	Profit/loss	Participating interest %
KraftAkademin AB	Sweden	62	13	14	1	20
Total		62	13	14	1	

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 thermo hydraulics, reactor dynamics and health physics to KraftAkademin's operations.

Note 18 Interests in joint ventures

		2013	2012
As at January 1		10,185	13,955
Share in earnings		7,315	5,365
Dividend received from joint ventures		–11,513	–8,844
Share received through formation of joint venture		–	524
Less operations held for sale		–846	–
Foreign exchange differences		450	–815
As at December 31		5,591	10,185

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:

2013		Non-current assets	Current assets	Current liabilities	Net assets	Income	Profit/loss	Participating interest %
THOR Treatment Technologies, LLC	USA	–	6,357	882	5,475	2,668	–239	50
UK Nuclear Waste Management Ltd*	United Kingdom	–	925	1,156	–231	15,189	11,185	15
Total		–	7,282	2,038	5,244	17,857	10,946	

2012		Non-current assets	Current assets	Current liabilities	Net assets	Income	Profit/loss	Participating interest %
THOR Treatment Technologies, LLC	USA	–	7,035	1,313	5,722	6,669	301	50
Semprasaft, LLC	USA	–	5,360	7,478	–2,118	19,755	–2,188	51
UK Nuclear Waste Management Ltd	United Kingdom	–	3,482	3,271	211	3,506	4,206	15
Total		–	15,877	12,062	3,815	29,930	2,319	

* UK Nuclear Waste Management Ltd has an accounting year of April 1 – March 31.

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.

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.

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, 2013				
<i>Assets on the balance sheet</i>				
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
<i>Liabilities on the balance sheet</i>				
Borrowing	–	307,085	–	307,085
Derivative financial instruments	455	–	410	865
Total	455	307,085	410	307,950

	Loans and trade receivables	Assets at fair value through profit or loss	Derivatives for hedging	Total
As at December 31, 2012				
<i>Assets on the balance sheet</i>				
Derivative financial instruments	–	2,217	800	3,017
Trade and other receivables	284,477	–	–	284,477
Other financial assets measured at fair value through profit or loss	–	23,212	–	23,212
Cash and cash equivalents	115,792	–	–	115,792
Total	400,269	25,429	800	426,498

	Liabilities at fair value through profit or loss	Other financial liabilities	Derivatives for hedging	Total
<i>Liabilities on the balance sheet</i>				
Borrowing	–	230,263	–	230,263
Derivative financial instruments	238	–	2,322	2,560
Total	238	230,263	2,322	232,823

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.

	2013	2012
<i>Trade receivables</i>		
Counterparties without external credit rating		
– New customers (less than 6 months)	506	4,094
– Existing customers with no defaults in the past	139,853	127,091
– Existing customers with some delayed payments in the past	11,316	37,987
Total	151,675	169,172

<i>Loans to related parties</i>		
Existing related party with no previous defaults	2,405	2,351
Total	2,405	2,351

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

<i>Bank balances and current borrowing</i>		
AA- and A+	151,367	115,792
Total	151,367	115,792

A new credit facility was obtained during the year.

<i>Derivative financial instruments</i>		
AA- and A+	5,555	3,017
Total	5,555	3,017

Note 21 Derivative instruments

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts – Cash flow hedges	5,555	865	3,017	2,560

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 3,660 thousand (notes 5 and 6).

The hedged, highly probable forecast transactions in foreign currency are expected to occur at varying dates during the coming 47 months. Gains and losses on forward exchange contracts as at December 31, 2013, 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, 2013

		INFLOW CURRENCIES					OUTFLOW CURRENCIES			
		EUR	GBP	JPY	NOK	USD	EUR	JPY	NOK	USD
Maturity year		000	000	000	000	000	000	000	000	000
2014	Amount	7,782	7,163	96,700	2,121	32,916	192	32,241	6,191	780
	Rate ¹	9.025	10.717	0.067	1.086	6.549	8.767	0.068	1.082	6.502
2015	Amount		14	45,000		1,537				
	Rate ¹		10.193	0.070		6.752				
2016	Amount					235				
	Rate ¹					6.851				
Translated to fair value, SEK thousand		68,931	76,438	8,704	2,228	224,177	1,706	1,984	6,552	5,048

¹ Average contractual rate

The nominal amount for outstanding forward exchange contracts is SEK 415,569 (259,497) thousand.

Note 22 Trade and other receivables

	2013	2012
Trade receivables	152,902	177,978
Less – Provision for impairment of receivables	–1,227	–8,806
Trade receivables – net	151,675	169,172
Loans to related parties (note 37)	2,405	2,351
Work in progress	43,135	42,076
Tax assets	13,780	11,444
Other receivables	4,182	2,170
Prepaid expenses and accrued income		
– Accrued income	8,210	36,949
– Prepaid rent	975	1,628
– Prepaid lease charges	131	419
– Prepaid insurance premiums	2,240	3,897
– Other prepaid expenses	12,999	14,371
Total	239,732	284,477
Non-current portion	2,525	2,489
Current portion	237,207	281,988
Total	239,732	284,477

SEK 2,405 (2,351) thousand of the non-current receivables are receivables from related parties.

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

	2013	2012
Loans to related parties (note 37)	2.0%	2.1%

As at December 31, 2013 trade receivables of SEK 51,537 (69,825) thousand were overdue without any impairment loss being identified. These refer to a number of independent customers who have not previously had payment difficulties. An age analysis of these trade receivables is given below.

	2013	2012
Less than 3 months	50,679	68,172
3 to 6 months	852	1,573
More than 6 months	6	80
Total	51,537	69,825

The reserve for doubtful receivables amounted to SEK 1,227 (8,806) thousand as at December 31, 2013.

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

	2013	2012
SEK	115,451	96,604
EUR	50,204	67,304
GBP	44,518	43,273
USD	27,989	76,153
Other currencies	1,570	1,143
Total	239,732	284,477

Changes in the reserve for doubtful receivables:

	2013	2012
As at January 1	–8,806	–2,055
Translation difference	–274	91
Provision for doubtful receivables	–719	–6,858
Unused amounts reversed	8,572	16
As at December 31	–1,227	–8,806

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 at fair value through profit or loss

	2013	2012
Unlisted shareholdings	9,635	8,287
Capital insurance	13,745	12,196
Non-current bank deposits	8,002	2,729
Total	31,382	23,212

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. During the year the American operations used SEK – (54.3) million of the blocked bank funds for final disposal of waste and paid in SEK – (19.1) million to blocked bank accounts. Blocked bank funds in the USA amount to SEK 32 (32) thousand and blocked funds in the Nuclear Waste Fund to SEK 7,970 (2,697) thousand and are recorded as non-current bank deposits.

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

Note 24 Inventories

	2013	2012
Raw material	–	5,234
Finished goods	1,817	1,739
Total	1,817	6,973

The expensed expenditure for inventories is included under 'Cost of services sold' and amounts to SEK 2,773 (18,281) thousand.

Note 25 Cash and cash equivalents

	2013	2012
Cash and bank balances	151,367	115,792
Total	151,367	115,792

Note 26 Share capital and other contributed capital

	Number of shares	Share capital	Other contributed capital
As at January 1, 2012	8,218,611	8,219	225,272
As at December 31, 2012	8,218,611	8,219	225,272
As at January 1, 2013	8,218,611	8,219	225,272
As at December 31, 2013	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, 2012	311,309
Net profit/loss for the year	–47,812
Dividend paid for 2011	–8,219
As at December 31, 2012	255,278
As at January 1, 2013	255,278
Net profit/loss for the year	–196,772
Dividend paid for 2012	–
As at December 31, 2013	58,506

Note 28 Reserves

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

	Currency translation reserve	Hedging reserve	Total reserves
As at January 1, 2012	5,138	–1,447	3,691
Foreign exchange differences			
– Group	–17,714	–	–17,714
– Associated companies	–16	–	–16
Cash flow hedging			
– Fair value differences during the year	–	4,124	4,124
– Tax on fair value differences (note 31)	–	–907	–907
As at December 31, 2012	–12,592	1,770	–10,822
As at January 1, 2013	–12,592	1,770	–10,822
Foreign exchange differences			
– Group	4,714	–	4,714
– Associated companies	0	–	0
Cash flow hedging			
– Fair value differences during the year	–	141	141
– Tax on fair value differences (note 31)	–	–31	–31
As at December 31, 2013	–7,878	1,880	–5,998

Note 29 Trade and other payables

	2013	2012
Trade payables	43,000	68,543
Liabilities for work in progress	57,596	110,464
Social security and other taxes	63,741	50,600
Other liabilities	26,339	34,398
Accrued expenses and deferred income		
– Deferred income	12,716	15,835
– Accrued interest expense	1,448	1,319
– Accrued salaries	36,994	28,832
– Accrued pension costs	13,916	12,196
– Accrued materials, consulting and service costs	35,626	25,458
– Accrued audit fees	1,378	1,408
– Other items	18,517	25,133
Total	311,271	374,186
Non-current portion	40,545	40,578
Current portion	270,726	333,608
Total	311,271	374,186

Note 30 Borrowing

	2013	2012
Non-current portion		
Bank loans	64,797	130,979
Bond loans	200,000	–
Total	264,797	130,979
Current portion		
Bank loans	42,288	99,284
Total	42,288	99,284
Total borrowing	307,085	230,263

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.

The exposure of the Group's borrowing to interest rate changes and the contractual repricing dates at the balance sheet date are as follows

	2013	2012
0–6 months	246,517	114,027
6–12 months	–	56,236
1–5 years	60,568	60,000
Total borrowing	307,085	230,263

Note 30 (cont.)

The bank loans mature in 2017. Total borrowing includes bank loans and other borrowing against collateral of SEK 69,367 (127,935) 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.

Carrying amounts and fair value for non-current borrowing are presented below. The loans are in level 2 of the fair value hierarchy.

	FAIR VALUE		CARRYING AMOUNT	
	2013	2012	2013	2012
Maturities of borrowing				
Less than 1 year	34,545	104,135	42,288	108,379
Between 1 and 2 years	60,050	54,433	63,707	54,569
Between 2 and 5 years	205,895	67,307	201,090	67,315
More than 5 years	–	–	–	–
Total	300,490	225,875	307,085	230,263

Carrying amounts of the Group's borrowing are denominated in the following currencies

	2013	2012
SEK	261,067	61,636
EUR	–	54,569
USD	40,117	106,743
GBP	5,901	7,315
Total	307,085	230,263

The Group has the following unutilized credit facilities

	2013	2012
Variable interest rate		
– Matures within one year	–	52,080
Total	–	52,080

The lines of credit that mature within one year are one-year credit facilities that will be reviewed on varying dates in 2014.

Average effective interest rate on balance sheet date, bank borrowing

	2013	2012
SEK	4.89%	5.01%
EUR	–	3.37%
USD	4.90%	3.76%
GBP	2.52%	2.56%

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

	2013	2012
<i>Deferred tax assets</i>		
Deferred tax assets to be utilized after more than 12 months	65,849	80,583
Deferred tax assets to be utilized within 12 months	7,052	3,158
Total	72,901	83,741

Deferred tax liabilities

Deferred tax liabilities to be paid after more than 12 months	32,793	36,185
Deferred tax liabilities to be paid within 12 months	3,267	3,255
Total	36,060	39,440

	Tax losses	Fair value gains	Other	Total
Deferred tax assets				
As at January 1, 2012	92,645	3,720	311	96,676
Charged/credited to the income statement	–8,704	167	–73	–8,610
Repoting to current tax	–	7	–	7
Translation differences	–4,332	–	–	–4,332
As at December 31, 2012	79,609	3,894	238	83,741
Charged/credited to the income statement	–11,139	–406	359	–11,186
Repoting to current tax	–	–	–	–
Translation differences	346	–	–	346
As at December 31, 2013	68,816	3,488	597	72,901

	Accelerated tax depreciation	Fair value gains	Other*	Total
Deferred tax liabilities				
As at January 1, 2012	7,256	1,407	29,909	38,572
Recognized in the income statement for continuing operations	713	374	41	1,128
Recognized in the income statement for operations held for sale	–	–	–335	–335
Tax referring to components in other comprehensive income	–	907	–	907
Translation differences	–	–	–832	–832
As at December 31, 2012	7,969	2,688	28,783	39,440
Charged/credited to the income statement	313	142	1,450	1,905
Liabilities in operations held for sale	–	–	–6,651	–6,651
Tax referring to components in other comprehensive income	–	31	–	31
Repoting to current tax	–	–	349	349
Translation differences	–	–	986	986
As at December 31, 2013	8,282	2,861	24,917	36,060

* Other deferred tax liabilities include deferred tax of SEK 24.7 (22.3) 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 59.2 (56.0) million, which restated at the balance sheet rate is SEK 424.3 (362.8) million, to be utilized within a 20-year period in the USA, and GBP 9.3 (10.0) million in the United Kingdom, which restated at the balance sheet rate is SEK 99.2 (104.2) 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 48.4 (62.8) million and in the UK of SEK 13.0 (17.7) 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 2013 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 6,728 (5,992) thousand. Alecta's surplus can be distributed to the policy holders and/or the insured. At the end of 2013 Alecta's surplus in the form of a collective solvency level was 153 (123) 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.

	2013	2012
<i>Obligations in the balance sheet for</i>		
Pension benefits	5,969	6,021
<i>Income statement charge for (note 9)</i>		
Pension costs	32,390	30,077

Amounts recognized in the balance sheet	2013	2012
Present value of unfunded obligations	5,969	6,021
Total	5,969	6,021

Amounts recognized in the income statement	2013	2012
<i>Defined benefit plans</i>		
Current service cost	235	489
Interest expense	104	104
Total	339	593

Of the total cost, SEK 339 (583) thousand was included in 'Cost of goods sold' and SEK – (10) thousand in 'Administrative expenses'. The actual return on plan assets was SEK – (–) thousand.

The movement in the liability recognized in the consolidated balance sheet is as follows

	2013	2012
At the start of the year	6,021	6,165
Translation differences	–248	–530
Total expense recognized in the income statement	339	593
Contributions paid	–143	–207
At the end of the year	5,969	6,021

Total pension costs recognized in the consolidated income statement

	2013	2012
Total costs for defined benefit plans	339	593
Total costs for defined contribution plans	26,669	24,794
Costs of special employer's contribution and tax on returns from pension funds	5,382	4,690
Total	32,390	30,077

Actuarial assumptions	2013	2012
Discount rate	3.5%	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 management costs	Other provisions	Total
As at January 1, 2013	45,927	134,143	180,070
Operations held for sale	–3,694	–55,474	–59,168
Recognized as an expense in the consolidated income statement			
– Additional provisions	16,819	13,601	30,420
Discount effect	849	1,006	1,855
Amount utilized during the period	–7,634	–1,814	–9,448
Translation difference	–2,375	720	–1,655
As at December 31, 2013	49,892	92,182	142,074
Non-current portion	47,915	92,182	140,097
Current portion	1,977	–	1,977
Total	49,892	92,182	142,074

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 7,970 (2,697) 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 49.9 million. Of the total provisions, SEK 2.0 million is expected to be utilized in 2014 and the rest is expected to be utilized successively and at the earliest starting in 2015.

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 2014. 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	2013	2012
Depreciation/amortization	63,515	63,974
Impairment losses on property, plant and equipment	23,998	2,290
Impairment losses on intangible assets	67,546	–
Proceeds from sale of property, plant and equipment	219	462
Share in earnings from associated companies	–7,315	–5,365
Revaluation of financial holdings	–977	–
Use of provisions for waste in the USA	–	–118,737
Other changes in provisions	6,203	48,539
Total	153,189	–8,837

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 89,940 (83,585) 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.

	2013	2012
Property, plant and equipment	–	–
Total	–	–

OPERATING LEASE COMMITMENTS

Lease expenses for operating leases for the year amounted to SEK 14,963 (11,432) thousand.

Future aggregate minimum lease payments	2013	2012
Within 1 year	11,853	4,386
Between 1 and 5 years	25,900	12,816
More than 5 years	2,352	–
Total	40,105	17,202

FINANCE LEASE COMMITMENTS

Assets recognized as finance leases	Equipment and tools	
Opening book value January 1, 2012	2,204	
Investments	–	
Depreciation/amortization for the year	–633	
Disposals and retirements	–514	
Closing book value December 31, 2012	1,057	
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	
Future aggregate minimum lease payments	2013	2012
Within 1 year	626	633
Between 1 and 5 years	–	424
Total	626	1,057

Lease expenses for finance leases for the year amounted to SEK 627 (633) thousand. Remaining 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). In accordance with 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	2013	2012
<i>Sale of services</i>		
– THOR Treatment Technologies, LLC	2,666	4,691
– UK Nuclear Waste Management Ltd	5,365	6,751
<i>Reported receivables from related parties</i>		
– THOR Treatment Technologies, LLC	71	239
– UK Nuclear Waste Management Ltd	684	3,313
– Semprasafe, LLC *	323	1,947
<i>Provision for doubtful trade receivables</i>		
– Semprasafe, LLC	2,834	–
<i>Impairment loss on trade receivables</i>		
– Semprasafe, LLC	14,320	–
Total costs referring to provisions and impairment losses recognized in the income statement **	17,154	–
<i>Loans receivable from related parties</i>		
– UK Nuclear Waste Management Ltd	2,405	2,351

* 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, 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 (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	–	0	159	3,278	5,996	12,364
Total	15,529	200	45	1,180	6,661	5,996	29,611

Salaries and other benefits, 2012	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	50	–	–	–	–	275
– Anna Karinen	225	–	–	–	–	–	225
– Alf Lindfors	225	–	–	–	–	–	225
– Per Ludvigsson	225	100	–	–	–	–	325
– Agneta Nestenborg	225	–	–	–	–	–	225
Employee representatives (4)	–	–	–	–	–	–	–
President	3,016	–	–	149	1,216	–	4,381
Other senior management (6)	10,254	–	563	682	2,950	1,455	15,904
– of whom outgoing (1)	2,147	–	389	120	288	1,455	4,399
Total	15,270	200	563	831	4,166	1,455	22,485

Remuneration to the board of directors and other senior management executives

	2013	2012
<i>Parent company</i>		
Salaries and other remuneration	14,993	8,441
– Of which variable remuneration	–	–
Pensions	5,105	2,892
Number of persons	17	14
<i>Subsidiaries</i>		
Salaries and other remuneration	7,957	9,878
– Of which variable remuneration	45	563
Pensions	1,556	1,274
Number of persons	5	5
<i>Group</i>		
Salaries and other remuneration	22,950	18,319
– Of which variable remuneration	45	563
Pensions	6,661	4,166
Number of persons	22	19

Principles

In 2013 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 2013 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 2013 is based on outcomes related to individually specified targets at both Group and unit level. For 100 per cent target fulfillment in all parameters a maximum variable salary component is payable of 20–50 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. In one case there is a supplementary defined contribution pension plan to which the company pays a premium equivalent to about 18 per cent of fixed salary. 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 Executive Group 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 12 months' salary.

Note 39 Operations held for sale

The assets and liabilities referring to Studsvik Processing Facility Erwin, LLC, Studsvik Processing Facility Memphis, LLC, and Semprasafe, LLC, which are all part of segment USA, have been reported as held for sale since a sale of these operations was highly probable as at December 31, 2013. The transaction took place on March 1, 2014 with a purchase price of USD 23 million, giving a positive cash flow of SEK 88 million.

Cash flow from operations held for sale	2013	2012
Cash flow from operating activities	-33,705	-48,774
Cash flow from investing activities	-278	-2,937
Cash flow from financing activities	-	-1,154
Total	-33,983	-52,865

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

Assets in the disposal group classified as operations held for sale	2013	2012
Property, plant and equipment	76,519	-
Goodwill	98,870	-
Other current assets	85,298	-
Total	260,687	-

Liabilities in the disposal group classified as operations held for sale	2013	2012
Trade and other payables	119,464	-
Provisions	52,475	-
Total	171,939	-

In accordance with IFRS 5 assets and liabilities held for sale 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.

Accumulated income reported in other comprehensive income referring to disposal group classified as operations held for sale	2013	2012
Translation differences on foreign subsidiaries	2,610	2,336
Total	2,610	2,336

Analysis of profit from operations held for sale and accounting profit on revaluation of operations held for sale

	2013	2012
Net sales	214,778	242,011
Other operating income	912	943
Expenses	-231,885	-275,347
Other operating expenses	-97,011	-2,141
Operating result	-113,206	-34,534
Financial expenses	-32	-27
Profit/loss from operations held for sale – before tax	-113,238	-34,561
Income tax	324	335
Profit/loss from operations held for sale – after tax	-112,914	-34,226
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	-173,888	-34,226

Note 40 Events after the close of the reporting period

Studsvik signed an agreement on February 11 with the American company EnergySolutions on the sale of the Erwin and Memphis operations as well as Studsvik's holding in Semprasafe with closing date on March 1, 2014. The purchaser is responsible for the results of the acquired operations from January 1, 2014. Studsvik will retain the engineering and consulting operations based in the USA, as well as the part-owned company TTT. Further, Studsvik will retain the patents for the THOR technology, with the exception of the patent in China, which will be transferred to EnergySolutions. EnergySolutions will also be entitled to use the patents in the commercial market in North America. The continuing operations are expected to employ about 10 consultants after transfer of the operations sold and some shared support functions to the buyer. The transaction, at a purchase price of USD 23 million, provided a positive cash flow of SEK 88 million.

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	2013	2012
Sweden	5,513	5,561
Europe, not including Sweden	4,564	4,390
North America	3,022	2,908
Total	13,099	12,859

Note 42 Employee benefits

	2013		2012	
	Salaries and other remuneration (of which variable remuneration)	Social security costs (of which pension costs)	Salaries and other remuneration (of which variable remuneration)	Social security costs (of which pension costs)
Board of Directors and President	5,738 (–)	3,186 (1,638)	5,377 (–)	2,605 (1,216)
Other employees	8,009 (95)	6,067 (3,440)	7,590 (67)	5,677 (3,162)
Total	13,747 (95)	9,253 (5,078)	12,967 (67)	8,282 (4,378)

Note 43 Costs by nature of expense

	2013	2012
Purchases of material and services	22,062	16,631
Personnel costs	21,820	19,952
Depreciation/amortization	4	35
Total	43,886	36,618

Services include fees and remuneration to accounting firms as follows:

	2013	2012
<i>PricewaterhouseCoopers</i>		
Audit assignments	931	760
Audit business in addition to audit	30	124
Other services	717	12

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

	2013		2012	
	According to plan	Book	According to plan	Book
Equipment and tools	3	3	35	35
Total	3	3	35	35

Note 45 Other operating income and expenses

Other operating income	2013	2012
Financial assets at fair value through profit or loss		
– Fair value gains	1,349	49
Foreign exchange gains	101	159
Total	1,450	208

Other operating expenses	2013	2012
Provision for severance payment	–9,515	–
Foreign exchange losses	–96	–191
Total	–9,611	–191

Note 46 Operating leases

	2013	2012
Maturity within one year	1,232	1,205
Maturity after one year but within five years	1,874	118
Total	3,106	1,323

The parent company's leases mainly refer to vehicles and premises with traditional terms and conditions.

Note 47 Result from participation in group companies

	2013	2012
Group contributions from subsidiaries	46,000	26,400
Result of recognition of impairment loss on shares in subsidiary	–279,305	–275,000
Total	–233,305	–248,600

The result of recognition of impairment loss on shares in subsidiaries refers to the write-down of shares in Studsvik Holding, Inc. by SEK 279,305 (275,000) thousand.

Note 48 Interest expense and similar profit/loss items

	2013	2012
Interest	8,080	6,558
Exchange rate differences	289	4,195
Total	8,369	10,753

Of which, in respect of Studsvik Group companies

	2013	2012
Interest	6,914	6,117
Total	6,914	6,117

Note 49 Interest expense and similar profit/loss items

	2013	2012
Interest	13,394	6,527
Exchange rate differences	224	3,448
Total	13,618	9,975

Of which, in respect of Studsvik Group companies

	2013	2012
Interest	923	1,434
Total	923	1,434

Note 50 Appropriations

	2013	2012
Dissolution of tax allocation reserve	–	–
Total	–	–

Note 51 Income tax

	2013	2012	2013	2012
<i>Current tax</i>				
Current tax on profit for the year	-67	-38		
Adjustment for previous years	38	39		
Total	-29	1		
<i>Deferred tax</i>				
Origination and reversal of temporary differences	440	-893		
Effect of change in the Swedish tax rate	-	-454		
Total	440	-1,347		
Total income tax	411	-1,346		

The Swedish income tax rate is 22.0 (26.3) 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.

	2013	2012
Profit/loss before tax	-277,502	-271,564
Tax in accordance with the current tax rate	61,050	71,435
Non-taxable revenue	298	13
Expenses not deductible for tax purposes	-61,482	-72,379
Revaluation to new tax rate	-	-454
Tax referring to temporary differences	507	-
Adjustment for previous years' tax assessment	38	39
Total	411	-1,346

The weighted average tax rate was 0.6 (-0.5) per cent, mainly as an effect of dividends received from subsidiaries and non-deductible impairment loss on shares in a subsidiary (note 47).

Note 52 Property, plant and equipment

	2013	2012
<i>Equipment and tools</i>		
Opening cost of acquisition	1,752	1,752
Closing accumulated cost of acquisition	1,752	1,752
Opening depreciation	-1,749	-1,714
Depreciation for the year	-3	-35
Closing accumulated depreciation	-1,752	-1,749
Closing residual value according to plan	0	3

Note 53 Financial assets

	2013	2012
<i>Shares in subsidiaries</i>		
Opening cost of acquisition	959,424	959,424
Shareholder's contribution	64,600	-
Investment in subsidiaries	43	-
Closing cost of acquisition	1,024,067	959,424
Opening impairment losses	-372,949	-97,949
Impairment losses for the year	-279,305	-275,000
Closing impairment losses	-652,254	-372,949
Closing value	371,813	586,475

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

	2013	2012
<i>Receivables from subsidiaries</i>		
Loans to Studsvik Holding, Inc. Group		
- Opening cost of acquisition	133,684	142,343
- Repayment received	-	-19,413
- New loans	59,431	15,103
- Change in accrued interest	-2,267	2,258
- Conversion to shareholders' contribution	-61,495	-
- Foreign exchange differences	-1,652	-6,607
Closing value	127,701	133,684

Loan to Studsvik UK Ltd		
- Opening cost of acquisition	19,979	24,186
- Repayment received	-5,075	-13,802
- New loans	-	10,675
- Change in accrued interest	-	-657
- Foreign exchange differences	189	-423
Closing value	15,093	19,979

Loan to Studsvik France SAS		
- Opening cost acquisition	-	-
- Repayment received	-841	-
- New loans	891	-
- Change in accrued interest	11	-
- Foreign exchange differences	-50	-
Closing value	11	-

Loan to Studsvik GmbH		
- Opening cost of acquisition	-	-
- New loans	67,788	-
- Change in accrued interest	79	-
- Foreign exchange differences	-428	-
Closing value	67,439	-

<i>Financial assets at fair value through profit or loss</i>		
Unlisted shareholdings		
- Opening cost of acquisition	8,287	5,428
- Acquisition of new shares	-	2,809
- Revaluation to fair value	1,349	50
Closing value	9,636	8,287

Capital insurance		
- Opening cost of acquisition	12,151	11,342
- Items added	440	819
- Reposting to current asset	-478	-45
- Revaluation to fair value	1,153	35
Closing value	13,266	12,151

Note 54 Prepaid expenses and accrued income

	2013	2012
Prepaid rent	259	286
Prepaid credit charges and fees	4,345	-
Prepaid pension premiums	269	250
Prepaid software licenses	865	903
Prepaid service charges	478	474
Other	10	48
Total	6,226	1,961

Note 55 Shares and participations in subsidiaries

	Share of equity, %	Share of voting rights, %	Number of participations/shares	Nominal value	Book value
<i>Parent company's holdings</i>					
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
Studsvik Processing Facility Erwin, LLC	36-4063922	Erwin, USA
RACE Holding, LLC	20-2472653	Erwin, USA
Studsvik Processing Facility Memphis, LLC	62-1801098	Memphis, USA
Studsvik Logistics, LLC	77-0631902	Erwin, 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

	2013	2012
<i>Bank loans</i>		
Non-current portion	260,000	119,848
Current portion	9,367	11,970
Total	269,367	131,818

Note 57 Accrued expenses and deferred income

	2013	2012
Holiday pay liability	1,635	1,627
Accrued salaries	110	207
Accrued social security contributions	5,390	4,720
Accrued interest expense	1,405	1,181
Provision for severance payment	9,515	–
Other	627	265
Total	18,682	8,000

Note 58 Pledged assets

	2013	2012
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

	2013	2012
Contingent liabilities referring to insurance	10,648	10,328
Total	10,648	10,328

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

Note 60 Derivative instruments

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	2,556	566	1,779	78

Revaluation of forward exchange contracts is through profit or loss.

Outstanding forward exchange contracts, December 31, 2013

	INFLOW CURRENCIES		OUTFLOW CURRENCIES
	GBP 000	USD 000	EUR 000
Maturity year			
2014 Amount	1,539	27,580	7,560
Average rate	10.533	6.536	9.029
Remeasured at fair value	16,385	178,448	67,039

Note 61 Investments in non-current assets

	2013	2012
Equipment and tools	–	–
Total	–	–

No investments were made during the year.

Note 62 Cash flow from operating activities

	2013	2012
Non-cash items		
Depreciation/amortization	3	35
Fair value gains	–1,348	–50
Total	–1,345	–15

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.

	2013	2012
Purchases	5%	4%
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

	2013	2012
Women	5	5
Men	7	6
Total	12	11

	2013		2012	
Board members and senior management executives	Number on balance sheet date	Of which men	Number on balance sheet date	Of which men
Board members	11	8	11	8
President and other senior management executives	3	3	3	3

Note 65 Investment in subsidiaries

	2013	2012
Shareholder's contribution	64,600	–
Total	64,600	–

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

The consolidated income statement and balance sheet will be presented to the Annual General Meeting on April 23, 2014 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 the Annual Accounts Act 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 5, 2014

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 March 10, 2014
PricewaterhouseCoopers AB

Lennart Danielsson
Authorized public accountant

Auditor's report

To the Annual General Meeting of the Shareholders of Studsvik AB (publ)
Corporate registration 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 the year 2013. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 6–56.

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, 2013 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, 2013 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 the 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 2013.

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 10, 2014
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 is listed on the NASDAQ OMX Stockholm exchange. 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, 2013 was 3,706. 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 19–21.

At the Annual General Meeting in April 2013, 44 shareholders participated, representing a total of 41 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. Per Ludvigsson left the Board of Directors and Peter Gossas was elected in his place. 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), Malte Edenius, Jan Ebrell (representative of the Karinen family) and Anders Ullberg (Chairman of the Board) as members of the Nomination Committee. The Nomination Committee appointed Jan Ebrell as chairman. 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 22, 2013 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 local trade union organizations Unionen and the Swedish Association of Graduate Engineers. The members of the Board of Directors are presented on pages 62–63 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 2013 the Board of Directors held eight 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 2013 a two-day meeting held included the Group's strategic position, developments on the German market and financing on the agenda.

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.

The natural disaster in Japan in 2011 affected energy policy and thus also demand for goods and services in several markets, mainly Japan and Germany. In 2013 the Board of Directors devoted particular attention to this, mainly focusing on the Group's German operations, which have had to adapt to the new conditions. In 2013 the Board of Directors continued to follow the Group's American operations in detail and initiated a sale of the waste treatment operations.

Michael Mononen took up the position of President/CEO on March 1, replacing Anders Jackson.

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. During the year new guidelines were established for anti-corruption and whistleblowing. These guidelines and the Group's Code of Conduct have been published on Studsvik's website.

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	Audit	Independent	Independent	Fee
Anders Ullberg, Chairman of the Board	2007	8/8	1/1	5/5	Yes	Yes	700
Anna Karinen, deputy Chairman	2003	8/8	1/1		Yes	No	225
Jan Barchan	2004	7/8	1/1		Yes	No	225
Lars Engström	2008	8/8		5/5	Yes	Yes	300
Peter Gossas*	2013	4/4		3/5	Yes	Yes	138
Alf Lindfors	2006	8/8			Yes	Yes	225
Per Ludvigsson**	2007	2/4		2/5	Yes	No	162
Agneta Nestenborg	2010	8/8			Yes	Yes	225
Maria Lindberg (Employee rep)	2006	8/8					
Roger Lundström (Employee rep)	2005	4/8					
Per Ekberg (Employee rep) alternate	2006	7/8					
Thomas Kinell (Employee rep) alternate	2011	8/8					

* Elected to the Board on April 22, 2013.

** Resigned from the Board on April 22, 2013.

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. The Committee held five meetings during the year. 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 50.

Board fees

The total board fee paid by Studsvik AB for 2013 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 2013 Annual General Meeting the registered public accounting firm PricewaterhouseCoopers AB was elected as auditor for the period up to and including the 2014 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 findings 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 auditor's report and describe the audit work and findings.

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 2013 please refer to notes 8 and 43.

President 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 2013 the Group Management team consisted of the President/CEO, Executive Vice President/CFO, the head of the Group function company acquisitions and projects and the heads of the five segments. In view of the Group's operations being organized into three business areas as of 2014, the President/CEO appointed a new Executive Group Management as of 2014 consisting of the President/CEO, the heads of the three business areas, the person responsible for the Group's business development and the Chief Financial Officer. The Executive Group Management under the new Group structure is presented on pages 64–65 of 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 Nyköping and 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, internal and external communication, IT and co-ordination and follow-up of safety, environment, work environment and quality.

Operative management

The Group's operative business was conducted in 2013 in subsidiaries of Studsvik AB, which by and large corresponded to the Group's operating segments. Business in the subsidiaries was followed up partly through business reviews, partly through active board work under the leadership of the Chief Executive Officer. The monthly business reviews not only analyze and discuss financial developments, but also market developments, risks and CR issues. The boards of the subsidiaries follow the companies' day-to-day operations and establish business plans and budgets. As of 2014 the Group's operative business is conducted in business areas, which in most cases include several subsidiaries. Business will continue to be followed up through business reviews, partly through active board work in the subsidiaries/business areas under the leadership of the Chief Executive Officer.

The 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 the segments and as of 2014 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 the 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 has no special internal audit function. Review of internal controls is carried out by the Group Accounting and Finance function as an integrated aspect of the work of the business and finance controllers, which the Board has found to be appropriate in light of the Group's size and complexity.

The review is based on an overall risk analysis at Group level and on checklists and question lists in material for self-assessment that is subsequently verified from the point of view of materiality through direct audit. 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 16–19. An account of the Group's financial risks can be found in note 2 on pages 34–35.

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

Corporate responsibility activities

Studsvik conducts systematic corporate responsibility activities to ensure good working conditions inside and outside the Group. For Studsvik, corporate responsibility (CR) entails a commitment to follow the principles of sustainable development. This also includes economy, environment, health and safety as well as ethical and social aspects. The Group's Code of Conduct is the cornerstone of corporate responsibility activities.

Studsvik reports statistics and key ratios in the area of corporate responsibility at www.studsvik.se.

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 2013 on pages 58–61 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 10, 2014
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 the BE Group, Boliden, Diamorph, Eneqvist Consulting and Natur & Kultur, and member of the board of Atlas Copco, Beijer Alma, Norex International, Valedo Partners and Åkers. Chairman of the Swedish Financial Reporting Board
Education: MSc (Business and Economics)
Holding: 40,000 shares

Anna Karinen

Sparreholm, born in 1963
Member since 2003, Vice Chairman since 2007
Self-employed, in commercial real estate management, member of the board of the Flen local branch of Handelsbanken.
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 Arcam AB
Education: MSc (Business and Economics)
Holding: 1,283,492 shares

Lars Engström

Örebro, born in 1963
Member since 2008
President and CEO of Munters AB
Education: MSc (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. Previously President of the Sandvik Materials Technology business area
Education: MSc (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: MSc (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: PhD and MBA
Holding: 2,000 shares

EMPLOYEE REPRESENTATIVES

Thomas Kinell

Nyköping, born in 1950
Member since 2014, alternate 2011–2013
Representative of the Swedish Association of Graduate Engineers. Responsible for independent safety review in Studsvik Nuclear AB
Education: Licentiate of theoretical engineering physics
Holding: 0 shares

Roger Lundström

Nyköping, born in 1966
Member since 2005, alternate 2003–2005
Representative of 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
Representative of 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
Representative of the Swedish Association of Graduate Engineers. Works in the consulting operations at Studsvik Nuclear AB
Education: MSc (Engineering physics)
Holding: 0 shares

AUDITORS

PricewaterhouseCoopers AB

Auditor in charge: Lennart Danielsson
Born in 1959
Auditor of Studsvik since 2011
Other assignments: Sweco 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
Head of the Operating Efficiency
business area, acting
Education: MSc (Civil engineering)
Born in: 1958
Year of employment: 2013
Background: Several different roles in the
Sapa Group, Group Vice President Sapa
AB, President of Sapa Heat Transfer AB
Directorships: Member of the board of
Mobile Climate Control
Holding: 10,000 shares

Pål Jarness

Chief Financial Officer
Education: MSc (Business and
Economics)
Born in: 1964
Year of employment: 2013
Background: Chief Financial Officer at
Actic, Goodyear Dunlop Nordic and
Kraft Foods Nordic as well as various
positions in treasury and human
resources at Philip Morris
Holding: 25,000 shares in capital
insurance

Stefan Berbner

Head of the Consultancy 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
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 at
Oskarshamn nuclear power plant,
Flextronics
Holding: 0 shares

Sam Usher

Head of Business Development
Education: MEng (Chemical
Engineering),
MSc (Engineering Management),
CEng (Chartered Engineer)
Born in: 1969
Year of employment: 2008
Background: Plant Manager BNFL
Sellafield, Business, Project and
Strategic Development Manager, AMEC
Holding: 2,042 shares



Michael Mononen



Pål Jarness



Stefan Berbner



Mats Fridolfsson



Sam Usher

Five year review

CONDENSED INCOME STATEMENT

Amount, SEK million	2009	2010	2011	2012	2013
Net sales	1,037.7	1,088.1	969.3	1,012.9	1,001.3
Cost of services sold	-765.6	-820.1	-745.3	-771.2	-748.4
Gross profit	272.1	268.0	224.0	241.7	252.9
Selling and marketing costs	-45.8	-44.9	-39.2	-45.2	-43.7
Administrative expenses	-173.7	-145.9	-141.9	-149.9	-142.0
Research and development costs	-46.0	-39.8	-28.4	-25.4	-26.6
Participation in associated company's profit before tax	13.1	7.3	7.6	5.4	7.3
Other, net	-15.5	-11.6	17.4	-11.4	-31.9
Operating result	4.2	33.1	39.5	15.2	16.0
Net financial items	-16.4	-17.8	-12.6	-13.8	-18.8
Profit/loss after financial items	-12.2	15.3	26.9	1.4	-2.8
Income tax	13.5	-5.8	-18.3	-15.0	-20.1
Profit/loss for the year from continuing operations	1.3	9.5	8.6	-13.6	-22.9
Operations held for sale					
Profit/loss for the year from operations held for sale	-36.5	-5.5	14.1	-34.2	-173.9
NET PROFIT/LOSS FOR THE YEAR	-35.2	4.0	22.7	-47.8	-196.8

CONDENSED BALANCE SHEETS

Amount, SEK million	2009	2010	2011	2012	2013
Assets					
Goodwill	342.3	313.4	315.9	300.9	158.8
Other non-current assets	720.8	701.2	685.1	608.0	448.2
Trade receivables	228.3	239.7	223.0	169.1	151.7
Other non-interest-bearing current assets	87.2	104.3	109.9	122.6	92.6
Cash and cash equivalents and current investments	74.7	68.4	122.1	115.8	151.4
Assets in operations held for sale	-	-	-	-	260.7
Total assets	1,453.3	1,427.0	1,456.0	1,316.4	1,263.4
Equity and liabilities					
Equity	540.9	520.5	548.5	477.9	286.0
Non-controlling interests	0.3	0.3	0.3	0.3	0.3
Non-current interest-bearing liabilities	284.5	146.0	92.1	131.0	264.8
Non-current non-interest-bearing liabilities	181.3	273.0	322.2	263.9	222.7
Current interest-bearing liabilities	85.4	129.9	125.5	99.3	42.3
Current non-interest-bearing liabilities	360.9	357.3	367.4	344.0	275.4
Liabilities in operations held for sale	-	-	-	-	171.9
Total equity and liabilities	1,453.3	1,427.0	1,456.0	1,316.4	1,263.4

CONDENSED CASH FLOW STATEMENTS**Refers to total operations**

Amount, SEK million	2009	2010	2011	2012	2013
Operating result	-30.0	33.4	53.6	-19.4	-165.3
Reversal of depreciation/amortization	75.2	68.6	62.3	64.0	63.5
Other non-cash items	18.0	4.8	21.9	-72.8	89.7
Cash flow from operating activities	63.2	106.8	137.8	-28.2	-12.1
Net financial items	-21.4	-15.7	-13.0	-13.4	-18.5
Taxes	-3.1	-12.3	-12.0	-27.5	-13.3
Cash flow before changes in working capital	38.7	78.8	112.8	-69.1	-43.9
Changes in working capital	-17.3	28.7	38.3	61.8	19.3
Cash flow before investments	21.4	107.5	151.1	-7.3	-24.6
Investments	-83.1	-52.8	-63.3	-9.1	-15.3
Cash flow after investments	-61.7	54.7	87.8	-16.4	-39.9

DATA PER SHARE

	2009	2010	2011	2012	2013
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	0.16	1.16	1.04	-1.65	-2.78
Earnings per share from operations held for sale before and after dilution, SEK	-4.44	-0.67	1.72	-4.17	-21.15
Earnings per share before and after dilution, SEK	-4.28	0.49	2.77	-5.82	-23.93
Equity per share, SEK	65.82	63.37	66.77	58.19	34.83

KEY FINANCIAL FIGURES AND RATIOS

	2009	2010	2011	2012**	2013**
<i>Margins</i>					
Operating margin, %	neg	2.5	4.5	1.5	1.6
Profit margin, %	neg	1.1	3.4	0.1	-0.3
<i>Return on investment*</i>					
Return on operating capital, %	neg	4.3	8.2	5.3	4.5
Return on capital employed, %	neg	4.4	9.1	5.0	3.5
Return on equity, %	neg	0.8	4.3	-2.6	-6.0
<i>Capital structure</i>					
Operating capital, SEK million	836.5	729.3	645.4	287.5	353.2
Capital employed, SEK million	911.2	797.7	767.5	403.3	504.6
Equity, SEK million	541.2	520.8	548.8	478.2	286.3
Net interest-bearing debt, SEK million	295.3	207.6	95.6	114.5	155.7
Net debt/equity ratio, %	54.5	39.9	17.4	23.9	54.4
Interest coverage ratio, multiple	neg	1.6	2.5	1.1	-0.9
Equity/assets ratio, %	37.2	36.5	37.7	36.3	26.2
<i>Cash flow</i>					
Self-financing ratio, multiple	0.3	2.1	2.6	0.9	0.5
Investments, SEK million	81.6	25.6	55.4	48.9	20.1
EBITDA	45.2	102.0	115.9	44.6	49.8
EBITDA/Net financial items	2.3	5.4	9.0	3.4	2.7
<i>Employees</i>					
Average number of employees	1,132	1,169	1,153	1,031	988
Net sales per employee, SEK million	1.1	1.1	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

The year's net sales divided by the 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 result after 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.

Studsvik Worldwide



SWEDEN

Studsvik AB
P.O. Box 556
SE-611 10 Nyköping
Sweden
Visiting address:
V Trädgårdsgatan 38,
Nyköping
Tel: +46 155 22 10 00
Fax: +46 155 26 30 00

Studsvik Nuclear AB
SE-611 82 Nyköping
Sweden
Visiting address: Studsvik
Tel: +46 155 22 10 00
Fax: +46 155 26 30 70

**Studsvik Nuclear AB /
ALARA Engineering**
Stensborgsgatan 4
SE-721 32 Västerås
Sweden
Tel: +46 155 22 10 00

Studsvik Scandpower AB
Stensborgsgatan 4
SE-721 32 Västerås
Sweden
Tel: +46 21 41 57 70

FRANCE

Studsvik France SAS
166, Boulevard du
Montparnasse
F-75014 Paris
France
Tel: +33 1 4279 5130
Fax: +33 1 4279 5131

JAPAN

Studsvik Japan, Ltd
Legal Tower, 602
2-19-1 Kanda Jimbo-cho
Chiyoda-ku, Tokyo 101-0051
Japan
Tfn: +81 3 3261 2377
Fax: +81 3 3261 2388

SWITZERLAND

Studsvik Suisse GmbH
Klausenstrasse 21
CH-5525 Fischbach-Göslikon
Switzerland
Tel: +41 79 319 1501

UNITED KINGDOM

Studsvik UK Ltd
Unit 14, Princes Park
Fourth Avenue
Team Valley Trading Estate
Gateshead
Tyne & Wear NE11 0NF
United Kingdom
Tel: +44 191 482 1744
Fax: +44 191 482 1747

GERMANY

Studsvik Scandpower GmbH
Rathausallee 28
DE-22846 Norderstedt
Germany
Tel: +49 40 3098 088 10
Fax: +49 40 3098 088 88

Studsvik GmbH & Co. KG

Karlsruher Str. 20
DE-75179 Pforzheim
Germany
Tel: +49 7231 58695 01
Fax: +49 7231 58695 02

USA

Studsvik Scandpower, Inc.
309 Waverley Oaks Road
Waltham, MA 02452
USA
Tel: +1 617 965 7450
Fax: +1 617 965 7549

Studsvik, Inc.
5605 Glenridge Dr, NE
Suite 705
Atlanta, GA 30342
USA
Tel: +1 404 497 4900
Fax: +1 404 497 4901



Studsvik

Studsvik AB (publ)
P.O. Box 556
SE-611 10 Nyköping
Sweden
Telephone +46 155 22 10 00
www.studsvik.com