
Annual Report

OUR 2013



Contents

THE CEO'S VIEW	1
2013 AT A GLANCE	2
ABOUT OX2	3
OX2'S WIND POWER AND BIOENERGY PROJECTS	15
MARKET OVERVIEW	16
SUSTAINABLE DEVELOPMENT	26
BOARD OF DIRECTORS AND AUDITORS	31
ADMINISTRATION REPORT	33
OX2 GROUP'S FINANCIAL STATEMENTS	38
NOTES	48
AUDITOR'S REPORT	71
GLOSSARY	73

The CEO's view



2013 was a rewarding and exciting year for OX2 and for Nordic wind power in general. The competitive advantages of wind power are becoming increasingly clear, at the same time as the cost of production is falling. Developments in technology, economies of scale and a continued focus on establishing wind power in the very best geographical locations have contributed to this trend. Overall, this resulted in a record expansion of wind power in the Nordic region. In a world of fierce competition and low energy prices, every player must progress and improve continuously. OX2 is determined to stay at the cutting edge, making a real contribution to the continuing expansion of wind power and renewable energy.

OX2's business model – to be a turnkey developer and implementer of large-scale wind power projects – has attracted more business partners than ever before. Current customers consist mainly of international financial investors and major electricity consumers. While the traditional power sector in Europe has been struggling with falling profits in recent years, this new group of investors has been responsible for most of the investment in renewables. At present, we have 228 MW of wind power under construction. Our market share of new wind power facilities is almost 25 percent. In large-scale wind power, we have been even more successful, and have been involved in more than half of the wind power establishments implemented over the past year.

We also handle commercial and technical management on behalf of most of our customers. At present, our management assignments cover almost 500 MW in total, equivalent to annual wind power production of around 1.5 TWh. OX2 meets the needs of all those investors who see no need to build up the level of expertise that a company like OX2 already possesses.

In the increasingly international world that we now operate in with respect to our customers, business partners and geographical markets, it is a natural step to review our name and brand. In view of this, we carried out a thorough analysis, and decided to change our name to the unique OX2.

OX2 is entering a new and exciting stage, as we prepare to move into new geographical markets, and into other forms of renewable energy and technologies. In the long term, Europe and the rest of the world are facing a comprehensive transformation of the energy sector, where renewable power sources will be the obvious base of the energy system of the future. This transformation has already entered a phase of intensive restructuring, with the challenges and opportunities that this involves. OX2 is looking forward to doing sound and profitable business with far-sighted and well-informed customers and partners while, at the same time, acting as a major driving force for progress towards a long-term sustainable society.

Aerial photo of Glötesvålen in the Municipality of Härjedalen, with roads and fundaments.

2013 at a glance

- › Resolution to approve the company's change of name to OX2, to give clearer positioning on the international market.
- › Net sales totalled SEK 458 million (485).
- › Operating profit was SEK 44 million (68).
- › Profit after tax for the period was SEK 49 million (59).
- › Four projects comprising 51 wind turbines (138 MW) were sold during the year. Customers included Allianz, Renewable Energy Infrastructure Fund, IKEA and Polarkraft.
- › Google and Maevaara Vind AB signed a ten-year electricity supply agreement.
- › Volkswagen Group Sverige became a new partner with the aim of producing its own wind-generated electricity for electric car sales.
- › Screening and planning for new wind power continued in the Nordic region.
- › Land contracts were signed for around 1,000 wind turbines (approx. 3,000 MW) in Finland, and OX2 signed a partnership agreement with Tornator, the third-largest forest owner in Finland.
- › Five projects involving 81 wind turbines (228 MW) were under construction.
- › OX2 manages the commercial and technical operations of 123 wind turbines with an output of about 1TWh. Agreements have been signed for an additional 49 wind turbines (138 MW).
- › The bioenergy business commenced operations through projects such as an investment in a district heating power plant in the south of Sweden.



Reinforcement of wind turbine fundaments at Glötesvålen, Municipality of Härjedalen.

About OX2

OX2 HAS ACCEPTED ONE OF THE LARGEST CHALLENGES OF OUR TIME. BY RAPIDLY INCREASING THE AMOUNT OF PROFITABLE RENEWABLE ENERGY AVAILABLE, WE ARE CONSTANTLY DRIVING PROGRESS TOWARDS A COMMON GOAL - A SUSTAINABLE FUTURE.

Over more than 20 years, we have built up cutting-edge expertise across the whole value chain of wind power construction – from the initial project development process, through financing, sales and construction, to operation and management. OX2 was the first company in Sweden to finance wind power projects and has, over the years, developed a detailed knowledge of the needs of industrial and institutional investors. To date, OX2 has been responsible for almost half of the large-scale onshore wind power developments in the Nordic region.

Naturally, social responsibility is important to OX2, and the company is in constant dialogue with local residents, takes account of environmental issues and ensures that the local area benefits through, for example, part-ownership, jobs and improved infrastructure. Accepting social responsibility also has a favourable effect on the success of the planning application process. The ability to deliver high-quality, profitable projects quickly attracts all kinds of investors, not least a growing number of international investors looking for partners on the Nordic wind power market.

For a long time now, wind power has been one of the commercially most successful renewable energy sources, but technological improvements are now generating new business opportunities in renewables. For this reason, OX2 continues to work with in other renewable energy sources, and this has resulted in a number of initiatives, including partnerships and pilot projects in bioenergy.

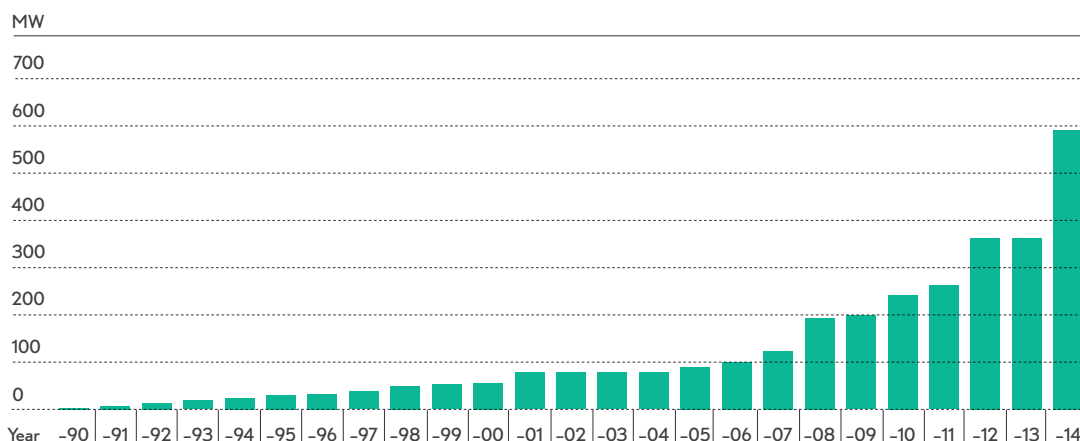
OX2 is a driving force in the shift towards a fully renewable energy system and a fossil-free vehicle fleet. Not in the sense of an alternative, but as a prerequisite for a growing and sustainable society. In addition, renewable energy is opening up an increasing choice of innovative ownership structures, where OX2 is helping create positive competition within the energy sector and build widespread support for the transition to a sustainable future.

FACTS ABOUT OX2

- › A privately-owned company operating in the renewable energy sector
- › Has built almost half of the large-scale¹⁾ onshore wind power installations in the Nordic region.
- › More than SEK 10 billion has been invested in wind farms developed/built by OX2
- › Has built around 600 MW of onshore and offshore wind power
- › Has planned almost 1,000 MW of wind power (projects approved for permit)
- › Continuously screens new wind power projects in Sweden, Norway and Finland
- › Has a portfolio of more than 50 projects, equivalent to more than 2,000 MW of wind power
- › Has contracts for the commercial and technical management of 23 wind farms with more than 200 turbines generating an annual output of more than 1.4 TWh
- › Has started operating and entered into partnerships in the bioenergy area
- › Drives business development in several different fields of renewable energy generation
- › Has over 60 staff working out of seven offices, with head office in Stockholm.

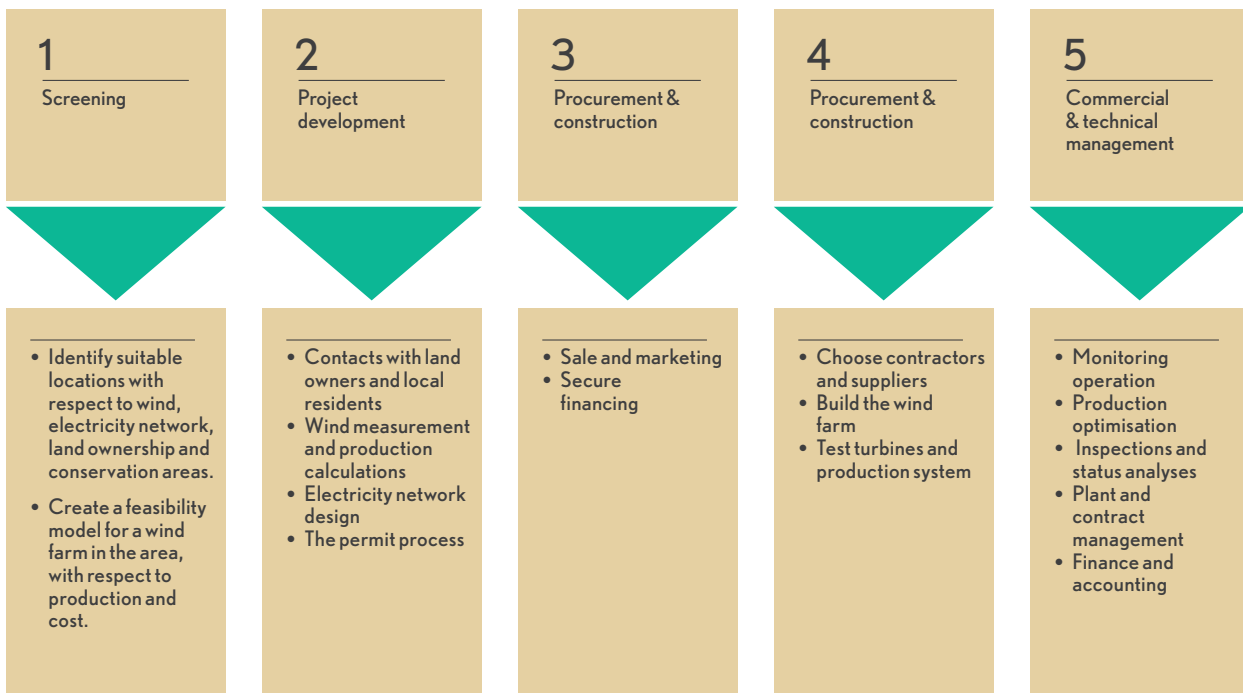
¹⁾ Wind farms in excess of 30 MW

OX2, cumulative installed output, MW



ESTABLISHING WIND POWER - A MULTI-STAGE PROCESS

OX2 is involved in all stages in the wind power value chain: from the initial project development process, through financing, sale and construction, to ownership, operation and management. The current project portfolio of around 2,000 MW is growing rapidly as new projects in different locations around the Nordic region are being added. With genuine consideration for the environment and local residents, we build wind power installations in locations with attractive wind resources where they will be profitable. Our primary focus is on using our business expertise and experience of the industrial sector to ensure the long-term value of the wind farms we build and manage for ourselves and on behalf of our clients.



Source: OX2

SCREENING THROUGHOUT THE NORDIC REGION

Phase 1 is a critical stage in the planning process. It involves identifying suitable project locations with respect to wind patterns, electricity networks, land ownership and conservation areas. This phase also includes creating models of and establishing the dimensions of a potential wind farm in a selected area, based on output, operating costs and investment costs. OX2 has an extensive and active screening programme in place, covering the whole Nordic region.

PROJECT DEVELOPMENT

During phase 2, the projects with the best development potential are added to the project portfolio. The project development phase involves four main activities:

- › Wind measurements and output calculations
- › Securing Land leases and local discussions
- › The permit process
- › Secure network connections.

SALE AND FINANCING

In phase 3, we establish the ownership structure for the wind farm. Whole farms, individual turbines or wind shares are sold.

PROCUREMENT AND CONSTRUCTION

OX2 uses traditional procurement tendering processes with close relations to established manufacturers of wind turbines, infrastructure, foundations and other elements for its projects. OX2 acts as turnkey project manager for the construction of the wind farms, which normally takes 12–24 months.

COMMERCIAL AND TECHNICAL MANAGEMENT OF WIND FARMS

OX2 offers full-service operations and technical management of the wind farms constructed, which comprises, e.g. monitoring operations, optimising production, inspections, contract management, finance and administration. The objective is to maximise profitability by securing a high level of production and availability.

PLANNING FOR WIND POWER

OX2 has secured contracts for land in many areas where wind power is regarded as appropriate with respect to the wind patterns, opportunities to connecting to the electricity network and the expected positive outcome of environmental permit applications. The projects in the current portfolio are located in Sweden and Finland, both along the coast and inland, in the north and in the south. The portfolio currently includes a total of 50 locations and around 2,000 MW of wind power.

All projects in OX2's portfolio have been subject to rigorous analysis and all provide opportunities to develop the most profitable wind farms and tailor financial solu-

tions with minimal risk for investors. To achieve this, OX2 has built up its expertise in all stages of the value chain, from the initial project development process, through financing, sales and construction, to ownership and management of wind farms.

In 2013, OX2 signed land agreements for around 1,000 wind turbines (approx. 3,000 MW) in Finland and, at the end of the year, signed a collaboration agreement with Tornator, Finland's third-largest forest owner. The portfolio has also expanded in Sweden. The work of obtaining environmental permits for various projects is ongoing on both markets.

Project portfolio 31 Dec 2013 ¹⁾	Number of turbines Q4 2013	Number of turbines Q3 2013	Number of turbines Q2 2013	Number of turbines Q1 2013	Number of MW Q4 2013	Number of MW Q3 2013	Number of MW Q2 2013	Number of MW Q1 2013
Pre-planning	280	296	271	280	840	882	757	784
Consultation and application	79	79	6	6	232	232	18	18
Application phase	160	160	217	254	465	465	616	708
Total planning phase:	519	535	494	540	1,537	1,579	1,391	1,510
Projects with permits in place:								
Korpjället phase 2/Rämsberget	-	-	-	6	-	-	-	14
Mässingberget	-	11	11	12	-	25	25	25
Tönsen	21	21	21	21	53	53	53	53
Maevaara phase 1	-	-	-	24	-	-	-	72
Maevaara phase 2	12	12	12	12	36	36	36	36
Bösjövarde	-	-	-	9	-	-	-	25
Total number of projects with permits in place	33	44	44	84	89	114	114	225
Construction:								
Glötesvålen	30	30	30	30	90	90	90	90
Maevaara phase 1	24	24	24	-	72	72	72	-
Bösjövarde	9	9	9	-	23	23	23	-
Rämsberget	7	7	7	-	21	21	21	-
Mässingberget	11	-	-	-	22	-	-	-
Total, construction phase:	81	70	70	30	228	206	206	90
Total, all phases:	633	649	608	654	1,854	1,899	1,711	1,825

1) For a definition of the various phases, see page 16.

SALE AND CONSTRUCTION OF WIND POWER PLANTS

OX2 offers opportunities to invest in either whole wind farms, individual turbines or wind shares. The company has adopted a proactive approach to turnkey development which appeal to all market segments.

2013 has been an intensive year, with significant sales and construction of several wind farms. During the annual period, four projects involving 51 wind turbines (138 MW) were sold. At the end of the year, five projects involving 81 wind turbines (228 MW) were under construction.

FALLÅSBERGET, THE MUNICIPALITY OF OCKELBO

During the first quarter of 2013, the last two turbines in the Fallåsberget Project in the Municipality of Ockelbo in the County of Gävleborg became operational. The wind farm, which consists of ten turbines equivalent to 23 MW, has a diverse ownership structure made up primarily of municipalities and municipal companies.

GLÖTESVÅLEN, THE MUNICIPALITY OF HÄRJEDALEN

The construction of 30 wind turbines at Glötesvålen in the municipality of Härjedalen, County of Jämtland, has made excellent progress in 2013. The final delivery to the buyer, IKEA, is planned for the winter of 2014/2015. The wind farm will have a total output of 90 MW.

The construction of the 10-turbine Fallåsberget wind farm in the Municipality of Ockelbo was completed in 2013 (23 MW).



THE MUNICIPALITIES OF MAEVAARA, ÖVERTORNEÅ AND PAJALA

In early June, an agreement was signed with the direct investment arm of German insurance company, Allianz, on the construction and financing of a 24-turbine wind farm of 72 MW in Maevaara, which is located on the border between the Municipalities of Övertorneå and Pajala in the County of Norrbotten. OX2 has secured financial backing via a PPA (Power Purchase Agreement) with Google, which will purchase ten years' worth of renewable electricity for its data centre in Hamina, Finland. Construction started in 2013, and the whole farm will be brought on-stream in 2015.

BÖSJÖVARDEN, MUNICIPALITY OF MORA

In June, the three final turbines in the 9-turbine, 22.5 MW wind farm at Bösjövar den in the Municipality of Mora, County of Dalarna, were sold. The farm will have a diverse ownership structure with Polarkraft and the Municipality of Sollentuna as the two principal owners, with the remaining owners consisting of a mixture of other municipalities, municipal companies and small businesses. The wind

turbines will be delivered to investors during the winter of 2014/2015.

RÄMSBERGET, MUNICIPALITY OF MALUNG-SÄLEN

In late June, the partnership with IKEA was expanded with the acquisition agreement signed for a third wind farm, the 7-turbine Råmsberget (21 MW) farm in the Municipality of MalungSälen, County of Dalarna. The wind farm began generating electricity in March 2014.

MÄSSINGBERGET, THE MUNICIPALITY OF ORSA

During the fourth quarter, acquisition agreements were signed for eight wind turbines, equivalent to 16 MW, at Måssingberget in the Municipality of Orsa, County of Dalarna, with the German fund managers, Renewable Energy Infrastructure Fund (REIF). At the end of the year, an additional turbine was also sold to Polarkraft. Since the end of the period, acquisition agreements for the two last turbines have been signed with E-Kraft and Älvsborgs vind. The wind farm will consist of a total of eleven turbines, equivalent to 22 MW. All turbines will be delivered to investors in the winter of 2014/2015.

The Råmsberget wind farm, in the Municipality of Malung-Sälen, was built in 2013 (21MW).



GLÖTESVÅLEN - THE ART OF HARNESSING WIND POWER 1,000 METRES ABOVE SEA LEVEL

THE VIEW OF THE MAGNIFICENT HÄRJEDALEN MOUNTAINS IS ASTONISHING. WITH A MAXIMUM ELEVATION OF 1,010 METRES ABOVE SEA LEVEL, GLÖTESVÅLEN IS ONE OF SWEDEN'S BEST WIND LOCATIONS FOR WHICH PERMITS HAVE BEEN GRANTED. FROM THE WINTER OF 2014/2015, 30 WIND TURBINES WILL BE PROVIDING IKEA WITH RENEWABLE ELECTRICITY.

Glötesvålen is a low Alpine mountain situated around 40 km north-west of Sveg in south-west Härjedalen. It is an optimum location for wind power production. The average annual wind speed is 8.1 m/s, and during the cold winter months, it increases to more than 9 m/s. But it is also an exposed location, subject to changeable and at times harsh weather and a short construction season.

“One of the early challenges of the project was to find the best route for the access road, to ensure that the incline was not too great for the heavy transports to negotiate on their way to the top of the mountain.” This is also the only road leading to the top, and there are few places where lorries can pass each other. “It was a serious logistical challenge”, says Johan Höök, construction manager for the project.

The ground at the top of the mountain is covered in quartzite eroded by frost, which gives Glötesvålen its remarkable and unique appearance. Conserving the environment was a major priority in the project.

“We worked extremely hard to keep the site as compact as possible and use the absolute minimum of land, to preserve the unique features of the mountain. “The rocky substrate provided a good surface for heavy loads, and we did not have to add too much gravel when we were building and widening the roadways”, Johan Höök continues.

Construction at Glötesvålen in 2013 continued according to plan. The access roads, cable installations, craning points and fundaments were completed in October, just as the first snow started to fall. The work of laying a 40 km long, 220 kV line, which will connect the wind farm to the power station in Sveg, will continue until the summer of 2014. 2014 will see the turbines delivered to the site, and Vestas will step in to monitor and bring the wind turbines on-stream. During the winter of 2014/2015, OX2 will be handing over the completed and commissioned wind farm to IKEA. From then on, the farm is expected to produce 220 GWh/year, equivalent to the annual electricity consumption of around 48,000 households.

Construction at Glötesvålen in the Municipality of Härjedalen.
Top left: Johan Höök (Construction Manager for the project), Andrea Westling (Environmental Coordinator) and Jan Olof Dahlin (Project Manager).



WHAT THE PROJECT STAKEHOLDERS HAVE TO SAY:



“In 2005, IKEA decided to move from fossil power to renewable energy, and wind power is an important part in achieving this goal. Glötesvålen is a great site and our third wind power project in Sweden. It gives us every opportunity to achieve our overall goal of producing more than we use, not only in Sweden, but throughout the IKEA organisation in general.”

JONAS CARLEHED, Head of Sustainability, IKEA



“The project is of enormous importance to Härjedalen. Even at this stage, during the design and construction phase, it is obvious that there are excellent opportunities for local businesses to be involved in the expansion of wind power. An environmentally-aware image is also important to the municipality.”

INGER LAGERQUIST, Chief Executive, Municipality of Härjedalen



“There was some local resistance at first, as there always is, mainly because it is difficult to grasp what’s really involved. To overcome this, we organised a large number of educational and information events at the Glötegården Community Centre. But now that construction is finally under way, many of the people who originally felt negative about it have changed their minds.”

LARS FOHLIN, local Alderman, Glöte



“It has turned out to be really important to my business. Firstly, the construction work has kept us extremely busy, and will continue to do so. There is great future potential after IKEA have taken over all the wind turbines and we can continue to work with them. There are endless opportunities, anything from ecotourism to promoting the whole of Härjedalen.”

JOHAN KARLSSON, contractor, Lofsdalen/Glöte



The local area will benefit in many ways, including jobs, broadband and the annual community fund generated by the wind turbines. We’re talking about hundreds of thousands of Swedish Kronor a year, which can be used for improvements for the local community.”

JAN OLOF DAHLIN, Project Manager OX2

WIND POWER FROM MAEVAARA WILL RUN GOOGLE'S FINNISH DATA CENTRE

OX2 IS ERECTING 24 WIND TURBINES IN MAEVAARA IN NORTHERN SWEDEN WHICH WILL BE HANDED OVER TO THE GERMAN INSURANCE COMPANY, ALLIANZ, IN THE WINTER OF 2014/2015. THE FINANCIAL INPUT HAS BEEN SECURED THANKS TO AN AGREEMENT WITH GOOGLE, WHO WILL BUY ALL THE ELECTRICITY PRODUCED OVER THE NEXT TEN YEARS.

Maevaara is on the border between the municipalities of Övertorneå and Pajala in northern Sweden. The project includes 24 Nordex turbines with a total capacity of 72 MW. In 2013, OX2 started construction of access roads and foundations, and the wind farm is expected to commence operations during the winter of 2014/2015. It will then be delivered to the future owner, Allianz Capital Partners.

Allianz, based in Germany, is one of the world's largest insurance groups. The Group's own investment arm, Allianz Capital Partners, focuses on direct investment in companies, projects or assets which offer long-term, predictable cash flows. Renewable energy is one of the areas in which the Group invests heavily. It has already invested in excess of EUR 1.5 billion in wind power.

Maevaara is Allianz's first wind power investment in Sweden. OX2 managed to secure financing through a PPA (Power Purchase Agreement), i.e. an agreement with Google to buy all electricity generated by the wind farm over the next 10 years. The wind power agreement will allow Google, an already CO2-neutral company, to run its datacentre in Hamina, Finland, on renewable electricity.

"Google's decision to buy all the electricity produced by the Maevaara wind farm for its Finnish data centre was a crucial factor in our decision to invest in the project", says David Jones, Renewable Energy Manager at Allianz.

A starting point for the agreement with Google is the increasingly integrated European energy market and, in particular, the joint Scandinavian electricity market with the Nord Pool electricity exchange. Under a Guarantee of Origin Status, Google can buy all the electricity produced in Sweden and then use the same amount of electricity in its Finnish data centre.

"As a CO2-neutral company, we are always looking for new ways to increase the proportion of renewable energy that we use", says Urs Hoelzle, Senior Vice President with responsibility for technical infrastructure at Google. "This long-term agreement, the fourth we have signed worldwide, means that we can run our Finnish data centre on clean electricity and, at the same time, add new wind power capacity to the European network."



The electricity produced by the Maevaara wind farm will power Google's Finnish data centre. Top right: Google's data centre in Hamina, Finland. Bottom right photo: Reinforcement of a wind turbine foundation.

BÖSJÖVARDEN - A WIND FARM WITH DIVERSE OWNERSHIP

OX2 IS ERECTING NINE WIND TURBINES AT BÖSJÖVARDEN IN THE MUNICIPALITY OF MORA IN THE COUNTY OF DALARNA. THE FARM WILL HAVE A DISTRIBUTED OWNERSHIP STRUCTURE, WITH POLARKRAFT AND THE MUNICIPALITY OF SOLLENTUNA AS THE MAJOR SHAREHOLDERS.

The wind farm, with nine Nordex turbines, will have a total capacity of 22.5 MW. Construction started in August 2013, and the wind turbines will be transferred to the owners during the winter of 2014/2015.

WHAT THE OWNERS HAVE TO SAY

Roger Borgeryd, CEO of Polarkraft, a company in the Polarbröd Group, on the acquisition of three wind turbines:

“In late 2012, we adopted a target of becoming 100 percent self-sufficient in renewable electricity, and we wanted to achieve this target quickly. Polarbröd is not a giant corporation, and we looked at various options to suit our size and ambition. It soon became apparent that wind power would be the most sensible alternative. The technology was already in place, and the investment was reasonable with clear and realistic rules for depreciation. Overall, investment in wind power came out as a winner on many levels. Firstly, it brings us closer to achieving our environmental and sustainability targets. The fact that it is a sound deal is, of course, important, as is the aspect that it creates major PR opportunities makes the investment even more attractive”.

Douglas Lithborn, Chairman of the municipal executive board (Moderate Party) in the Municipality of Sollentuna, on the acquisition of three wind turbines:

“The investment in wind power is one step towards achieving a better environment and is in conformity with the Municipality’s climate policy. It is also a great deal for the municipal group. There is broad political support for the decision.”

Fredrik Saweståhl, Chairman of the municipal executive board (Moderate Party) in the Municipality of Tyresö, on the acquisition of a wind turbine:

“This is completely in line with our climate strategy and our efforts to manage our finances well. By reducing the money spent on energy, we can spend more of tax payers’ money on our core activities, such as pre-schools, education and care for the elderly.”

Ulf Persson, CEO of the hosting company Tripnet which, with ten other companies, has acquired a share in a wind turbine:

“If you use a lot of electricity, you really should make sure it is clean electricity. By investing in the construction of a new wind farm, we can help in the phasing out of alternatives which are harmful to the environment. This is where we take a stand for the environment, and also benefit from affordable electricity for the next 20–25 years. Wind power is a long-term investment – both from an environmental point of view and a financial perspective. That is how we approach all of our decisions.”



Photo montage of the Bösjövarde wind farm in the Municipality of Mora, which will be completed in the winter of 2014/2015.

SALE OF WIND SHARES AND GREEN ELECTRICITY

OX2 offers electricity consumers throughout Sweden the opportunity to become part owners of wind turbines through a wind share programme. Alternatively, you can become a regular electricity customer and buy electricity awarded the “Bra Miljöval” (Excellent Environmental Choice) label by the Swedish Environmental Protection Agency.

The target groups for wind shares are private individuals, owner-tenant associations and small businesses. The shareholders become members of the O2 El Ekonomisk Förening, Sweden’s largest wind power cooperative.

In late May 2013, a members’ trip was organised to the opening of the Fallåsberget wind farm, where the cooperative owns three wind turbines. In the third quarter, OX2 signed a collaboration agreement with the Volkswagen Group. Under the collaboration agreement, anyone buying an electric vehicle from Volkswagen Group Sweden will also be offered the opportunity to sign an electricity contract with OX2 for wind shares in a wind turbine at Fallåsberget. The wind shares can be bought or rented, and the latter option is a new flexible product which suits, for example, people who want to try or use shares for a limited period.

By the end of 2013, the O2 El Ekonomisk Förening had around 4,000 members with a total invested capital of SEK 267 million divided into 45,000 wind shares. The association owns ten wind turbines in total, located at different locations around Sweden, with a total annual production of 60 GWh. As OX2 is responsible throughout the process, from the initial wind measurement to the erection of wind

turbines, and also offers operation and management services, OX2 is ideally placed to offer wind shares on a large scale at the best wind locations in Sweden.

COMMERCIAL AND TECHNICAL MANAGEMENT OF WIND POWER PLANTS

OX2 manages all owner-related issues, and aims to maximise profitability, ensuring a trouble-free ownership. Services include management, monitoring, operational optimisation, administration, financial issues and various specialist assignments.

With experience of more than two million operating hours, OX2 ensures a high level of availability and, as a result, achieves the highest possible output. A stoppage which is not dealt with quickly means the loss of many valuable megawatt hours, which creates demand for professional monitoring and maintenance services.

In 2013, OX2’s technical and commercial management operations covered 123 commissioned wind turbines, equivalent to an output of around 1 TWh. OX2 also has contracts for a further 80 turbines. In total, OX2 has contracts for more than 200 wind turbines in 23 wind farms, with a total output of around 500 MW and an estimated annual production of 1.4 TWh. This makes OX2 the leader in commercial and technical wind power management in the Nordic region.

Clients include IKEA, PWP (Proventus, FAM Wallenbergsstiftelserna and Folksam), Skanska, Jämtkraft, Allianz, Renewable Energy Infrastructure Fund (REIF), Polarkraft and a large number of municipalities.



The Fallåsberget wind farm in the Municipality of Ockelbo opened in late May 2013. Shareholder Anders Linder, aka “Kaptan Zoom”, provided the entertainment.

WIND SHARES FROM OX2 PROVIDE ELECTRICITY FOR VOLKSWAGEN ELECTRIC CARS

IN 2013, OX2 AND THE VOLKSWAGEN GROUP SIGNED A COLLABORATION AGREEMENT RELATING TO THE LAUNCH OF ELECTRIC CARS ON THE SWEDISH MARKET. EVERYONE WHO BUYS AN ELECTRIC CAR FROM VOLKSWAGEN WILL BE GIVEN THE OPPORTUNITY TO CHARGE THE CARS WITH OWNER-PRODUCED ELECTRICITY AS PART OF A WIND SHARE SCHEME, RESULTING IN A VIRTUALLY ZERO CARBON DIOXIDE EMISSION VALUE CHAIN.

The Swedish transport system is currently largely dependent on fossil fuels. 90 percent of Swedish road transport is powered by fossil fuels and the transport sector is responsible for a staggering one-third of Sweden's total carbon dioxide emissions. But things are about to change. The Swedish Parliament, the Riksdag, has decided that ten percent of Sweden's transports should run on renewable energy by 2020. Ten years later, by 2030, Sweden's entire vehicle fleet is expected to be fossil-free.

The Volkswagen Group believes that electrically-powered transport will become increasingly important to future mobility, and one major benefit of electric cars is their low impact with respect to carbon dioxide emissions. This assumes, however, that the cars are charged using renewable electricity, and this is why Volkswagen was looking for a partner on the Swedish market.

"We decided to sign a collaboration agreement with OX2 since they work with 100 percent renewable energy and offer consumers the opportunity to produce their own electricity", says Stefan Nygren, eMobility Manager at Volkswagen Group Sweden.

Under the collaboration agreement, anyone who buys an electric car from Volkswagen Group Sweden (Volkswagen, Audi, Porsche, Seat, Skoda and Volkswagen commercial and commercial-based vehicles) will also be offered the chance to sign an electricity contract with OX2 for wind shares in a wind turbine erected at Fallåsberget in Gästrikland. The wind shares, which can be purchased or rented, allow holders to access privately-generated, affordable renewable electricity.

The estimated annual electricity consumption of an electric car is 3,000 kWh, which is covered by three wind shares. With rented wind shares, the cost of fuel will be around SEK 3,000/year, compared with the SEK 18,000/year it costs to run a petrol-engined car.

During autumn 2013, Volkswagen launched e-up!, the most energy-efficient car on the market. 2014 will see the launch of more models, including an electric version of the ever-popular Golf.

"OX2 works to bring about a renewable electricity system. By working in partnership with the Volkswagen Group, we can also help to reduce car-users' reliance on fossil fuel. Together, we can drive progress towards a more sustainable future", says Linda Burenus Magnusson, CEO of O2 Vindel.



In autumn 2013, the launch of the Volkswagen e-up! electric car was linked to deal for privately-generated wind power.



The Sjisjka wind farm in the Municipality of Gällivare is owned by Skanska, OX2 and Jämtkraft. In 2013, the farm produced 180 GWh.

PRIVATELY-GENERATED WIND POWER - SJISJKA VIND AB

Skanska owns 50 percent of Sjisjka Vind AB, with OX2 and Jämtkraft holding a 25 percent stake each.

Together, the companies have erected a 30-turbine wind farm on the low Alpine mountain of Sjisjka in the Municipality of Gällivare in the County of Norrbotten. In 2013, the wind farm produced 180 GWh. Just over 11 GWh of the annual production was sold to Skanska Sweden and the rest of the output was sold on the Nord Pool Spot exchange.

BUSINESS DEVELOPMENT AND BIOENERGY OPERATIONS

Bioenergy is a new business area for OX2, offering both business opportunities and the chance to make a major positive contribution to the fight against climate change by reducing fossil fuel emissions. The operation focuses primarily on business development involving waste to energy, since bioenergy produced from waste makes better use of the available resources than, for example, bioenergy made from crops which could be used in food production.

In late 2013, OX2 acquired a district heating plant located outside Helsingborg. The plant uses biogas from a landfill site to produce district heating which is sold to households in the region.

In the future, OX2 also aims to contribute to a reduction in the emissions generated by the transport sector through development projects involving second-generation bio fuels, e.g. synthetic biogas or cellulose-based ethanol.



The district heating plant outside Helsingborg acquired by OX2 in 2013.

OX2's wind power and bioenergy projects

PLANNED WIND TURBINES:
Around 500 (1,000 MW) in total

UNDER CONSTRUCTION:
5 wind farms with 81 turbines in total (228 MW)

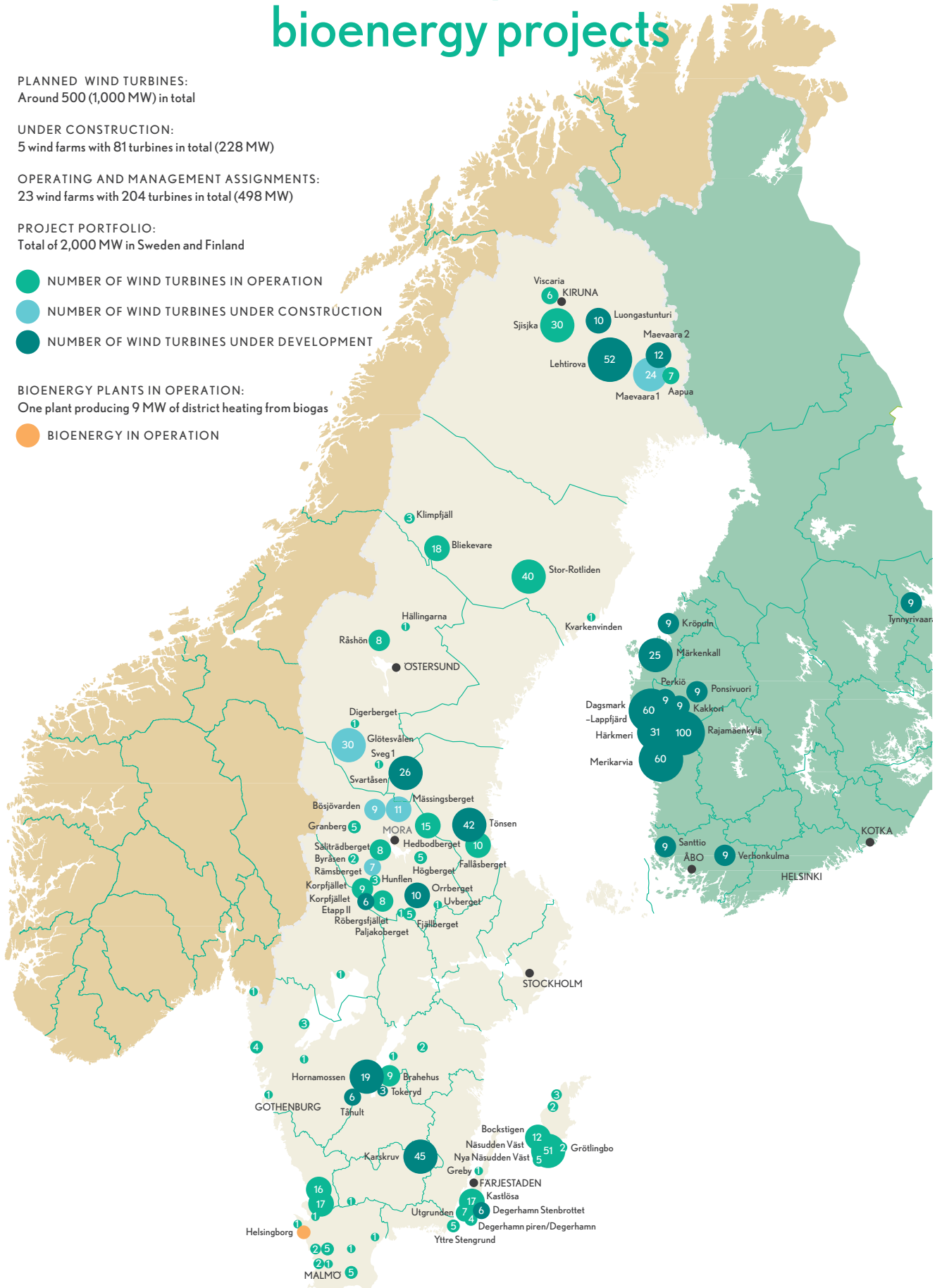
OPERATING AND MANAGEMENT ASSIGNMENTS:
23 wind farms with 204 turbines in total (498 MW)

PROJECT PORTFOLIO:
Total of 2,000 MW in Sweden and Finland

- NUMBER OF WIND TURBINES IN OPERATION
- NUMBER OF WIND TURBINES UNDER CONSTRUCTION
- NUMBER OF WIND TURBINES UNDER DEVELOPMENT

BIOENERGY PLANTS IN OPERATION:
One plant producing 9 MW of district heating from biogas

- BIOENERGY IN OPERATION



Market overview

RENEWABLE ENERGY IS THE FASTEST-GROWING ENERGY SECTOR IN THE WORLD.¹⁾ WIND POWER IS IN THE LEAD, DUE TO A COMBINATION OF COMPETITIVE OVERALL PRODUCTION COSTS AND LARGE POTENTIAL VOLUME. THE COST OF PRODUCING 1 KWH OF WIND POWER HAS FALLEN BY MORE THAN 75 PERCENT SINCE THE TECHNOLOGY WAS PLACED ON A COMMERCIAL FOOTING IN THE 1980s.²⁾

From a global perspective, there is an urgent need for renewable solutions since the consequences of fossil energy usage are becoming ever more evident. In 2013, the UN’s scientific climate panel, the IPCC, noted a rise in atmospheric and oceanic temperatures, sea levels and greenhouse gas concentrations, while the amount of snow and ice has fallen. Slowing down climate change will require major and sustained cuts in global emissions.³⁾

In its annual publication, World Energy Outlook, the International Energy Agency, IEA, has shown that the efforts made by the energy sector to phase out fossil fuels are insufficient to slow down global warming. Energy-related CO2 emissions will continue to rise by up to 20 percent until the year 2035. The principal scenario of the report indicates a large increase in renewable energy in the foreseeable future, almost half of all new electricity production in the world, but even this is insufficient. The fossil fuel proportion of the energy mix is only expected to fall from 82 percent today to 75 percent by 2035.⁴⁾

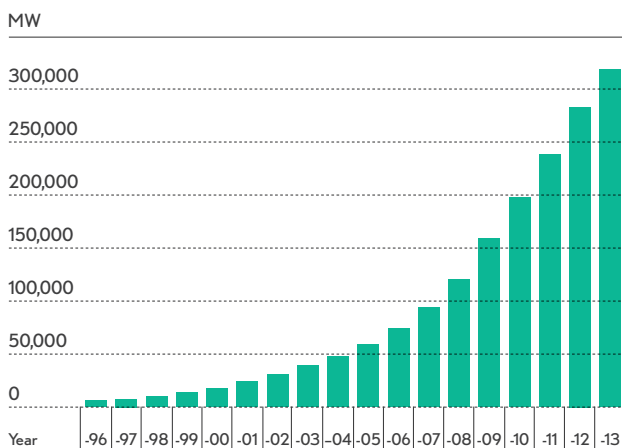
A more positive picture is painted by Bloomberg New Energy Finance, which predicts that 70 percent of all newly-built electricity production will be renewable by 2030, and that annual investment volume into renewable energy is expected to rise by 230 percent during the same period.⁵⁾

STRONG GROWTH IN RENEWABLE ENERGY

The world’s wind power capacity has more than doubled over the past 5 years, while solar energy capacity has increased tenfold over the same period.⁶⁾ At present, China is in the lead in global renewable energy development, and emerging economies are responsible for a growing proportion of the total investment in renewable energy.⁷⁾

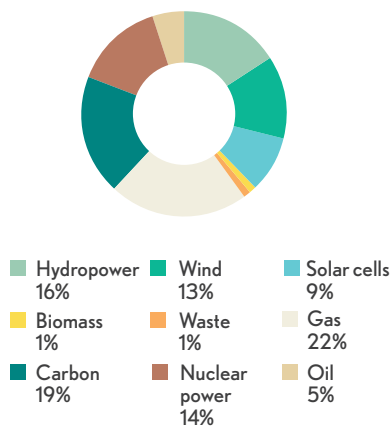
The EU is currently responsible for more than a third of the world’s total wind power nameplate capacity. In 2013, wind power and solar power were the fastest-growing power generating sources in Europe. Annual construction of wind power has increased from 3.2 GW in 2000 to 11.2 GW in 2012, an annual growth rate of 10 percent. Even though a little less wind power was installed in 2013 than in the record year of 2012, wind power and solar power together were responsible for the greatest net increase in the EU. The renewable energy types increased by 23.7 GW, while coal, gas and oil saw an overall drop of 11.1 GW. Nuclear power remained at a largely unchanged level.⁸⁾

Total wind power nameplate capacity worldwide



Source: GWEC

Electricity mix in Europe, installed capacity 2013



Source: EWEA

1) BP
 2) Bloomberg New Energy Finance
 3) IPCC
 4) IEA

5) Global Trends in Renewable Energy Investment 2013, UNEP
 6) GWEC, BP
 7) BP
 8) EWEA

EUROPE MOVES TOWARDS RENEWABLE ELECTRICITY PRODUCTION

The aim of the EU’s long-term energy and climate policy is to reduce carbon dioxide emissions by 80 percent by 2050, based on 1990 levels. The industrial, transport and energy sectors are responsible for most of today’s emissions.

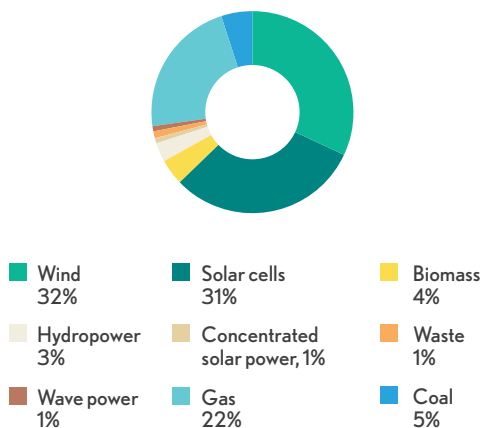
The European electricity mix currently consists of 50 percent fossil-based electricity. There is a strong political will in the EU to reduce this level in favour of renewable energy. In January 2014, the EU Commission presented a proposal for increasing the proportion of renewable energy to at least 27 percent and cutting greenhouse gases by at least 40 percent by 2030. The current EU target is to increase the share of renewable energy to 20 percent of total energy usage by 2020, and to cut greenhouse gases by 20 percent, based on 1990 levels. To achieve these targets, a number of control measures have been adopted.⁹⁾

In 2005, a system for trade in carbon dioxide emissions (European Union Emissions Trading System) was introduced, for the purpose of reducing greenhouse gas emissions in the EU. For the electricity market, with its high levels of greenhouse gas emissions from electricity generating plants powered by fossil fuel, this system meant a shift in production costs in favour of renewable electricity production. During the 2008–2012 trading period a surplus of emission allowances (carbon credits) has, however, accumulated. The surplus has led to a fall in the price of carbon credits, and the risk that, over time, the effectiveness of the

system will be undermined. An intensive discussion is, therefore, currently underway within the EU on what measures could be taken to increase the price of carbon credits. To reduce the supply, the EU Commission has suggested that the auction of carbon credits should be moved to the end of the trading period. Longer-term, structural measures are also being discussed.¹⁰⁾

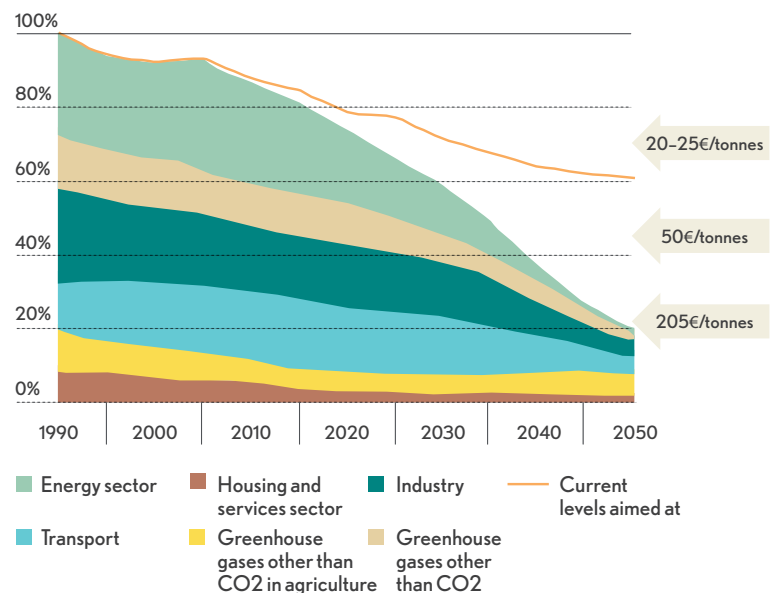
An important cornerstone in the EU’s Renewability Directive (2009/28/EU) is that all member states must gradually increase the proportion of renewable electricity generation in their production mix up until 2020. To meet the climate targets, the Directive gives member states a range of opportunities to collaborate. The collaboration mechanisms may be used in three ways. Firstly, through static transfer of renewable energy, where one country pays for a set amount of renewable energy which is credited to the paying country. Secondly, one member state can finance part of a project in another member state and, by doing so, benefit from an agreed renewability value. Thirdly, the member states may, on a voluntary basis, decide to amalgamate or partly coordinate their national support systems, without any impact on the size of the national undertaking. This is the idea behind approaches such as the joint Swedish-Norwegian certificate system. Many countries are a long way off achieving the 2020 targets, which may result in further development of both collaboration mechanisms and investment opportunities.¹¹⁾

The proportion of new electricity capacity in Europe, 2013



Source: EWEA

The EU roadmap for a reduction in greenhouse gas emissions until the year 2050



Source: The EU Commission

9) The EU Commission
 10) The Swedish Environment Protection Agency
 11) The EU Commission



Sunset at Bleikevare wind farm with 18 wind turbines (36 MW).

MOVING TOWARDS A JOINT EUROPEAN ENERGY MARKET

The EU Commission has a clear agenda for increased market integration and a joint European energy market. The aim is to have all requirements in place for a joint market as early as 2014. Cross-border collaboration focusing on both physical electricity infrastructure and financial trading in electricity is increasing year on year. Demand for renewable electricity production can increasingly be met through growing cross-border trade.

The European network operators regularly present joint development plans for electricity networks, and the Nordic supervisory authorities have unveiled a roadmap for achieving a common Nordic end-customer market for electricity by 2015.

One of the most significant drivers behind this market integration is the cost of achieving EU emission targets for 2020; estimated to be around EUR 10 billion less per year for a joint market, compared to the cost for each individual member country to achieve the EU's 2020 targets.¹²⁾

GERMANY LEADS THE WAY IN THE TRANSITION TOWARDS RENEWABLES

Renewable energy is growing all over Europe, but Germany is leading the field with its ambitious targets for renewable energy transition. As a pioneer, Germany has borne much of the vast initial cost of developing renewable energy technology, something which the rest of Europe and the world are now benefitting from in the form of reduced costs and greater knowledge.

Since 2000, Germany's energy transition – Energiewende – has resulted in an annual rise of 110 TWh in renewable electricity production. Over the same period, the country has phased out around 73 TWh of nuclear power and prepared the ground for the phasing out of around 37 TWh of fossil-based electricity. The fossil-based electricity phase out has, however, not yet reached this figure, due to the fact that German coal production has benefitted from the low price of carbon credits and, consequently, has been able to compete successfully with gas in neighbouring countries leading to the export of some 33 TWh of electricity.

Wind power is regarded as the most viable technology in the Energiewende transition process, with an output in 2013 of 47.2 TWh. The equivalent figure for solar power

12) The EU Commission



Kröpuln, Finland, where OX2 has permission to erect nine wind turbines (approx. 30 MW).

was 29.7 TWh. German wind power production is equivalent to around one-third of Sweden's total electricity consumption. Germany produces more than six times as the total wind power output in Sweden on a smaller land area, with poorer wind conditions and with a population density at least 10 times greater.¹³⁾

DENMARK AIMS FOR 50 PERCENT WIND POWER BY 2020

Denmark is currently the leader in the world, with more than 33 percent of total electricity consumption being generated by wind power.¹⁴⁾ As part of the effort to cut greenhouse gas emissions, Denmark has decided to increase the proportion of wind power to 50 percent of the national energy mix by 2020. This is equivalent to twice the amount of installed wind power capacity in Sweden today, on an area approximately the size of the province of Jämtland. There is also considerable support for continued expansion of wind power in Denmark. Surveys have shown that 91 percent of the population wants to see an increase in wind power, and 85 percent would consider living close to a wind turbine.¹⁵⁾

FINLAND FALLING BEHIND, BUT NEW GRANT SYSTEM ENSURES RAPID EXPANSION

Total nameplate capacity in Finland is modest, and low in comparison with other European countries. At the end of 2013, the country had a total of 209 wind turbines with a total capacity of 447 MW (257 MW 2012). Wind power production was around 777 GWh, equivalent to 0.9 percent of Finland's electricity consumption.¹⁶⁾

Just like other EU countries, Finland has decided to increase its share of renewable energy. The target for 2020 is 38 percent renewable energy, of which 6 TWh is expected to be generated by wind power from around 1,000 wind turbines. To achieve this target, Finland introduced a feed-in tariff system in spring 2011, which guarantees wind power producers a minimum price of EUR 83.5 per MWh for a period of 12 years, with an additional bonus available for producers who manage to start their projects before 2015. This incentive has really speeded up planning.¹⁷⁾

13) EWEA

14) Energinet.dk

15) EWEA

16) VTT.fi

17) IEA

JOINT ELECTRICITY CERTIFICATE MARKET IN SWEDEN AND NORWAY

Since 1 January 2012, Norway and Sweden have had a joint electricity certificate system¹⁸⁾. Since then, the system has delivered 6.2 TWh of new renewable electricity production capacity, and the target is to deliver a total of 26.4 TWh by 2020. The rate of expansion has, however, been greater than expected while, at the same time, consumption of electricity under quota obligations has fallen, which has created a surplus of certificates and reduced the compensation for producers. The Swedish Energy Agency’s report, “Kontrollstation 2015”, shows that, to achieve the joint goal, changes will have to be made to the current rules. The Agency suggests that the quotas should be increased to stimulate demand by around 8 TWh per year between 2016 and 2019.¹⁹⁾

The expansion of wind power is moving slower in Norway than in Sweden, partly due to the fact that the Norwegian main electricity network is less developed than the Swedish. This facilitates a more rapid expansion in Sweden, while Norway is credited with the expansion in Sweden through statistical transfer.

The joint system is expected to result in better competition on the market, as liquidity improves and prices become more stable. The joint potential for renewable

electricity production is growing substantially, and the opportunity for electricity exports in northern Europe is improving. An expansion of the system to include more countries may be considered, and this would facilitate inter-state trade in accordance with the cooperation mechanism in the EU’s Renewability Directive (the “Gemensamt elcertifikatsystem med Norge” report) ER 2010:28).

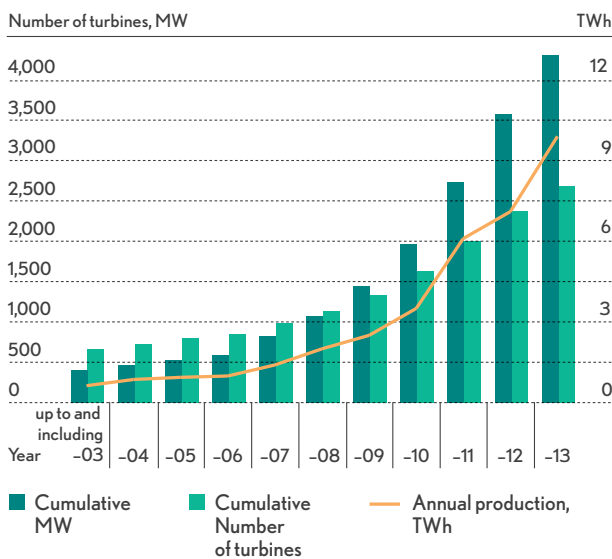
WIND POWER IN SWEDEN

In 2013, wind power generated 9.9 TWh (7.2 TWh 2012), with a nameplate capacity of around 4,500 MW. This represents around 7 percent of Sweden’s electricity consumption.²⁰⁾ In number of wind power installations, Sweden lies in fourth place in the European league table. 1)²¹⁾

Development in Sweden has really speeded up over the past five years. Statistics from the electricity certificate system shows that between 2008 and 2013, the amount of electricity produced by wind turbines rose by 263 percent. According to a forecast by Svensk Vindenergi, Sweden’s wind power electricity production will exceed 16 TWh by the end of 2016. The opportunity for wind power expansion in Sweden is regarded as good compared with that in most EU countries.²²⁾

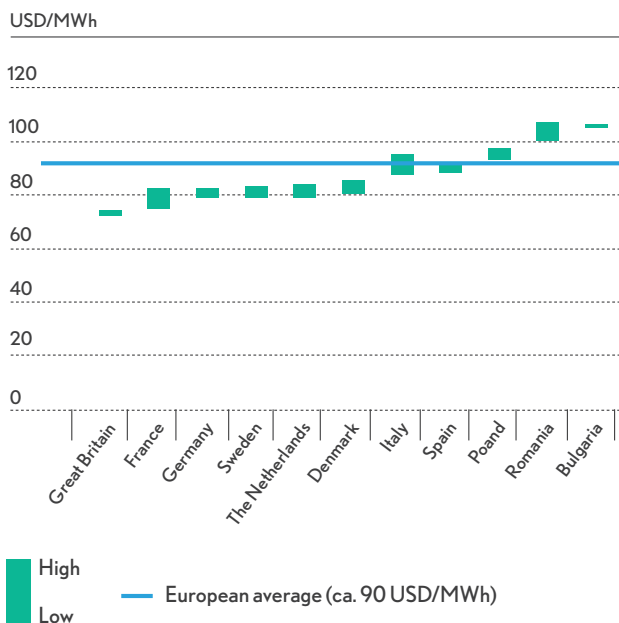
The prime reason for this is the excellent wind patterns, low population density, excellent infrastructure in the form

Historical expansion of wind power in Sweden



Source: The Swedish Energy Agency and Svensk Vindenergi

Total cost of land-based wind power in Europe



Source: Bloomberg New Energy Finance

18) Find out more about the electricity certificate system on p. 25
 19) The Swedish Energy Agency, Feb 2014.
 20) Svensk Vindenergi
 21) EWEA
 22) EEA

of roads, electricity networks and balancing services, as well as an efficient permit application process.

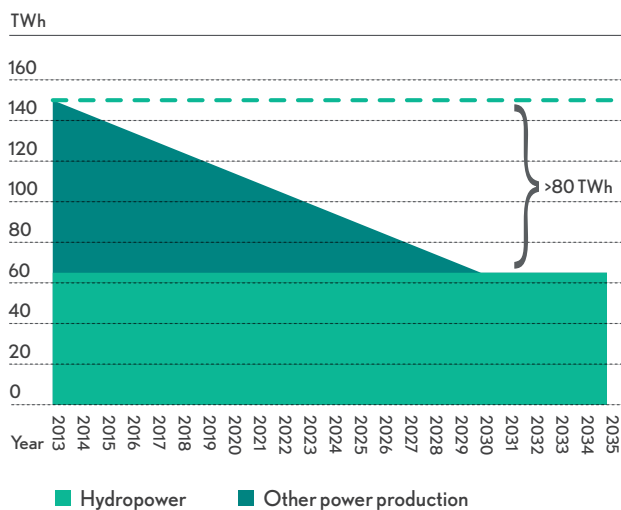
The municipalities themselves have identified areas with over 100 TWh in their comprehensive survey plans, equivalent to two-thirds of Sweden’s total electricity production. These are areas remaining once other aspects, such as environmental protection, the appearance of the landscape and tourism, have been given generous consideration.

Consequently, Sweden may be particularly well positioned with respect to inter-state trade under the terms of the collaboration mechanisms in the EU’s Renewability Directive. A reasonable assessment is, however, that this trade in renewable energy production may increase only after a few years, when individual member states realise that they will not be able to meet the renewability targets to which they have committed.

A NEED FOR INVESTMENT IN NEW ELECTRICITY GENERATION CAPACITY

To ensure a sufficient supply of electricity, Sweden has relied almost entirely on hydropower built during the first half of the 20th Century, and nuclear power built in the 1970s and 1980s. The oldest nuclear reactor is now 40 years old, and by 2025, even the most recently-built reactors will be in their 40s. A significant proportion of the

Illustration showing the need for future investment in new electricity production capacity¹⁾



Source: Based on the Swedish Energy Agency’s forecasts and OX2’s analysis

1) Assuming that all current power production other than hydropower will need to be replaced by 2030.

existing nuclear capacity will either have to be renewed, or replaced by other alternatives over the next 20 years. At the same time, there is a considerable need to upgrade, adapt and reinforce the domestic transmission network. Sweden is facing a situation where major investment in new electricity production and network capacity is needed to ensure a continued reliable supply of electricity at a cost which society can afford.²³⁾

In contrast to the past expansion of hydropower and the construction of existing nuclear power, which were largely funded by the government, commercial players are now expected to be responsible for most of the necessary investment. This requires financial incentives, a clear political focus and rules which will apply long-term.

Given the assumption that fossil-based electricity production, such as coal and/or gas power, are out of the question, there are two principal alternatives for the Swedish electricity system of the future. New nuclear reactors which replace the current ones, and a substantial expansion of renewable power sources, where wind power is the technology which offers the greatest potential for rapid expansion.

A POLITICAL CROSSROADS: NEW NUCLEAR POWER OR WIND POWER

The cost of wind power production is relatively easy to calculate, and costs are falling rapidly as new technology is developed. The situation is the opposite for nuclear power. The total cost of new nuclear power is extremely difficult to estimate and the few reactors which have been built have been plagued by significant delays and huge increases in cost.²⁴⁾ This includes the Finnish Olkilouto nuclear power station, which will produce electricity at an estimated cost of SEK 1/kWh, as opposed to the SEK 0.25 which was the basis of the decision to build the reactor. Another example in the UK, is where the government has decided to guarantee a return of almost SEK 1/kWh for 25 years to persuade a French-Chinese consortium to build new nuclear power. In comparison, the current total cost of new wind power is around SEK 0.55–0.60/kWh.²⁵⁾

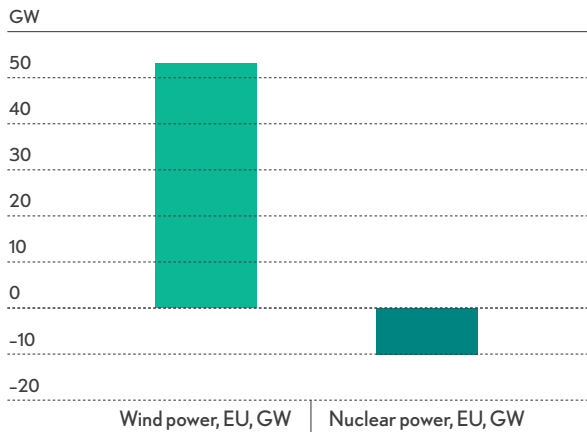
The decision whether to focus on renewable or nuclear power should, however, not only financially driven and only based on production costs. Safety and security, the consequences to people and the environment in the event of an accident, the cost and complexity of demolition, the opportunities for recycling and waste management are all issues which show that wind power is a far better and safer choice.

23) “En route to a renewable energy system” report by Svensk Vindenergi
 24) “En route to a renewable energy system” report by Svensk Vindenergi
 25) Bloomberg New Energy Finance

Wind power’s competitive advantage over nuclear power is obvious when looking at actual expansion of these two sources of power in the EU and across the world over the past five years. Globally, wind power is growing 20 times faster than nuclear power, and so far during the 21st Century, no nuclear power has been built in the EU, while wind power has expanded by 105 GW. At the current rate of expansion, wind power will achieve the same nameplate capacity as nuclear power in the EU during the course of 2014.²⁶⁾

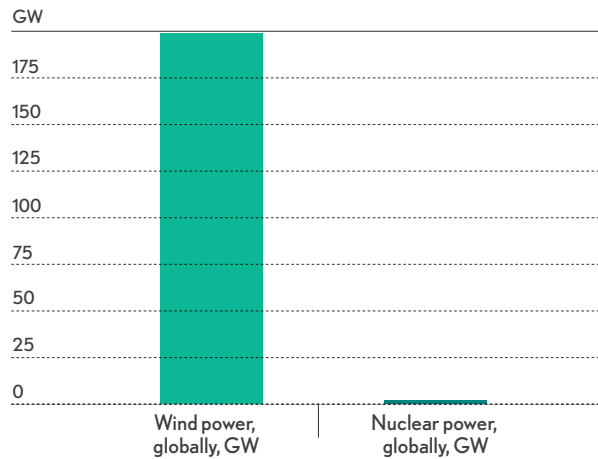
Sweden is also particularly well suited for large-scale wind power expansion, since hydropower complements wind power well as a regulating power. Studies carried out by the KTH Royal Institute of Technology has shown that, with the current amount of hydropower, Sweden can integrate and regulate wind and solar power equivalent to 60 TWh, i.e. around 40 percent of total production.²⁷⁾

Installed capacity in the EU over the past 5-year period



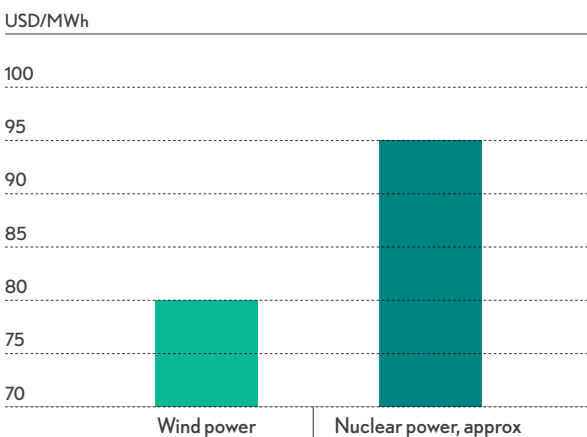
Source: EWEA, GWEC, European Nuclear Society

Nameplate capacity worldwide over the past 5-year period



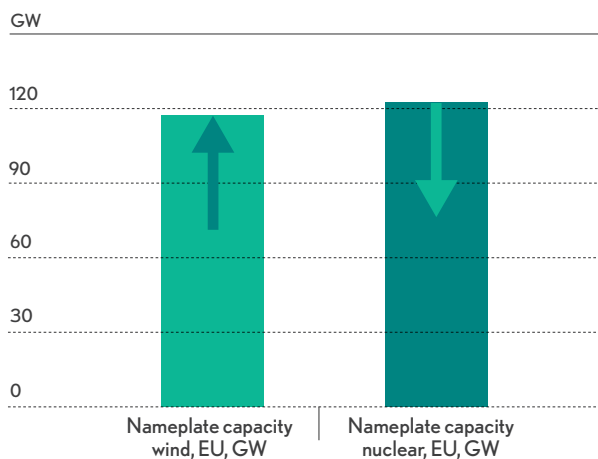
Source: EWEA, GWEC, European Nuclear Society

Cost of new nuclear power and onshore wind power respectively



Source: Bloomberg New Energy Finance

Total nameplate capacity, EU



Source: EWEA, GWEC, World Nuclear association

26) EWEA

27) On the way to an electricity supply based solely on renewable energy in Sweden. A study of balancing the power system. Lennart Söder, KTH Royal Institute of Technology



The Fallåsberget wind farm has a diverse ownership structure, consisting predominantly of municipalities and municipal companies.

THE MARKET FOR INVESTMENT IN WIND POWER

An energy system based on renewable power sources allows ownership to spread to new players outside the traditional groups. One example is wind power in Germany, which is owned by around 100,000 different investors, businesses and private individuals, while nuclear power is owned by a maximum of four players per country. On average in Europe, there are 20,000 times more owners per MW of wind power than of nuclear power²⁸⁾. OX2 regards diverse ownership as an important component in a long-term sustainable energy system, as well as a door to new business opportunities.

The market for wind power investment can be divided into four major market segments:

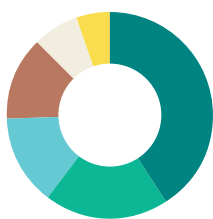
- 1) Financial players (limited stock companies set up specifically for wind power ownership) These consist largely of financial investors of various sizes who acquire a plant with the aim of generating a financial return.
- 2) Energy companies (power companies and public energy agencies). These include the traditional owners of electricity production, who, in Sweden, include power companies and municipal energy companies who make a return from selling electricity on the Nordic electricity exchange, Nord Pool.
- 3) Major electricity consumers (owners with different principal operations). These are companies whose core business is not wind power. For these companies, wind power ownership ensures low and stable electricity prices while, at the same time, wind power makes a significant contribution to the companies' adopted climate targets and sustainability profile.
- 4) Part-owners primarily consisting of private individuals, tenant-owner associations and smaller businesses who own one or more turbines as part of a cooperative. The principal purpose of such ownership is usually to cut the cost of electricity and make an environmental contribution.

28) World Nuclear Association, Danish Wind Turbine Owners' Association



The Sjisjka wind farm with 30 turbines (78 MW) is owned by Skanska, OX2 and Jämtkraft. Photo: Kenneth Paulsson.

Ownership distribution, Swedish wind power, 2012



- Joint stock companies set up for wind power ownership, 41%
- Energy companies, Power companies, Distribution companies, 20%
- Name of notifier stated, 14%
- Companies whose primary mission is not energy, 13%
- Private individuals, small business owners, 7%
- Joint ownership associations, cooperative society, cooperative associations, 5%

Source: Vindforsk/Energimyndigheten

FINANCIAL PLAYERS

For many Swedish and international financial players, power production and infrastructure have been an attractive investment area. The largest market segment, 41 per cent (2012) of owners, consists of financial players, and they are expected to remain so for the foreseeable future. As the market for renewable power production has grown, investors specialising in the renewables sector have emerged. These include PWP (Proventus, FAM Wallenbergsstiftelserna and Folksam), Stena Renewables and Arise, as well as foreign investors looking for investment opportunities other than property, fixed interest securities and the stock market. Examples of the latter include Platina Partners, HG Capital and Allianz.

In 2005, OX2 sold the 10 MW Fjällberget wind farm, 10 MW, to Stena Renewables. At that time, this was the largest individual wind farm built in Sweden, and Stena was also one of the first major financial players to establish itself in the wind power market. A year later, OX2 entered into partnership with Proventus and, subsequently, also with Foundation Asset Management and Folksam through

the joint company PWP. This partnership has, to date, resulted in the erection of 47 wind turbines, with a total capacity of around 100 MW.

In 2013, OX2 sold wind farms equivalent to 88 MW to Allianz and Renewable Energy Infrastructure Fund.

ENERGY COMPANIES

This group currently has 20 percent (2012) of the market, but the share is falling. The three major power companies in Sweden are not particularly active on the Swedish wind power market. Today, Vattenfall's share is only 4 percent²⁹⁾. The Norwegian company, Statkraft, is, however, aiming to expand in Sweden. It has entered into partnership with SCA and formed a company, Statkraft SCA Vind AB, which is building several wind farms in the north of Sweden. Smaller companies include Skellefteå Kraft, which is the majority shareholder in Blaiken Vind AB.

OX2 has sold several projects to energy companies, including the sale of one of Sweden's largest onshore wind projects to date, Stor-Rotliden, to Vattenfall in 2009. Collaborative projects are also carried out, such as Sjisjka Vind AB, which is co-owned by Jämtkraft, OX2 and Skanska.

MAJOR ELECTRICITY USERS

This target group consists of businesses and municipal organisations whose main mission is not wind power. This segment represents 13 percent (2012) of the market, but it is the fastest-growing. By owning their own wind power, major electricity consumers can ensure low and stable electricity prices while, at the same time, safeguarding themselves against future price increases. Many companies and municipal operations also have also adopted ambitious environmental and climate targets, and an investment in wind power goes a long way to achieving these. The investment also has a symbolic value, and frequently used in marketing and to generate goodwill among customers and/or local opinion.

The property company, Wallenstam, became involved in this type of investment at an early stage. Over the years, OX2 has sold a number of wind farms to municipal property and management companies in particular. These include Armada Fastigheter, Botkyrkabyggen, Hyresbostäder i Växjö and Norrvatten, as well as the Municipalities of Mora, Mörbylånga, Rättvik, Sollentuna and Upplands Väsby. IKEA is leading the way in the sector with respect to investment in renewable electricity production. The company has purchased three wind farms from OX2 (132 MW). Another example is Polarkraft, a company in the Polarbröd Group, which has invested in several wind turbines.

PART OWNERSHIP

This ownership structure allows smaller players to invest in wind power, and represents 5 percent (2012) of ownership. At present, it is primarily private individuals, tenant-owner associations and small businesses who become members of a cooperative which owns wind turbines. There are several cooperative societies which operate on the basis of wind power owned by shareholders. O2 El Ekonomisk Förening managed by O2 Vindel is Sweden's largest wind power cooperative. Another example is Dala Vindkraft Ekonomisk Förening which has also bought wind turbines from OX2.

THE ELECTRICITY CERTIFICATE SYSTEM

In 2003, Sweden introduced the electricity certificate, which is a financial support system for producers of renewable electricity.

For every megawatt hour (MWh) of renewable electricity produced, the producer can apply for an electricity certificate issued by the government. The electricity producers can then sell the electricity certificates on an open market in which the price is negotiated by the seller and buyer. In this way, the electricity certificates provide an extra source of income for renewable electricity production, over and above the normal sale of electricity. The buyers are players with a "quota obligation", primarily electricity suppliers. The party with the quota obligation must buy a certain number of electricity certificates proportionate to the electricity that party sells or uses.

Energy sources which have been allocated electricity certificates are wind power, solar power, wave power, geothermal energy, biofuel, hydropower and peat used in district heating power plants. In 2013, 60 percent of electricity certificates went to wind power and 29 percent to biofuels.

In Sweden, the aim of the electricity certificate system is to add 25 TWh worth of renewable electricity between 2002 and 2020. In partnership with Norway, a further 13.2 TWh of renewable electricity will be produced between 2012 and 2020.

Source: The Swedish Energy Agency/CESAR

29) Windpower ownership in Sweden – business models and motives, Lunds Tekniska Högskola, 2013

Sustainable development

THE BEST OX2 CAN DO FOR THE ENVIRONMENT IS TO CONTINUE TO REALISE ITS VISION AND DRIVE THE TRANSITION TOWARDS A COMPLETELY RENEWABLE ENERGY SYSTEM AND A FOSSIL-FREE VEHICLE FLEET. AT THE SAME TIME, IT IS NOT ALL ABOUT DRIVING CHANGE TOWARDS RENEWABLES, BUT ALSO ABOUT DOING SO IN A WAY THAT IS OF MAXIMUM BENEFIT TO THE ENVIRONMENT.

OX2 wants to be at the cutting edge of environmental work, both internally and externally. OX2 has been certified under the global environmental standard ISO 14001 since 2010. This means that OX2 systematically assesses significant environmental aspects of its operations, and aims to achieve clear and verifiable environmental targets. In 2012, OX2 underwent a re-certification process, with results exceeding the average for the industry.

OX2's environmental efforts with respect to wind power is based on the environmental aspects which are regarded as most significant throughout its service life – from the

production of wind turbines to the restoration of land used for wind farms to its original condition.

ENVIRONMENTAL PERFORMANCE IN 2013

OX2 has three fundamental environmental targets:

1. Increase the amount of renewable electricity in the Nordic electricity system
2. Have the smallest possible impact on the environment
3. Encourage suppliers to provide environmentally-assured products and materials.



Close-up of the vegetation on Mount Glötesvälen in Härjedalen.

TARGET 1. INCREASE THE AMOUNT OF RENEWABLE ELECTRICITY IN THE NORDIC ELECTRICITY SYSTEM

OX2's primary environmental target is to increase the amount of renewable electricity in the Nordic electricity system. At present, this means that we focus predominantly on harnessing wind power which is a clean and infinite source of energy. For that reason, a great deal of effort and energy is being directed to ensure that OX2 concentrates on the best wind locations in the Nordic region. The aim is to extract as much wind energy as possible with the smallest potential impact on the flora and fauna.

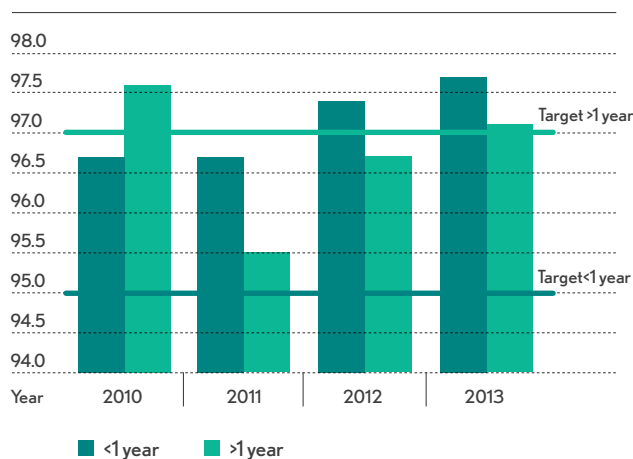
Outcome: In 2013, OX2 was in process of building more wind farms and wind turbines than ever before. Overall, these construction projects involved 81 wind turbines and a total nameplate capacity of 227.5 MW. Construction has been underway as part of the following projects: seven turbines at Råmsberget in the Municipality of MalungSälen, nine turbines at Bösjövarde in the Municipality of Mora, 30 turbines at Glötesvålen in the Municipality of Härjedalen and 24 turbines at Maevaara in the Municipalities of Övertorneå and Pajala. Work is also underway at Måssingberget in the Municipality of Orsa, in preparation for the installation of eleven wind turbines during 2014.

Sub-target: 95/97 percent availability in the turbines managed by OX2

OX2 currently has agreements for commercial and technical management of 203 wind turbines. Availability is an important parameter with respect to both environmental benefit and profitability. OX2's target is 95 percent availability for wind turbines during the first year of operation, and 97 percent thereafter. Average operational availability is the time during which a wind turbine is technically available in relation to the number of potential operating hours during the year.

Outcome: In 2013, the target in both categories were met by a margin of 2.8 percentage points for turbines less than one

Availability in turbines managed by OX2



year after commissioning, and 0.1 percentage point for all other turbines. The statistics include all production stoppages, irrespective of whether they were unplanned interruptions or planned repairs.

TARGET 2. THE SMALLEST POSSIBLE IMPACT ON THE ENVIRONMENT

All wind turbine construction operations have some kind of impact on the environment. OX2's goal is to minimise the impact as far as possible. To achieve this goal, surveys of biodiversity, conservation areas, flora and fauna are made as soon as suitable locations are identified. The positioning of turbines and roadways are then optimised in the light of the results of all different surveys. If OX2 decides to build in a certain location, the environmental aspects are followed up continuously in the environmental management plan and during environmental inspections.

After 20–25 years, when wind turbines reach the end of their service life, they are decommissioned in less than 24 hours. Around 80 percent of a wind turbine is recycled and used into new products. The area is then restored to its original condition, without any traces left for future generations.

Sub-target 1: Every project must have an environmental management plan

OX2 has adopted a proactive approach to environmental management plans. These follow a template which ensures that all environmental aspects are examined and managed throughout the project phases, from the permit application stage to procurement, construction, commissioning and decommissioning. The template ensures that all the terms and conditions of permits are complied with and that parameters from, for example, the environmental impact description and inventory are taken into consideration.

Outcome: Since 2012, when OX2 adopted the practice of environmental management plans, the response from the authorities and contractors has been exceptionally good. In 2013, all projects for which permits had been granted had their own environmental action plan.

Sub-target 2: Every project in the screening phase must be ranked with respect to resource consumption and biodiversity

The purpose of the screening process is to identify a suitable location for the construction of wind turbines with respect to wind, electricity networks, land ownership and conservation areas. This sub-process also includes the modelling and dimensioning of a potential wind farm at the location, based on production, operating cost and investment.

Outcome: It has become standard practice to use screening as a tool to ensure that OX2 builds in the right place to limit the impact on the environment and to take advantage of the best wind patterns. This guarantees excellent profitability and minimises risk.

STUDIES OF GOLDEN EAGLES AT GLÖTESVÅLEN – KNOWLEDGE WHICH WILL PROVE VALUABLE IN THE FUTURE

ONE OF OX2'S ENVIRONMENTAL TARGETS IS TO MINIMISE THE IMPACT ON THE BIOSPHERE AND, FOR THIS REASON, SURVEYS OF BIODIVERSITY, CONSERVATION AREAS, FLORA AND FAUNA ARE CARRIED OUT IN THE EARLY STAGES OF A PROJECT. ONE EXAMPLE IS THE GLÖTESVÅLEN PROJECT, WHERE ADAPTATIONS AND KNOWLEDGE INVENTORIES HAVE BEEN CARRIED OUT DUE TO THE GOLDEN EAGLES IN THE SURROUNDING AREA.

In the early stages of the consultation on the Glötesvålen project it emerged that the area was part of the territory of golden eagles. In 2005, an initial study of birdlife was carried out at Glötesvålen to map the birdlife on and around the mountain. In 2006, the studies focused on the golden eagles and how they moved around the landscape. JP Fågelvind, with help from Fixarna i Glöte, identified suitable observation points around the mountain to watch golden eagles in flight and ascertain their flight routes and measure flight altitudes.

One pair of golden eagles was frequently seen hunting in the area south of the mountain and, in doing so, covering the southern face. As a result, OX2 reviewed the layout of the wind farm, to ensure that the wind turbines in the south were positioned a couple of hundred metres closer to the middle of Glötesvålen, to minimise the risk of collisions.

The study of golden eagles at Glötesvålen has been unusually extensive and has been carried out uninterrupted since 2006, throughout the permit application and planning process, as well as during the construction phase that started in September 2011. Observations will continue during assembly and when the farm becomes operational in 2014, as well as during the first two years of operation. The study is significant in that it improves our knowledge of how golden eagles are affected by a wind power project. That said, the topography and conditions vary from site to site, and the movement of birds in the landscape is highly location-specific.

CONCLUSIONS FROM STUDIES CARRIED OUT IN 2006–2013:

- › The territories of three pairs of golden eagles neighbour Glötesvålen.
- › Before the start of the wind turbine construction phase, a couple of years had passed without any eggs hatching. In this instance, there has been a clear link between the amount of food available and successful hatching.
- › Despite significant construction activities in 2013, two successful hatchings were recorded, resulting in one chick in each nest. Both nests are situated more than three kilometres from the nearest planned wind turbine.
- › During the period September 2012 – August 2013, when roads and foundations for the wind turbines were built, flights by golden eagles in the survey area were recorded on 65 occasions. This is slightly fewer than the average (91 per season) in the previous years of the study 2007–2011, before construction started. It is very likely that the golden eagles have, to some extent, been deterred from Glötesvålen during this period as a result of construction work.
- › No flights over the mountain were noted during the 2013 construction season (the average number of flights per year during the observation period in previous years had been three).
- › Over the years, the study has shown that golden eagles very rarely fly directly above Glötesvålen, and the risk of collision is, therefore, regarded as slim.



TARGET 3. ENCOURAGE SUPPLIERS TO PROVIDE ENVIRONMENTALLY-ASSURED PRODUCTS AND MATERIALS.

A large part of OX2’s environmental impact is indirect, since it happens at sub-contracting level through construction contractors and turbine manufacturers. Consequently, an important part of our approach to the environment is to set standards for suppliers throughout the tendering process. Annual follow-ups show suppliers that OX2 takes this issue seriously and a growing number of suppliers are developing and improving their environmental efforts continuously. For this reason, OX2 has raised its targets for the three years of 2013–2015. Sub-target 1 now states that instead of 90 percent of suppliers being at levels 2–5, they must now be at levels 3–5. Sub-target 2 now states that instead of 50 percent of suppliers being at levels 4–5, they must now be at level 5, i.e. hold environmental certification.

To enable OX2 to influence their subcontractors’ environmental performance, the ambition level of their environmental work is judged in five different categories.



Sub-target 1: 90 percent of OX2’s major suppliers¹⁾ must be at levels 3–5 by 2015

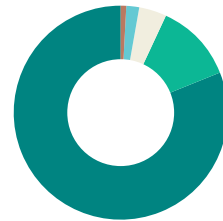
Sub-target 2: 50 percent of OX2’s major suppliers¹⁾ must be at level 5 by 2015

OX2’s suppliers in 2013. Classification of Suppliers, Number of



- 1. Has no documented environmental work, 9%
- 2. Has some environmental procedures, 16%
- 3. Has adopted an environmental policy, 13%
- 4. Has an action plan and follows up the policy, 21%
- 5. Has environmental certification, 41%

OX2’s suppliers in 2013. Classification of suppliers, financial value



- 1. Has no documented environmental work, 1%
- 2. Has adopted some environmental procedures, 2%
- 3. Has an environmental policy, 4%
- 4. Has an action plan and follows up the policy, 12%
- 5. Has environmental certification, 81%

Outcome: Sub-target 1; 90 percent of suppliers achieving levels 3–5. The outcome was 75.2 percent, equivalent to 97.3 percent of the total value of procurements. Sub-target 2; 50 percent of suppliers achieving level 5, i.e. hold environmental certification. The outcome was 41.1 percent, equivalent to 81 percent of the total value of procurements. There is scope for improvement among several suppliers, but it is clear that OX2’s surveys and follow-ups play an important role in encouraging them to develop and improve their environmental efforts. In many of its projects, OX2 works with smaller, local suppliers. In the future, dialogues with individual contractors will play an important part in improving individual performance. In 2013, the survey covered 129 suppliers.

1) Major suppliers are all those who invoice OX2 for more than SEK 100,000 per year.

SUSTAINABLE SOCIAL DEVELOPMENT INVOLVES MORE THAN SYSTEMATIC ENVIRONMENTAL WORK

OX2's environmental work goes beyond the driving change towards a renewable energy sector. The company always aims to be a role model, which means that sustainability and the environment are topics with which members of

staff are deeply involved and keen to discuss, both during coffee breaks with colleagues and privately with friends and family. OX2 is convinced that active, broad-spectrum environmental work improves not only the competitiveness of the company, but also that of their partners while, at the same time, contributing to the emergence of a sustainable society.

Reduced emissions thanks to wind power

There are different ways to calculate carbon dioxide emissions avoided as an effect of increased wind power production. One frequently used method is the marginal electricity method. In this method, the fall in emissions is governed by what happens at the margin of the electricity system, i.e. the electricity generating technology which is added or which disappears as a result of an increase or decrease in the demand for electricity. Since the Swedish electricity network is linked to the electricity networks of the rest of the Nordic region and Europe, emission-intensive coal power is usually at the margin. It is, therefore, production from coal that is avoided as more wind power becomes available. Coal power releases around 800 g of carbon dioxide/kWh and this means that a newly-built wind turbine, which produces 7 GWh per year cuts carbon dioxide emissions by 6,400–8,800 tonnes per year.¹⁾

Energy repayment period

A wind turbine becomes energy neutral after around eight months. This means that, at the end of this period, the wind turbine has produced sufficient energy to cover the energy used during the whole service life of the turbine – from manufacture to scrapping.²⁾

The environmental impact of wind power from a life cycle perspective

During its life cycle, the greatest environmental impact of wind power happens during the production of the wind turbine itself. The construction and operating phases have a significantly lower impact. The most important action OX2 can take to reduce the environmental impact of wind power is, therefore, to make turbine manufacturers subject to stringent requirements to ensure that their negative impact on the environment is minimised.

1) IVL Swedish Environmental Research Institute

2) Vestas Wind Systems A/S



The 9-turbine Korpjället wind farm (20.7 MW).

Board of Directors and Auditors

BOARD OF DIRECTORS

The Board of Directors is the company's second-highest decision-making body after the shareholders' meeting. The Board is responsible for the company's organisation and the management of the company's business, e.g. adopting goals and strategy, establishing procedures and systems for following up the adopted goals, continuously assessing the company's financial situation and evaluating the operational management.

OX2 Group's Board of Directors currently consists of seven directors, including the Chairman of the Board, and no deputies.

JOHAN IHRFELT, CHAIRMAN OF THE BOARD

Current position: CEO of OX2 Group.

Other board appointments: Member of the Board of Enstar AB, and on the Boards of several other companies within the OX2 Group.

Education: MBA, with degrees from the Stockholm School of Economics, NYU and the Stern School of Business in New York. Also studied law at Stockholm University.

Born: 1967

ANNA-KARIN ELIASSON CELSING, MEMBER OF THE BOARD

Current position: Works as a self-employed advisor.

Other board appointments: Vice Chairman SVT AB, member of the Board of Lannebo Fonder AB, Kungliga Operan AB, Seven Day Finance AB and of St Petersburg Property Company AB.

Education: MBA, Stockholm School of Economics.

Born: 1962

MARGARETA ALESTIG JOHNSON, MEMBER OF THE BOARD

Current position: Deputy CEO Sjätte APfonden

Other board appointments: Member of the Board of Green Cargo AB.

Education: MBA, Örebro University.

Born: 1961



Front, seated: Johan Ihrfelt and Anna-Karin Eliasson Celsing

Back row from the left: Jan Örtegren, Thomas von Otter, Niklas Midby, Margareta Alestig Johnson and Johan Wieslander.

THOMAS VON OTTER, MEMBER OF THE BOARD

Current position: Deputy CEO of OX2 Group.

Other board appointments: Member of the Board of Enstar AB, and on the Boards of several other companies within the OX2 Group.

Education: Studied economics at Stockholm University.

Born: 1966

JOHAN WIESLANDER, MEMBER OF THE BOARD

Other board appointments: Companies within the Deseven sphere, J & JWieslander AB, Inhouse AB and Wieslander Fastigheter AB.

Education: Masters in Engineering and MBA, Chalmers University of Technology and the School of Economics at Gothenburg University.

Born: 1960

JAN ØRTEGREN, MEMBER OF THE BOARD

Current position: CFO Grimaldi Industri

Other board appointments: Companies within the Grimaldi Industrial Group.

Education: MBA, Stockholm School of Economics.

Born: 1961

NIKLAS MIDBY, MEMBER OF THE BOARD

Other board appointments: Chairman of the Board Skandia banken AB, Resscapital AB and member of the Board of Consiglio Capital AB.

Education: MBA, Stockholm School of Economics.

Born: 1959

AUDITORS

At the annual general meeting held on 10 April 2013, Svante Forsberg of Deloitte AB was elected as the company's auditor for the period until the 2014 annual general meeting. The address of Deloitte AB's offices is: Deloitte AB, 113 79 Stockholm.

Administration report

THE BOARD OF DIRECTORS AND THE CEO OF OX2 GROUP AB, CORPORATE ID NUMBER 556829-4515, REGISTERED OFFICE, STOCKHOLM, HEREWITH SUBMIT THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE ANNUAL PERIOD 31 JANUARY 2013 TO 31 DECEMBER 2013.

THE MARKET

Renewable energy is the fastest-growing energy sector in the world. Wind power is in the front line, due to its low production costs in combination with massive volume potential. The cost of producing one kWh of wind power has fallen by over 75 percent since the technology was commercialised in the 1980s.¹⁾

The conditions for an expansion of wind power in Sweden are regarded as good compared with most other EU countries. The main reasons for this are excellent wind conditions, low population density, good infrastructure in the form of road and electricity networks and load balancing, as well as an effective permit application process. In 2003, wind power generated 9.9 TWh (7.2 TWh 2012) of electricity, and had a nameplate capacity of around 4,500 MW. This represents 7 percent of electricity consumption in Sweden. Sweden is in fourth place in Europe for the number of wind power installations.²⁾

SIGNIFICANT EVENTS DURING 2013

- › The process of reviewing the company's name and brand to reflect its increasing presence in the international market continued in 2013. An extraordinary general meeting held on 25 April 2014 approved the change of name to OX2.
- › In February 2013, the final two turbines at Fallåsberget were transferred to the purchasers.
- › In February, OX2 opened a branch in Finland as a further stage in establishing the company in the Finnish market.
- › OX2, which operates Sweden's largest wind power cooperative, is the first company to qualify for the Swedish Society for Nature Conservation's (SSNC) Good Environmental Choice eco-label on its wind power shares.
- › During the spring of 2013, agreements were signed with Bostads AB Mimer and the Municipality of Tyresö for each to purchase an operational wind turbine at Bösjövarden, in the County of Dalarna. The wind farm consists of a total of 9 wind turbines (25 MW). It is estimated that the turbines will come on stream during the course of 2014.
- › An agreement was signed in May with the German insurance company, Allianz, on the sale of the Maevaara

when the farm. At the same time, a 10-year electricity sales agreement on fixed terms was signed between Google's data centre in Finland and Maevaara Vind AB. The farm contains 24 turbines (72 MW) and is planned to commence operations during the winter of 2014/2015. In June, an Agreement was signed with the Polarbröd Group on the acquisition of three turbines at Bösjövarden. The transfer of the wind farm to the purchasers is planned for Q4.

- › An agreement was signed with IKEA in June 2013 for the sale of the Råmsberget project with 7 turbines (21 MW). Agreements were signed at the same time on the construction of the wind farm. The commissioning of the wind farm is planned for winter 2013/2014.
- › In September 2013, a collaboration agreement was signed with Volkswagen Sverige to offer wind shares linked to the electric cars which the Group will launch on the Swedish market. The wind shares can be purchased or hired for a period of one or three years.
- › The German fund managers, Renewable Energy Infrastructure Fund, signed an agreement in December 2013 for the acquisition of eight of the total of eleven turbines at Mässingberget. The transfer of the turbines to the purchaser is planned for winter 2014/2015.
- › In December 2013, Polarkraft, signed an acquisition agreement for one of the turbines at Mässingberget.
- › In December 2013, an agreement was signed with Tornator, Finland's third-largest forestry company. The agreement covers the development of wind power projects on Tornator's land in Finland.

PERFORMANCE AND FINANCIAL POSITION

Performance during individual periods is affected primarily by the rate at which turbines and projects are completed, transferred to customers and recognised in revenue. Similarly, the statement of financial position is significantly affected by the size of on-going wind power projects and their status. With projects which are sold to customers as going concerns, the company aims, for liquidity reasons, to match the payment plans from the customers with the payment plans the company itself has towards the largest suppliers for the projects concerned.

1) BP, Bloomberg New Energy Finance

2) EEA, Svensk Vindenergi, EWEA

CONSOLIDATED REVENUE

Revenue for the period January – December 2013 amounted to SEK 457.7 million (484.7). The sales of the Maevaara, Bösjövar den and Råmsberget projects, along with the turbines sold at Måssingberget, have contributed to the growth in revenue during the year. In addition, the revenue from the final two turbines at Fallåsberget, which were transferred to the purchasers, was recognised during Q1, 2013. The majority of the revenue from the sale of operational turbines will be recognised on the transfer of the turbines to the purchasers, which is planned for winter 2014/2015. The revenue from the construction of Råmsberget is being recognised over time at the rate at which parts of the project are transferred to the purchaser.

The sale of electricity to participating customers during 2013 amounted to SEK 28.8 million (26.4). The increase in revenue for the full year compared with the corresponding period of the previous year is due to the increase in the number of customers and higher electricity consumption. This has also meant that the cost of electricity sold has been lower this year compared with the same period in the previous year.

The sale of operating and monitoring services for wind farms totalled SEK 10.3 million (8.4) in 2013. The increase in revenue is due to the fact that OX2 sold more assignments for operating and monitoring services in 2013 than it did in the same period in the preceding year.

COSTS

The cost of electricity sold relates to the purchase of electricity sold to participating customers. In 2013 it amounted to SEK 26.9 million (24.2). Costs of goods and project planning during 2013 totalled SEK 303.4 million (312.0). The costs are related to the payment for turbines at Fallåsberget in connection with the transfer to customers, the Råmsberget project and project planning activities.

Other external costs during 2013 amounted to SEK 27.0 million (25.8). Personnel costs for 2013 totalled SEK 51.7 million (50.4).

PROFIT

The operating profit for 2013 was SEK 44.4 million (67.8). The profit for the year amounted to SEK 49.5 million (59.4).

FINANCIAL POSITION AND LIQUIDITY

Current assets as at 31 December 2013 totalled SEK 1 million (414.3).

The increase in current assets is primarily related to the increase in work in progress and deferred income attributa-

ble to the establishment of five wind power projects. Corresponding items are included among current liabilities.

Cash and cash equivalents as at 31 December 2013 amounted to SEK 282.2 million (168.3). The increase in cash and cash equivalents is due to the sales made and the application of payment plans for customers which generates higher level of prepayments earlier in the construction projects. In addition, OX2 has a bank overdraft facility of SEK 50 million. The overdraft facility was not utilised during 2013.

Current interest-bearing liabilities as at 31 December 2013 amounted to SEK 1.4 million (115.5). They relate to finance leases. Derivatives of SEK 13.6 million (21.6) are an unrealised negative change in value with respect to the currency hedges which are part of the financing of the Glötesvålen, Maevaara and Bösjövar den projects. OX2 applies hedge accounting of financial instruments in accordance with IAS 39. This means, among other things, that any gains or losses on various derivatives acquired to hedge cash flow risks are recognised in other comprehensive income. The fair value of the outstanding foreign-exchange contracts as at 31 December 2013 amounted to SEK 548.1 million (534,8), which is SEK 13.6 million lower than the forward contracts. The outstanding foreign-exchange contracts include currency hedges relating to the Glötesvålen, Maevaara and Bösjövar den projects.

Current liabilities as at 31 December 2013 amounted to SEK 861.4 million (140.4). The increase consists primarily of loans of SEK 552.6 million (114.1) to finance the construction of the Glötesvålen and Maevaara projects.

CASH FLOWS

The cash flow from operating activities before changes in working capital during the year totalled SEK 48.1 million (70.9), and is attributable to accrued profits. The cash flow from changes in working capital was SEK -132.0 million (-132.0). It relates primarily to loans taken out to finance the construction of the Glötesvålen and Maevaara projects. The company aims to match the liquidity from payment plans from customers with the payments due from the company to major suppliers in each project, although there may be some adjustments between quarters.

The cash flow from investing activities during 2013 amounted to SEK -6.3 million (2.1). During December, SEK 6.5 million was invested in a boiler intended for use in the new biogas operation. This has had a negative effect on cash flow. The cash flow from investing activities during 2013 amounted to SEK -134.3 million (113.5).

The total cash flow for 2013 was SEK 113.7 million (50.3).

PARENT

The overall Group management and administration are part of the Parent, OX2 Group AB. Revenue for 2013 amounted to SEK 18.2 million (16.7). Revenue refers primarily to internal invoicing of management and other services. The operating loss for 2013 was SEK –5.4 million (–8.8). The profit for the year amounted to SEK 95.0 million (8.3).

The Parent's equity as at 31 December 2013 amounted to SEK 147.1 million (72.2). Cash and cash equivalents as at 31 December 2013 totalled SEK 59.9 million (5.8). In addition, there is a bank overdraft facility of SEK 50 million which was not utilised during the year.

HUMAN RESOURCES

On 31 December 2013, the OX2 Group had 57 (49) employees, of whom 39 (41) percent were women. The average number of employees during the full year 2013 was 53 (49).

RISKS AND UNCERTAINTY FACTORS

The wind power industry is dependent on the general economic and political situation. Access to capital and the propensity to invest may affect the company's ability to sell projects. The climate and environmental targets adopted by the EU and by Sweden also affect the potential for the wind power market and the company's growth potential.

The wind power market is regulated by laws and regulations both in respect of the electricity certificate system and the permit process for establishing turbines. A more rigorous permit application process with more stringent requirements than is currently the case would lead to longer planning periods and require greater resources, with a consequent rise in costs.

OX2 is affected by the "offset price", i.e. the total of the electricity price and the electricity certificate. The price of electricity is affected by fundamental factors such as water access, access to production capacity, fuel prices, prices of carbon credits and electricity consumption.

The Euro exchange rate affects OX2's investment calculations, since the turbine suppliers' costs are in Euros. Fluctuations in the exchange rate against the Swedish Krona can affect the profitability of new wind farms. The fundamental principle, however, is that OX2 contractually hedges the purchase price in SEK on the date on which contracts are signed. Exceptionally, where this is not possible, the company employs financial currency hedging.

The leverage on an investment in a wind farm is normally around 50–70 percent, and, consequently, changes in the debt markets can affect the company's profitability.

There is a description of financial instruments and risk management in note 4.

RESEARCH AND DEVELOPMENT

OX2 works jointly with the authorities, suppliers and other players in the sector on a number of research and development projects to develop wind power.

OX2 is continuing its collaboration with the Swedish Energy Agency on the "Storskalig Ekonomisk Vindkraft i Fjällmiljö" [Large-scale Economic Wind Power in Upland Environments] project. Evaluation of the systems already installed is on-going, and preparations for the installation of the final 30 systems are under way in collaboration with turbine suppliers. The results of the project are to be reported to the Swedish Energy Agency in 2015.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- The Group's name and brand were reviewed in response to our growing presence on the international market.
- In December 2014, the Polarbröd Group signed an acquisition agreement for one of the turbines at Mässingberget. This is the fourth turbine the Polarbröd Group has acquired from OX2.
- In February 2014, Älvsborgsvind AB signed an acquisition agreement for one turbine at Mässingberget, which means that all 11 turbines (22 MW) have been sold.
- At the extraordinary general meeting which took place on 12 February 2014 a special dividend of SEK 15,000,000 to the shareholders of the Parent was approved, based on the profit for 2012.

OUTLOOK AND TRENDS

From a global perspective, there is an urgent need for renewable solutions since the consequences of fossil energy usage are becoming ever more evident. During 2013, the UN's Intergovernmental Panel on Climate Change (IPCC) declared that the evidence was unequivocal that the atmosphere and ocean have warmed, the amounts of snow and ice have diminished, sea level has risen, and the concentrations of greenhouse gases have increased. Slowing down climate change will require major and sustained cuts in emissions.³⁾

OX2 is a driving force in the transition towards a fully renewable energy system and a fossil-free vehicle fleet. Not because it is an alternative, but rather as a precondition of sustainable growth in society. In addition, renewable energy is opening up an increasing choice of innovative ownership structures, the company is helping create positive competition within the energy sector and widespread support for the transition to a sustainable future.

1) World Nuclear Association, Danish Wind Turbine Owners' Association

THE WORK OF THE BOARD OF DIRECTORS DURING THE YEAR

At the 2013 annual general meeting, a Board of Directors consisting of Johan Ihrfelt (Chairman) and Thomas von Otter, Anna-Karin Eliasson Celsing, Johan Wieslander, Margareta Alestig Johnson, Niklas Midby and Jan Örtegren's as ordinary members of the Board was re-elected for the period until the end of the next annual general meeting.

During 2013, the Board of Directors of OX2 Group AB held 9 Board meetings.

PROPOSED APPROPRIATION OF PROFITS (SEK)

The following profits are at the disposal of the annual general meeting:

Non-restricted equity, SEK	52,065,612
Profit for the year, SEK	94,971,357
Extraordinary dividend to be deducted, SEK 147.19 per share	-15,000,000
Total, SEK	132,036,969
Dividend to shareholders of SEK 539.72 per share, SEK	55,000,000
The Board proposes that the following sum be carried forward, SEK	77,036,969
Total, SEK	132,036,969

The dividend is calculated on the number of outstanding shares as at 31 December 2013, i.e. 101,905 shares.

For the Parent's and the consolidated results in general, please refer to the subsequent income statements, statements of financial position, statements of cash flows and supplementary disclosures. All amounts are in SEK thousands unless otherwise specified.

THE STATEMENT OF THE BOARD OF DIRECTORS IN RESPECT OF THE PROPOSED DIVIDEND EXPLANATION

Consolidated equity has been calculated in accordance with the IFRS standards and the interpretations of the standards (IFRIC) as approved by the EU, as well as in accordance with Swedish law through the application of the Swedish Council for Financial Reporting's recommen-

dation RFR 1 (Supplementary accounting rules for groups). The Parent's equity has been calculated in accordance with Swedish law and the application of the Swedish Council for Financial Reporting's recommendation, RFR 2 (Accounting for legal entities). The Board considers that the company's restricted equity will be fully covered after the proposed dividend. The Board also considers that the proposed dividend to shareholders can, therefore, be justified with reference to the assessment criteria specified in Chapter 17 § 3 sections 2–3 of the Swedish Companies Act. The Board wishes to declare the following:

The nature and scope of the operations and associated risks

The Board of Directors considers that the equity of the company and of the Group after the proposed dividend will be adequate in relation to the nature and scope of the operations and the associated risks. In reaching this conclusion, the Board takes into consideration factors such as the equity/assets ratio, historical development, budgeted growth, and investment plans of the company and the Group, as well as the economic situation.

Consolidation requirement, liquidity and position in general

The Board of Directors has carried out a comprehensive assessment of the financial position of the company and the Group, and their ability to meet their obligations. The proposed dividend constitutes 42 percent of the Company's equity and 35 percent of the Group's equity, taking into account the extraordinary dividend of SEK 15 million. The Board considers that the earning capacity of the Group is adequate. In the light of this, the Board is of the opinion that the company and the Group are in an excellent position to take full advantage of future business opportunities and to bear any losses. Planned investments have been taken into consideration in determining the proposed dividend. The dividend will not have a negative impact on the ability of the company and the Group to make additional commercially justified investments in accordance with the plans adopted.

Liquidity

The proposed dividend is not expected to have any impact on the ability of the company and the Group to meet their payment obligations on time.

REVENUE, PERFORMANCE AND POSITION, SEK THOUSAND

	2013	2012
Revenue	457,695	484,746
Operating profit	44,355	67,841
Profit after financial income and expense	47,199	69,745
Operating margin	10%	14%
Total assets	1,069,546	434,762
Equity/assets ratio ¹⁾	18%	36%
Return on equity ²⁾	28%	44%
Return on capital employed ³⁾	21%	37%
Average number of employees	53	49

1) Equity in relation to total assets.

2) Profit for the year in relation to average equity.

3) Operating profit after net financial income/expense plus financial expense in relation to average capital employed

ANNUAL GENERAL MEETING

OX2 Group AB will hold its annual general meeting on 19 May 2014 on the company's premises at Lilla Nygatan 1, Stockholm.

OX2 Group's financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK THOUSAND	NOTE	1 jan 2013– 31 Dec 2013	1 jan 2012– 31 Dec 2012
Operating income			
Net sales	5	457,695	484,746
Total income		457,695	484,746
Cost of electricity sold		-26,915	-24,179
Costs of goods and project planning		-303,410	-312,032
Other costs	6,7	-27,008	-25,775
Personnel costs	8	-51,677	-50,435
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	13,14	-4,382	-4,877
Total operating expense		-413,392	-417,298
Profit from investments in associates	16	51	393
Operating profit		44,355	67,841
Financial income	9	3,353	3,006
Financial expense	10	-509	-1,102
Profit before tax		47,199	69,745
Tax	12	2,279	-10,350
Profit for the period		49,478	59,395
Profit for the year attributable to:			
Parent's shareholders		49,478	59,395
CONSOLIDATED TOTAL COMPREHENSIVE INCOME			
Profit for the period		49,478	59,395
Other comprehensive income:			
Translation differences on translation of foreign subsidiaries		149	-13
Cash flow hedges			
Changes in fair value	26	8,063	-21,612
Tax attributable to cash flow hedges		-1,774	4,754
Total comprehensive income for the year, net after tax		55,916	42,524
Total comprehensive income for the year attributable to:			
Parent's shareholders		55,916	42,524

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN SEK THOUSAND	NOTE	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	13	4,808	5,450
		4,808	5,450
Property, plant and equipment			
Equipment, tools, fixtures and fittings	14	12,764	9,713
		12,764	9,713
Financial assets			
Investments in associates	16	1,017	1,348
Deferred tax assets	12	4,643	3,833
Other financial assets		200	101
		5,860	5,282
Total non-current assets		23,432	20,445
Current assets			
Work in progress	17	434,047	65,543
Accounts receivable	18	14,724	44,884
Other receivables		14,939	22,644
Prepaid expenses and accrued income	19	300,218	112,958
Cash and cash equivalents	20	282,186	168,288
Total current assets		1,046,114	414,317
TOTAL ASSETS		1,069,546	434,762

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN SEK THOUSAND	NOTE	31 Dec 2013	31 Dec 2012
EQUITY AND LIABILITIES			
Equity attributable to Parent's shareholders			
Share capital	21	102	102
Other contributed capital	22	72,836	72,836
Profits brought forward including profit for the year		118,957	83,041
Total equity attributable to Parent's shareholders		191,895	155,979
Total equity	23	191,895	155,979
Provisions			
Other provisions		1,300	1,300
		1,300	1,300
Non-current liabilities			
Non-current interest-bearing liabilities	25	1,436	115,501
Derivatives	26	13,550	21,612
		14,986	137,113
Current liabilities			
Advance payments from customers	27	172,248	28,157
Accounts payable		25,286	18,543
Income tax liability		143	3,224
Other liabilities	28	598,042	20,946
Accrued expenses and deferred income	29	65,646	69,500
		861,365	140,370
TOTAL EQUITY AND LIABILITIES		1,069,546	434,762
MEMORANDUM ITEMS			
Pledged assets	30	154,273	149,629
Contingent liabilities	30	116,786	202,023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN SEK THOUSAND	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Profit brought	Total equity
Opening balance as at 1 January 2012	102	72,836	0	0	40,517	113,455
Profit for the period					59,395	59,395
Other comprehensive income						
Translation differences on translation of foreign subsidiaries			-13			-13
Cash flow hedges				-16,858		-16,858
Total other comprehensive income	-	-	-13	-16,858	-	-16,871
Total comprehensive income for the year	-	-	-13	-16,858	59,395	42,524
Closing balance as at 31 December 2012	102	72,836	-13	-16,858	99,912	155,979

AMOUNTS IN SEK THOUSAND	Share capital	Other contributed capital	Translation reserve	Hedge reserv	Profit brought	Total equity
Opening balance as at 1 January 2013	102	72,836	-13	-16,858	99,912	155,979
Profit for the period					49,478	49,478
Other comprehensive income						
Translation differences on translation of foreign subsidiaries			149			149
Cash flow hedges				6,289		6,289
Total other comprehensive income	-	-	149	6,289	-	6,438
Total comprehensive income for the year	-	-	149	6,289	49,478	55,916
Shareholders' dividend	-	-	-	-	-20,000	-20,000
Closing balance as at 31 December 2013	102	72,836	136	-10,569	129,390	191,895

CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN SEK THOUSAND	NOTE	1 Jan 2013- 31 Dec 2013	1 Jan 2012- 31 Dec 2012
Operating activities			
Profit after financial income and expense		47,199	69,745
Adjustments for non-cash items, etc	31	4,331	4,475
		51,530	74,220
Income tax paid		-3,385	-3,291
Cash flow from operating activities before changes in working capital		48,145	70,929
Cash flow from changes in working capital			
Decrease(+)/increase(-) in work in progress		-368,503	-46,439
Decrease(+)/increase(-) in accounts receivable		30,160	-37,108
Decrease(+)/increase(-) in current receivables		-179,555	-108,985
Decrease(-)/increase(+) in accounts payable		6,744	-757
Decrease(-)/increase(+) and current liabilities		717,353	61,270
Cash flow from operating activities		254,344	-61,090
Investing activities			
Acquisition of investments		-101	-110
Acquisition of intangible assets		-415	-932
Acquisition of property, plant and equipment		-5,787	-1,066
Sale of non-current asset		-	-
Cash flow from investing activities		-6,303	-2,108
Financing activities			
Shareholders' contribution received		383	-
Shareholders' dividend paid		-20,000	-
Borrowings		-114,058	114,058
Change in leasing liability		-617	-603
Cash flow from financing activities		-134,292	113,455
Cash flow for the year		113,749	50,257
Translation difference in cash and cash equivalents		149	-7
Cash and cash equivalents at the start of the year		168,288	118,038
Cash and cash equivalents at the year-end		282,186	168,288

PARENT'S STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK THOUSAND	NOTE	1 J1 Jan 2013– 31 Dec 2013	1 Jan 2012– 31 Dec 2012
Amounts in SEK thousand			
Operating income	5	18,242	16,700
Net sales		18,242	16,700
Operating expenses			
Other external expenses	6,7	-7,715	-6,490
Personnel costs	8	-15,064	-18,205
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	13,14	-910	-759
		-23,689	-25,454
Operating profit/loss		-5,447	-8,754
Other interest income and similar profit/loss items	9	95,403	24,873
Interest expense and similar profit/loss items	10	-2,216	-4,355
		93,187	20,518
Profit after financial income and expense		87,740	11,764
Appropriations	11	7,269	-440
Profit before tax		95,009	11,324
Tax on profit for the year	12	-38	-3,037
Profit for the period		94,971	8,287
Statement of comprehensive income			
Profit for the period		94,971	8,287
Other comprehensive income:			
Total comprehensive income for the year, net after tax		94,971	8,287
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		94,971	8,287

PARENT'S STATEMENT OF FINANCIAL POSITION

AMOUNTS IN SEK THOUSAND	NOTE	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Other intangible assets	13	517	658
		517	658
<i>Property, plant and equipment</i>			
Equipment	14	2,928	3,650
		2,928	3,650
<i>Financial assets</i>			
Investments in Group companies	15	117,041	116,380
Investments in associates	16	44	427
Deferred tax assets	12	105	58
Internal non-current receivables		8,000	0
Other securities held as non-current assets etc.		201	100
		125,392	116,965
Total non-current assets		128,837	121,273
Current assets			
<i>Current receivables</i>			
Accounts receivable	18	-	3
Receivables from Group companies		49,882	7,680
Other receivables		1,373	295
Prepaid expenses and accrued income	19	885	1,033
		52,140	9,011
Cash and cash equivalents	20	59,937	5,804
Total current assets		112,077	14,815
TOTAL ASSETS		240,914	136,088

PARENT'S STATEMENT OF FINANCIAL POSITION

AMOUNTS IN SEK THOUSAND	NOTE	31 Dec 2013	31 Dec 2012
EQUITY AND LIABILITIES			
<i>Restricted equity</i>			
Share capital	21	102	102
		102	102
<i>Non-restricted equity</i>			
Profit/loss brought forward		52,065	63,778
Profit for the year		94,971	8,287
		147,036	72,065
Total equity	22	147,138	72,167
Untaxed reserves			
Untaxed reserves	24	440	440
		440	440
Provisions			
Other provisions		500	170
		500	170
Non-current liabilities			
Other non-current liabilities to Group companies	25	34,029	44,029
		34,029	44,029
Current liabilities			
Accounts payable		2,021	2,853
Other liabilities	28	1,573	2,770
Other liabilities to Group companies		50,369	6,421
Accrued expenses and deferred income	29	4,844	7,238
		58,806	19,282
TOTAL EQUITY AND LIABILITIES		240,914	136,088
MEMORANDUM ITEMS			
Pledged assets	30	116,080	116,080
Contingent liabilities	30	924,665	202,023

CHANGES IN PARENT'S EQUITY

AMOUNTS IN SEK THOUSAND	Restricted equity		Non-restricted equity		Total equity
	Share capital	Brought forward profit or loss	Profit for the year		
Opening balance as at 1 January 2012	102	71,738	-8,772		63,068
Profit from merger		812	-		812
Profit for the period			8,287		8,287
Total comprehensive income for the year	-	812	8,287		9,099
Appropriation of profit in accordance with resolution of annual general meeting		-8,772	8,772		0
Closing balance as at 31 December 2012	102	63,778	8,287		72,167

AMOUNTS IN SEK THOUSAND	Restricted equity		Non-restricted equity		Total equity
	Share capital	Brought forward profit or loss	Profit for the year		
Opening balance as at 1 January 2013	102	63,778	8,287		72,167
Profit for the period			94,971		94,971
Total comprehensive income for the year	-	-	94,971		94,971
Appropriation of profit in accordance with resolution of annual general meeting		8,287	-8,287		0
Shareholders' dividend		-20,000			-20,000
Closing balance as at 31 December 2013	102	52,065	94,971		147,138

STATEMENT OF CASH FLOWS - PARENT

BELOPP I KSEK	NOTE	1 Jan 2013- 31 Dec 2013	1 Jan 2012- 31 Dec 2012
Operating activities			
Profit after financial income and expense		87,740	11,324
Adjustments for non-cash items, etc	31	910	759
		88,650	12,083
Income tax paid		-727	-1,512
Cash flow from operating activities before changes in working capital		87,923	10,571
Cash flow from changes in working capital			
Decrease(+)/increase(-) in current receivables		-34,828	12,867
Decrease(-)/increase(+) and current liabilities		39,463	4,411
Cash flow from operating activities		92,558	27,849
Investing activities			
Dividend paid to shareholders		-20,000	-
Acquisitions of shares in subsidiaries		-661	-
Acquisitions of shares in associates		383	-
Acquisition of securities held as non-current assets		-100	-101
Acquisition of intangible assets		-	-692
Acquisition of property, plant and equipment		-47	-502
Loan proceeds		-8,000	-
Cash flow from investing activities		-28,425	-1,295
Financing activities			
Merger of subsidiaries		-	812
Amortisation of non-current internal loan		-10,000	-24,555
Cash flow from financing activities		-10,000	-23,743
Cash flow for the year		54,133	2,811
Cash and cash equivalents at the start of the year		5,804	2,993
Cash and cash equivalents at the year-end		59,937	5,804

Notes

NOTE 1 GENERAL INFORMATION

OX2 Group AB, corporate ID number 556829-4515, is a joint-stock company with its registered office in Stockholm, Sweden. The address of the head office is Lilla Nygatan 1. The mission of the company and its subsidiaries (“the Group”) is to develop, build, own, sell and manage wind farms. In addition, the company is involved in the business development of a range of new types of renewable energy.

NOTE 2 ESSENTIAL ACCOUNTING POLICIES

The consolidated financial statements for OX2 Group AB have been drawn up in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which apply for annual periods beginning on or after 1 January 2013.

In addition, the Group also applies the Swedish Council for Financial Reporting’s recommendation RFR 1 Supplementary accounting rules for groups, which specifies the additions to IFRS disclosures required under the provisions of the Swedish Annual Accounts Act.

In the consolidated financial statements, items are valued at cost, with the exception of certain financial instruments valued at fair value, and at accrued cost. The essential accounting policies applied are described below.

New and amended standards and interpretations which apply for 2013

The following new and amended standards have come into force and apply for the annual period 2013:

Standards

Amendments to IAS 1 *Presentation of Financial Statements* (Presentation of the items in other comprehensive income)

Amendments to IFRS 7 *Financial Instruments: Disclosures* (Disclosures on transfer of financial assets)

Amendment to IFRS 13 *Fair value measurement*

Amendment to IAS 19 *Employee benefits*

New and amended standards and interpretations which have not yet come into force

New and amended standards, which have not yet come into force, issued by the International Accounting Standards Board (IASB), which may possibly affect the Group are as follows:

The amendments to IAS 1 *Presentation of Financial Statements* require additional disclosures in other comprehensive income so that items in other comprehensive income are grouped into categories:

- items which will not be reclassified to profit or loss, and
- items which will be reclassified to profit or loss if certain criteria are met.

Amendments to IFRS 7 *Financial Instruments: Disclosures* enhance the disclosure requirements on transfers of financial assets. These amendments are intended to give greater transparency in respect of the risk exposure of a financial asset which is transferred to a third party, but in which the company retains some future risk exposure. The amendments also require additional disclosures when the transfer of financial assets is not evenly spread over the period.

IFRS 13 *Fair Value Measurement* establishes a set of rules for measuring fair value where this is required by other standards. The standard is applicable to the measurement of fair value for both financial and non-financial income and expense. Fair Value is defined as the price which would be received on the sale of an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date (“exit price”). IFRS 13 requires a number of quantitative and qualitative disclosures on fair value measurement.

Amendment to IAS 19 *Employee benefits*: involves changes in respect of defined benefit pension plans, as well as to the treatment of compensation on termination.

No new interpretations have come into force for annual period 2013.

The company management’s view is that new and amended standards have had no effect on the consolidated financial statements for 2013.

Standards	To be applied for annual periods starting on or after:
IFRS 10 Consolidated Financial Statements ²⁾	on or after 1 January 2014
IFRS 11 Joint arrangements ²⁾	on or after 1 January 2014
IFRS 12 Disclosure of Interests in Other Entities ²⁾	on or after 1 January 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12 (Transition guidance) ²⁾	on or after 1 January 2014
Amendments to IAS 27 Consolidated and Separate Financial Statements ²⁾	on or after 1 January 2014
Amendments to IAS 28 Investments in Associates and Joint Ventures ²⁾	on or after 1 January 2014
Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) ¹⁾	on or after 1 January 2014
Amendments to IAS 32 Financial Instruments: Classification (Offsetting financial assets and financial liabilities)	on or after 1 January 2014
Amendments to IAS 36 Impairment of Assets (Recoverable Amount Disclosures for Non-Financial Assets)	on or after 1 January 2014
Amendments to IAS 39 Financial Instruments: Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)	on or after 1 January 2014
Improvements to IFRS 2010-2012 cycle ¹⁾	on or after 1 July 2014
Improvements to IFRS 2011-2013 cycle ¹⁾	on or after 1 July 2014
Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions) ¹⁾	on or after 1 July 2014

Standards	To be applied for annual periods starting on or after:
IFRS 9 Financial Instruments and associated amendments to IFRS 9 and	Not adopted
IFRS 7 Financial instruments: Disclosures and IAS 39 Financial instruments: Reporting and measurement ¹⁾	Not adopted
IFRS 14 Regulatory deferral accounts ¹⁾	on or after 1 January 2016

1) Not yet endorsed for application within the EU.

2) The IASB intends IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 to take effect from annual periods beginning on 1 January 2013, but they will not take effect within the EU until annual periods beginning on or after 1 January 2014.

The IFRS Interpretations Committee has published the following new interpretations (IFRIC) which have not yet come into force:

Interpretations	To be applied for annual periods starting on or after:
IFRIC 21 Levies	1 January 2014

1) Not yet endorsed for application within the EU.

The above new and amended standards have not yet been applied by the Group.

IFRS 10 *Consolidated Financial Statements* replaces those parts of IAS 27

Consolidated and Separate Financial Statements relating to when and how a parent entity prepares consolidated financial statements. IFRS 10 also replaces SIC-12 When should a special purpose entity, an SPE, be consolidated in its entirety? The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements for all companies irrespective of the nature of the investee. The fundamental condition is controlling influence. The definition of controlling influence involves the following three elements: a) power over the investee, b) exposure, or rights, to variable returns from its involvement with the investee and c) the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 contains detailed guidance on how a company shall apply the principle of controlling influence in a number of different situations, including agent relationships and the holding of potential decision-making rights.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers. IFRS 11 classifies joint arrangements as either a joint operation or a joint venture. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. Under IFRS 11, the equity method must be used for interests in joint ventures. Accordingly, the use of proportionate consolidation is no longer permitted for joint ventures.

IFRS 12 *Disclosure of Interests in Other Entities* is to be applied for companies which hold interests in subsidiaries, joint arrangements, associates or unconsolidated 'structured entities'. IFRS 12 stipulates the objectives for disclosures and specifies the minimum disclosure is required for a company to fulfil these objectives. Companies must disclose the information necessary to enable users of its financial statements to evaluate the nature of and the risks associated with its interests in other entities, and the effect which these holdings have on the company's financial statements.

In June 2012, IASB published amendments to IFRS 10, IFRS 11 and IFRS 12 to clarify certain transition provisions on first application of the standards.

The amendments to IFRS 7 specify additional disclosures required when offsetting financial assets and financial liabilities.

IFRS 9 *Financial Instruments*, issued in November 2009, introduces new requirements for classifying and measuring financial assets. In October 2010, IFRS 9 was amended, in respect of the requirements for classifying and measuring financial liabilities and derecognition. The amendment to IFRS 9, issued in December 2011, means that IFRS 9 is to be applied for annual periods starting on or after 1 January 2015. In December 2011, IFRS 7 was amended to increase disclosure requirements during the period in which IFRS 9 is applied for the first time.

In November 2012, IASB issued additional amendments to IFRS 10, IFRS 12 and IAS 27 in respect of "investment entities". When a company fulfils the definition of an "investment entity", it must not consolidate its subsidiaries without the holding being measured at fair value in accordance with the rules set out in IFRS 9 Financial instruments (or IAS 39 Financial instruments Recognition and measurement).

Amendments to IAS 32 Financial Instruments: The classification process in respect of offsetting financial assets and fermented liabilities clarifies how the offsetting rules in IAS 32 are to be applied.

IAS 36 *Impairment of assets* (Recoverable Amount Disclosures for Non-Financial Assets) which applies from 2014 is to be applied early with effect from 1 January 2013.

Amendments to IAS 39 *Financial Instruments*: Recognition and measurement clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

The improvements to the IFRS 2010–2012 cycle are a package improving a number of standards and interpretations. The changes which will come into force are:

- IFRS 2 Share-based Payment: (*Definition of vesting condition*)
- IFRS 3 Business combinations: (*Accounting for contingent consideration in a business combination*)
- IFRS (Aggregation of operating segments, Reconciliation of the total of the reportable segments' assets to the entity's assets)

- Amendment to IFRS 13 Fair value measurement (*Short-term receivables and payables*)
- IAS 16 Property, plant and equipment: (*Revaluation method—proportionate restatement of accumulated depreciation*)
- IAS 24 Related Party Disclosures: (*Key management personnel services*)
- IAS 38 Intangible assets: (*Revaluation method—proportionate restatement of accumulated amortisation*)

The improvements to the IFRS 2011–2013 cycle are a package improving a number of standards and interpretations. The changes which will come into force are:

- IFRS 1 First-time Adoption of IFRS is applied: (*Meaning of 'effective IFRSs'*)
- IFRS 3 Business combinations: (*Scope exceptions for joint ventures*)
- Amendment to IFRS 13 Fair value measurement (*Scope of paragraph 52 (portfolio exception)*)
- IAS 40 Investment Property: (*Clarifying the inter-relationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property*)

The company management's view is that the application of IFRS 9 may affect the carrying amounts in the financial statements in respect of consolidated financial assets and liabilities. The company management has not yet carried out a detailed analysis of the effects of the application of IFRS 9, and is, therefore, not yet in a position to quantify those effects.

The effects of other new standards and interpretations have still to be fully analysed. The company management's view is, however, that these will not have any significant impact on the consolidated financial statements during the period in which they are applied for the first time.

Parent's accounting policies

Changed accounting policies

The amendments to RFR 2, Accounting for legal entities, which have come into force and which apply for the annual period 2013, relate to the following areas:

Accounting of income tax

The amendment means that companies can decide whether to recognise Group contribution in accordance with the general rule in the recommendation or in accordance with an alternative rule. Under the alternative rule, Group contributions which the Parent receives from or makes to subsidiaries are recognised as appropriations.

The amendment has led to a change in the Parent's accounting, since Group contribution, which was previously recognised in accordance with the main rule will be recognised from 2013 with the application of the alternative rule.

Amendments to RFR 2 which have not yet come into force

The Swedish Financial Reporting Council has issued an amendment to RFR 2 in respect of accounting for Group contribution. This amendment is effective for annual periods beginning on or after 1 January 2014.

Consolidated financial statements

The Consolidated financial statements cover the Parent, OX2 Group AB, and the companies over which the Parent has control (subsidiaries). Control involves the right to

determine the strategies for a financial operation with the aim of receiving financial benefits, and is normally met when the Parent directly or indirectly holds shares which represent more than 50 percent of the votes. Control may also be exercised other than through shareholding.

The profits or losses for subsidiaries acquired or disposed of during the year are included in the consolidated income statement from and including or up to and including the date on which the transactions took place, i.e. when control ceased.

Wherever subsidiaries applied accounting policies which differ from the Group's, the subsidiaries' financial statements are adjusted to comply with the policies applied by other Group companies.

Internal transactions among Group companies and internal Group balances are eliminated in drawing up consolidated financial statements.

Business combinations

The acquisition of subsidiaries is recognised using the acquisition method. The fair value of acquired assets and assumed liabilities is determined as at the date on which control of the acquired company was obtained. The consideration for the acquisition consists of the fair value of the transferred assets, liabilities and any shares issued by the Group. The fair value of contingent consideration is also included. Acquisition costs are not included in cost for the subsidiary but are expensed in the period in which they arise. The difference between the total of consideration and the value of non-controlling interests, as well as the fair value of previous holdings and the fair value of acquired assets, liabilities and contingent liabilities is recognised as goodwill. If a negative difference arises, this is recognised in profit or loss. Non-controlling interest is recognised either as a proportional interest in the acquired net assets, or at fair value, which is determined for each individual acquisition. Additional consideration is recognised at assessed fair value, with subsequent changes recognised in profit or loss.

With step acquisitions, a valuation of fair value is carried out on the date on which control is obtained. The revaluation effects on previously recognised investments before control is obtained are recognised in profit or loss. Increased or decreased equity interest, which does not involve a loss of control, is recognised as a change within equity.

Investments in associates

Holdings in associates are recognised using the equity method. An associate is an entity in which the group has a significant but not a controlling influence. The application of the equity method means that investments in associates are recognised in the statement of financial position at cost, with the addition of any changes in the Group's proportionate interest in the associate's net assets, and with the deduction of any impairment and dividends. The statement of comprehensive income reflects the Group's proportionate interest in the associate's profit/loss after tax. Transactions recognised in the associate's other comprehensive income are recognised in consolidated other comprehensive income.

If the Group's share of recognised losses in associates exceeds the carrying amount of the investments in the Group, the value of the investments is reduced to zero.

Further losses are not recognised unless the Group has issued guarantees to cover losses arising at the associate.

A positive difference between the cost of the acquired investments and the Group's share of the fair value of identifiable acquired assets and liabilities in the associate consti-

tute goodwill, which is included in the carrying amount of the associate. If a negative difference arises, this is recognised as income in the same period as which the acquisition took place.

The existence of an impairment need on recognised investments in associates is tested if there are indications of a decline in value. For transactions between Group companies and associates, that part of unrealised profits which corresponds to the Group's participation in the associate is eliminated. Unrealised losses are similarly eliminated unless there is an indication of an impairment need.

Revenue

The revenue of the OX2 Group consists primarily of the sale of wind power projects and turbines, and of the sale of electricity and operating services.

Revenue is recognised after the delivery to the customer is complete. Profit is calculated as the difference between revenue and the cost price of the products.

The revenue from the sale of wind power projects is recognised when the above-mentioned conditions are met, which is normally when the contract is signed.

Wind turbines can be sold either as operational or as construction agreements.

The sale of operational turbines consists of three separate identifiable parts,

- one part relating to the site/project planning,
- one part relating to project management during the construction period, and
- one part relating to the turbine.

Revenue is recognised at the fair value of the payments received or which will be received, with the deduction of VAT, estimated customer returns, discounts and similar deductions.

Revenue from the sale of wind power projects and operational turbines are recognised when all the conditions listed below are met:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

For projects sold as construction contracts, revenue is recognised using the percentage of completion method. This means that assignment revenue is matched against assignment expenditure on the basis of the work carried out up to and including the end of the reporting period. Revenue and costs, accordingly, are attributed to the reporting period in which the work was carried out.

The revenue for project planning/sites is recognised when the contract is signed, on the same principle as with the sale of wind power projects. Revenue for project management is recognised in stages during the construction period, and revenue for the wind turbine itself is normally recognised when the counterparty takes possession, which is the date on which the above conditions are met.

Revenue in respect of the sale of electricity is recognised in the period in which the delivery takes place.

Government support

Central government subsidies are recognised in the statement of financial position as deferred income when there is reasonable certainty that the subsidy will be received and that the Group will fulfil the conditions associated with the subsidy. Subsidies are periodised systematically in profit or loss in the same way and over the same period as the costs which the subsidies are intended to offset. Government subsidies related to assets are recognised in the statement of financial position as a deferred income and are periodised as other operating income over the useful life of the asset.

Interest income

Interest income is recognised over the term of the income using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the fixed interest period to the net carrying amount of the receivable.

Leasing agreements

A finance lease is an agreement under which the financial risks and rewards incident to ownership of an object are substantially transferred from the lessor to the lessee. Other leases are classed as operating leases.

The Group as lessee

Assets held under finance leases are recognised as non-current assets in the consolidated statement of financial position at fair value at the commencement of the term of the lease or at present value of the minimum lease payments if this is lower. The corresponding liability to the lessor is recognised in the statement of financial position as a finance lease liability.

The lease payments are apportioned between interest and the reduction of the liability. Interest is apportioned over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The interest expense is recognised in profit or loss.

An asset held under as finance lease agreement is depreciated over the estimated life of the asset in accordance with the above or over the lease term if this is shorter.

For operating leases, the lease payments are recognised as an expense in profit or loss over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's financial benefit.

Foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate ruling on the transaction date. Monetary assets and liabilities which are stated in foreign currency are translated to the functional currency at the closing day rate. Exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities carried at cost are translated at the exchange rate ruling on the transaction date.

Non-monetary assets and liabilities carried at fair value are translated into the functional currency at the exchange rate ruling when their fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise, with the exception of transactions which constitute hedge accounting of cash flows or net investments, in which case gains and losses are recognised outside profit or loss.

Financial statements of foreign operations

Items included in the financial statements for the various units within the Group, are recorded in the currency of the primary economic environment in which the various units operate (functional currency). In the consolidated financial statements, all amounts are translated into Swedish Kronor (SEK), which is the Parent's functional and presentation currency.

Assets and liabilities of foreign operations, including goodwill and other services and undervalues, are translated from the functional currency of the foreign operation into the Group's presentation currency, SEK, at the closing day rate. Income and expense in a foreign operation are translated into SEK at an average exchange rate which represents an approximation of exchange rates on the transaction dates. Translation differences which arise on the inflation of foreign currencies by foreign operations are recognised in other comprehensive income and accumulated in a separate component in equity, designated the translation reserve. On the disposal of a foreign operation, the accumulated translation differences attributable to the foreign operations sold are reclassified from equity to profit/loss for the year as a reclassification adjustment on the date on which the gain or loss on the sale is recognised.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale form part of the cost of that asset until such time as the asset is ready for its intended purpose or sale. Interest income from temporary investment of borrowed funds for such an asset at deducted from borrowing costs which may be included in the cost of the asset.

Other borrowing costs are recognised in profit or loss for the period to which they refer.

Employee benefits

Employee benefits in the form of salaries, paid holidays, paid sick leave etc., as well as pensions, are recognised in the period in which they are earned. With reference to pensions and other post-employment benefits, these are classed as defined contribution or defined benefit pension plans. The Group has defined contribution pension plans exclusively.

Defined contribution plans

For defined contribution plans, the company pays fixed contributions to a separate and independent legal entity, and has no obligation to pay additional contributions. The costs of the contributions are recognised in profit or loss as the benefits are earned, which normally coincides with the date on which premiums are paid.

Taxes

The tax expense consists of the total of current tax and deferred tax.

Current tax

Current tax is measured on the taxable profit or loss for the period. The taxable profit or loss differs from the profit or loss recognised in profit or loss, since it has been adjusted for taxable income and non-deductible expenses, as well as for income and expense which is taxable or deductible in other periods. The consolidated current tax liability is measured using the tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on the difference between the carrying amount of assets and liabilities in the financial statements and the tax base used in measuring taxable profit or loss. Deferred tax is recognised using the balance sheet method. Deferred tax liabilities are recognised for, in principle, all taxable temporary differences, and deferred tax assets are recognised for, in principle, all deductible temporary differences to the extent that it is probable that the amount can be utilised against future taxable profit.

Deferred tax liabilities and tax assets are not recognised if the temporary difference is attributable to goodwill or if it arises in consequence of a transaction which constitutes the initial recognition of an asset or liability (other than in a business combination) which, at the time of the transaction, does not affect the accounting or the taxable profit.

Deferred tax liability is recognised for taxable temporary differences arising from investments in subsidiaries and associates, other than in cases where the Group can control the date of reversal of the temporary differences and it is probable that such reversal will not take place within the foreseeable future. Deferred tax assets for deductible temporary differences arising from such investments in subsidiaries and associates are recognised to the extent that it is probable that the amount can be utilised against future taxable profit and that it is probable that such utilisation will take place within the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, in whole or in part, against the deferred tax asset. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes are offset when they relate to income tax levied by the same taxing authority and when the Group intends to settle the tax on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, other than when the taxes are attributable to transactions which are recognised outside profit or loss. In that case, the taxes are also recognised outside profit or loss.

Non-current assets

Property, plant and equipment and intangible assets with a finite useful life are recognised at cost less accumulated depreciation/amortisation and impairment. Cost includes the purchase price as well as all costs necessary to bring the asset on-site and to working condition for its intended use. Borrowing costs are included in cost when the criteria for this are met. Property, plant and equipment which consist of parts with different useful lives are treated as separate components of tangible assets.

Future expenditure is added to cost only if it is probable that the future economic benefits attributable to the asset will flow to the company and that cost can be measured reliably. All other future expenditure is recognised as an expense in the period in which it arises. Future expenditure is added to cost if the expenditure relates to the replacement of identified components or parts thereof. Any undepreciated carrying amounts on replaced components are dis-

carded and treated as an expense in connection with the replacement. Expenditure on repairs and maintenance is recognised as an expense on a current basis.

Depreciation is based on the cost of the assets less the estimated residual value at the end of the useful life and is recognised on a straight-line basis over the estimated useful life of each significant component.

The useful life of all components in turbines, fundamentals and electrical installations is regarded as coinciding, and no further apportionment is, therefore, carried out. Useful lives and residual values are subject to annual review.

Useful life is estimated at:

Equipment	4–7 years
Intangible assets	5–8 years

The gain or loss arising on the sale or disposal of tangible assets constitutes the difference between what is realised on the asset and its carrying amount, and is recognised in operating profit or loss.

Intangible assets

Intangible assets acquired through a business combination identified and recognised separately from goodwill when they meet the definition of an intangible asset and their fair value can be measured reliably. The cost of such intangible assets consists of their fair value on the date of acquisition.

After initial recognition, intangible assets acquired through a business combination are recognised at cost less accumulated amortisation and any accumulated impairment in the same way as separately acquired intangible assets.

Impairment

At the end of each reporting period, the Group analyses the carrying amount of tangible and intangible assets to determine whether there is anything to indicate that these assets have reduced in value. If such indications are found, the recoverable amount is measured to determine the amount of any impairment. Where it is not possible to measure the recoverable amount for an individual asset, the Group measures the recoverable amount of the cash-generating unit to which the asset belongs. In addition, impairment is tested annually for intangible assets with indefinite useful lives and intangible assets not yet available for use.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In measuring value in use, the estimated future cash flow is discounted using an interest rate before tax which reflects the current market assessment of the time value of money and the risks associated with the asset.

If the recoverable amount for an asset (or cash-generating unit) is determined to be lower than the carrying amount, the carrying amount of the asset (or cash-generating unit) is impaired to the recoverable amount. Impairment is recognised in profit or loss.

When an impairment is subsequently reversed, the carrying amount of the asset (cash-generating unit) is revalued to the recoverable amount, but the increased recoverable amount must not exceed the carrying amount which would have been established if no impairment of the asset (cash-generating unit) had been made in previous years. A reversal of an impairment is recognised in profit or loss. Impairment of goodwill is not reversed.

Financial instruments

A financial asset or financial liability is recognised in the statement of financial position when the company becomes a party to the contractual terms of the instrument. A financial asset is derecognised in the statement of financial position when the rights in the agreement are realised, expire or when the company loses control over it. A financial liability is derecognised in the statement of financial position when the obligation in the agreement is fulfilled or otherwise extinguished.

At the end of each reporting period, the company evaluates whether there are objective indications that a financial asset or group of financial assets, which are not valued at fair value with changes in value recognised in profit or loss, require impairment due to past events.

Financial instruments are recognised at accrued cost or fair value depending on the initial categorisation under IAS 39.

The fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows: the fair value of financial assets and liabilities with standard conditions which are traded on an active market is determined with reference to the quoted market price.

The fair value of other financial assets and liabilities is determined in accordance with generally-accepted valuation models, such as models based on discounted statement of cash flows. Observable market data is used to the greatest possible extent in the valuation models applied.

For all financial assets and liabilities, the carrying amount is regarded as a good approximation of fair value, when the term of the instrument is short, unless otherwise specially stated in the following notes.

Derivatives and hedge accounting

All derivatives are measured at fair value and recognised as either assets or liabilities in the statement of financial position depending on whether the fair value of the instrument is positive or negative at the end of the reporting period. The recognition of changes in value of the instrument depends on whether or not the derivative is identified as a hedging instrument.

If a derivative is identified as a hedging instrument in a cash flow hedge, the effect of part of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedge reserve in equity. The ineffective part of the cash flow hedges is recognised in consolidated profit or loss. Amounts attributable to equity are reversed in consolidated profit or loss during the periods in which the item affects consolidated profit or loss.

For hedge accounting to be applicable, its effectiveness must be capable of demonstration at the start of and during the hedge period. In respect of hedging of forecasts cash flows, it is a requirement that it is highly probable that the cash flows will occur.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative is separated from the host contract, is measured at fair value and recognised separately in the statement of financial position when its financial characteristics are not

associated with the host's, provided that the hybrid contract is not recognised at fair value in profit or loss.

Fair value measurement

Disclosures are to be made on the method of determination of fair value in accordance with a three-level valuation hierarchy. The levels must reflect the extent to which fair value is based on observable market data or in-house assumptions. A description of the three levels for the determination of fair value is given below.

Level 1

Financial instruments where fair value is determined on the basis of observable (unadjusted) quoted prices on an active market for assets and liabilities. A market is regarded as active if quoted prices from a stock exchange, a stockbroker, industrial group, pricing service or supervisory authority are readily and regularly available, and these prices represent actual and regular arm's length transactions.

Level 2

Financial instruments where fair value is determined on the basis of measurement models based on observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e. as quotations) or indirectly (i.e. derived from quotations). Examples of observable data within level 2, data which can constitute a basis for the estimation of price, e.g. interest rates and yield curves.

Level 3

Financial instruments where fair value is determined on the basis of measurement models with inputs based on non-observable data.

Determination of fair value

Currency futures:

The fair value of currency futures is determined on the basis of current forward rates for the remaining term of the contract at the end of the reporting period. All currency futures are attributable to level 2 in the fair value hierarchy above. The fair value of the currency options is measured using the Black Scholes model. This is carried out on a quarterly basis. This is attributable to level 2 in the fair value hierarchy above.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and recognised at a net amount in the statement of financial position when there is a legal right to offset and when the company intends to settle the items on a net basis or simultaneously realise the asset and settle the liability. No offsetting has been carried out on the consolidated financial assets and liabilities, and nor is there any legal right of set-off.

Cash and cash equivalents

Cash and cash equivalents include cash funds and bank deposits, as well as other short-term liquid investments which may easily be converted to cash and are subject to a significant risk of fluctuations in value. To be classified as cash and cash equivalents, the term must not exceed three months from the date of acquisition. Cash funds and bank deposits are classed as "Loans and accounts receivable", which involves valuation at accrued cost. Since bank deposits are repayable on demand, accrued cost is equivalent to the nominal amount.

Accounts receivable

Accounts receivable are classified as "Loans and accounts receivable", which involves valuation at accrued cost. The anticipated term of accounts receivable is, however, short, for which reason they are recognised at nominal amount without discounting. A deduction is made for receivables regarded as doubtful. Impairment of accounts receivable is recognised as operating costs.

Accounts payable

Accounts payable are classified as "Other financial liabilities", which involves valuation at accrued cost. The expected term of accounts payable is, however, short, for which reason they are recognised at nominal amount without discounting.

Interest-bearing bank loans, bank overdraft facilities and other loans

Interest-bearing bank loans, bank overdraft facilities and other loans are classified as "Other financial liabilities" and are valued at accrued cost using the effective interest method. Any differences between loan amount received (net after transaction costs) and a repayment or amortisation of loans is recognised over the term of the loan in accordance with the Group's accounting policy for borrowing costs (see above).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties that surround the underlying events. When a provision is measured by estimating the disbursements which it is expected will be required to settle the obligation, the carrying amount must correspond to the present value of these disbursements.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when it is virtually certain that reimbursement will be received if the company settles the obligation and the amount can be measured reliably.

Accounting policies – Parent

The Parent complies with the Swedish Annual Accounts Act and the Swedish Council for Financial Reporting's recommendation RFR 2 Accounting for legal entities. The application of RFR 2 means that the Parent, as far as possible, will apply all the EU- endorsed IFRS within the framework of the Swedish Annual Accounts Act and the Pensions Obligations Vesting Act and shall take account of the connection between accounting and taxation. The differences between the accounting policies of the Parent and the Group are described below.

Investments in subsidiaries

Investments in subsidiaries are recognised using the acquisition method. Acquisition-related costs for subsidiaries, which are treated as an expense in the consolidated financial statements, are included in the cost of investments in subsidiaries. The carrying amount of investment in subsidiaries is reviewed in respect of potential impairment needs when indications of impairment needs arise.

Group contribution and shareholders' contribution

Shareholders' contribution is recognised in accordance with the Swedish Council for Financial Reporting's declaration URA 7 Group contribution and shareholders' contribution. Shareholders' contribution is recognised in other comprehensive income by the recipient and against shares and investments by the donor, to the extent that impairment is not required.

Group contribution provided by the Parent to subsidiaries is recognised as an appropriation.

Pensions

The Parent's pension obligations have been measured and recognised on the basis of the Pensions Obligations Vesting Act. The application of the Pensions Obligations Vesting Act is a pre-requisite for tax deductibility.

Leasing

All the Parent's leases are recognised as operating leases.

NOTE 3 JUDGEMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

The consolidated financial statements are based on various estimates and judgements made by the management of the company which affect the application of the accounting policies and the carrying amount of assets, liabilities, income and expense. Judgements may deviate from future results.

The estimates and assumptions are reviewed on a regular basis. The effects of changes in estimates are recognised in the period in which the changes made if the change affects this period only, or in the period in which the changes made and future periods if the change affects both the current period and future periods.

Impairment of non-current assets

The determination as to whether a non-current asset is to be impaired or not requires an assessment of the recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less cost to sell. The measurement of value in use requires estimates of future cash flows and the discount rate. Assessments of this type always reflect some degree of uncertainty, for obvious reasons.

NOTE 4 4 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Finance Policy

Through its operations, OX2 is exposed to a range of financial risks in the form of market risks (including currency risks and interest rate risks), credit risks and financing risks. The Group's overall risk management policy focuses on the unpredictability of the financial markets and aims to minimise potential negative effects on the Group's financial results. Risk management is carried out in accordance with the Finance Policy adopted by the Board of Directors. The Board has drawn up written policies both for overall risk management and for specific areas, such as currency risk, interest-rate risk, counterparty risk and the investment of excess liquidity.

The finance policy is determined by the Board and is updated annually as required.

Market risks*Introduction*

OX2's principal business model is to act as project planner for wind power projects and to sell operating wind farms. Consequently, the majority of market risks are indirect, i.e. OX2's customers face the risks and OX2 is affected indirectly through reduced demand and/or lower selling prices.

Currency risks

A currency risk arises in connection with project planning and ordering wind turbines, which is done mainly from European suppliers in EUR. For that reason, OX2 locks-in the purchase price in SEK when the contract is signed, which means that any subsequent currency risk is borne by the supplier. Exceptionally, where this is not possible, currency hedging is adopted. In each project, currency risk is managed in a manner which complies with the policy's requirements for risk minimisation, adapted to meet the conditions of the individual project.

Given the 2013 flows and the like of hedging, a change in the EUR/SEK exchange rate of SEK 0.10 has a barely noticeable effect on performance. In the event of a change in the EUR/SEK exchange rate of SEK 0.10 at the end of the year, the effect on equity would amount to approximately SEK +6 million, given the currency hedging which is recognised outside profit or loss.

Interest-rate risks

OX2's customers usually make substantial borrowings, often around 50–70 %, on their investments in wind power. Consequently, interest rates affect the demand for wind power installations. The Group has no loans from financial institutions. The loans which do exist are attributable to the financing of the Glötesvålen and Maevaara projects, and the interest rate is fixed for the duration of the project. The Group is affected by the interest component of currency derivatives which are included in currency risk hedging. For more information, see under Currency risks. In the event of a change in the interest rate by +0.01, the negative market value of the currency future would decrease/increase by SEK 0.6 million (0.6) based on the currency future contract taken out during 2013.

Investments

The consolidated cash flow generated from operating activities and from the sale of project/operating turbines is intended to be used for the development of new projects and the financing of operating activities. The excess liquidity is to be invested with counterparties who have high credit ratings and, therefore, represent low credit risk. The Group's risks related to interest income is relatively limited. Given the 2013 figures, a reduction in the interest rate to 0% would involve a reduction of interest income of around SEK 2 million.

Hedging policy for electricity risks and electricity certificate risks

Whenever OX2 is involved in wind power installations, the policy for managing electricity and electricity certificate risks, which has been refined over a long period within the OX2 Group, is used. Normally, price hedging shall be spread over the price hedging period. The maximum hedging horizon is, normally, the available contracts on Nord Pool, currently the calendar year plus 5.

Electricity certificates are hedged on an on-going basis taking account of the liquidity of the certificate market.

OX2's risk philosophy is based on security before risk-taking, but taking account of the trading opportunities in the markets.

Price risk for electricity and electricity certificates

The future offset price for electricity and electricity certificates is the single most important parameter in customers' investment calculations. Accordingly, OX2's operations are affected in both the short and the long term by the trend in the futures market for electricity and electricity certificates. OX2 monitors the market carefully to ensure that it understands how the market is operating and how it correlates with the price of other types of energy, the business cycle etc. Fluctuations in the price of electricity, consequently, affect the Group's potential customers.

Liquidity risk and financing risk

Liquidity risk refers to the risk that the Group may be negatively affected by deficiencies in the management and control of cash and cash equivalents and payments. Financing risk refers to the risk that the Group may not be able to raise sufficient cash and cash equivalents to meet its obligations. In relation to operating turbines sold to customers, the company aims to match the liquidity of the payment plans from the customers with the payment plans which the company has in place with the major suppliers in the projects concerned.

The spread of terms for contractual payment obligations related to the Group's and the Parent's financial assets and liabilities are set out in the tables below.

Group (SEK thousand)	2013				2012			
	0-3 months	3-12 months	1-5 year	Total	0-3 months	3-12 months	1-5 year	Total
Assets								
Accounts receivable	-	14,724	-	14,724	-	44,884	-	44,884
Other current receivables	-	14,939	-	14,939	-	22,644	-	22,644
Cash and cash equivalents	282,186	-	-	282,186	168,288	-	-	168,288
Total	282,186	29,663	-	311,849	168,288	67,528	-	235,816
Liabilities								
Provision	-	-	1,300	1,300	-	-	1,300	1,300
Other non-current liabilities	-	-	1,436	1,436	-	-	115,501	115,501
Derivatives	-	-	13,550	13,550	-	-	21,612	21,612
Accounts payable	-	25,286	-	25,286	-	18,543	-	18,543
Other current liabilities	-	598,042	-	598,042	-	20,946	-	20,946
Total	-	623,328	16,286	639,614	-	39,489	138,413	177,902

Parent (SEK thousand)	2013				2012			
	0-3 months	3-12 months	1-5 year	Total	0-3 months	3-12 months	1-5 year	Total
Assets								
Accounts receivable	-	-	-	-	-	3	-	3
Receivables from Group companies	-	49,882	-	49,882	-	7,680	-	7,680
Other current receivables	-	1,373	-	1,373	-	295	-	295
Cash and cash equivalents	59,937	-	-	59,937	5,804	-	-	5,804
Total	59,937	51,255	-	111,192	5,804	7,978	-	13,782
Liabilities								
Other non-current liabilities to Group	-	-	34,029	34,029	-	-	44,029	44,029
Accounts payable	-	2,021	-	2,021	-	2,853	-	2,853
Liabilities to Group companies	-	50,369	-	50,369	-	6,421	-	6,421
Other current liabilities	-	1,573	-	1,573	-	2,770	-	2,770
Total	-	53,963	34,029	87,992	-	12,044	44,029	56,073

Credit risk and counterparty risk

Credit risk means the risk that the counterparty will be unable to fulfil its contractual obligations towards the Group, which would result in a financial loss. In connection with the sale of wind turbines, the external purchaser assumes part of OX2's credit risk. The size of the proportion which the external customers assume depends on whether delivery has taken place or not. The external purchaser may pledge assets for its obligations towards OX2. In addition, the purchaser makes an advance payment in accordance with a payment plan.

The Group's and the Parent's maximum exposure to credit risk is equivalent to the carrying amount of all financial assets, and is shown in the table below.

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Accounts receivable	14,724	44,884	-	3
Receivables from Group companies	-	-	49,882	7,680
Other receivables	14,939	22,644	1,373	295
Cash and cash equivalents	282,186	168,288	59,937	5,804
Maximum exposure to credit risk	311,849	235,816	111,192	13,782

Classification of financial instruments

The carrying amounts of financial assets and financial liabilities allocated by category in accordance with IAS 39 are shown in the table below.

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Financial assets				
Loans receivable and accounts receivable ¹⁾				
Accounts receivable	14,724	44,884	-	3
Receivables from Group companies	-	-	49,882	7,680
Other current receivables	14,939	22,644	1,373	295
Cash and cash equivalents	282,186	168,288	59,937	5,804
Total financial assets	311,849	235,816	111,192	13,782
Financial liabilities				
Derivatives identified as hedging instruments				
Derivatives	13,550	21,612	-	-
Other financial liabilities ¹⁾				
Provision	1,300	1,300	-	-
Other non-current liabilities	1,436	115,501	34,029	44,029
Liabilities to Group companies	-	-	50,369	6,421
Accounts payable	25,286	18,543	2,021	2,853
Other current liabilities	598,042	20,946	1,573	2,770
Total financial liabilities	639,614	177,902	87,992	56,073

1) Measured at amortised cost.

There have been no reclassifications among the valuation classes above during the period.

Management of capital risks

The Group's objective in managing capital is to safeguard the Group's ability to continue its operations, so that the Group can continue to generate a reasonable return for shareholders and advantages to other stakeholders. The Group's strategy is to have no indebtedness other than for financing inventories and accounts receivable.

NOTE 5 INTAKTER

OX2 Group's recognised revenue comes from the sale of electricity, wind power projects, operating services and the sale of wind turbines.

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
Net sales				
Electricity sales	48,037	44,256	-	-
Energy tax deducted	-18,681	-17,884	-	-
Sale of projects and turbines	400,202	436,469	-	-
Grant from the Swedish Energy Agency	8,998	6,309	-	-
Sale of management services	16,317	14,252	-	-
Sale of project management and other services	2,683	1,344	-	-
Sales of biogas and natural gas	139	-	-	-
Management fee	-	-	18,242	16,700
Total	457,695	484,746	18,242	16,700

NOTE 6 DISCLOSURES ON AUDITOR'S FEES AND REIMBURSEMENT OF EXPENSES

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
Deloitte AB				
audit assignment	1,085	753	472	465
audit activities over and above the audit	408	298	298	260
tax advice	839	112	270	51
other services	-	-	-	-
Total	2,332	1,163	1,040	776

"Audit fee" refers to the auditor's remuneration for the statutory audit. The work involves auditing the annual report and accounting records, and reviewing the administration of the company by the Board of Directors and the President and CEO, as well as the fee for audit advice provided in connection with the audit assignment. Audit activities over and above the audit assignment refer primarily to quality assurance services other than the statutory audit.

NOTE 7 LEASING

Operating leases

The Parent's operating leases refer to office machinery and the rent of office premises. The rent of office premises (the head office) is recognised in full in the Parent, but is further invoiced in part to subsidiaries in accordance with the distribution key. The cost for the year of operating leases amounted to SEK 2,707,000 (2,697,000) for the Parent. The Group's operating leases refer to office machinery, the rent of office premises, rent and right of use agreements. The agreements include index clauses under which the rental payment is subject to price adjustment in accordance with the CPI. The cost for the year of operating leases amounted to SEK 3,526,000 (3,813,000) for the Group. At the end of the reporting period, the Group had outstanding obligations under irrevocable operating leases, with due dates as follows

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
2012	3,526	3,813	2,707	2,697
Between 2 and 5 years	7,156	10,630	5,139	7,846
Later than 5 years	480	520	-	-
Total	11,162	14,963	7,846	10,543

NOT 8 NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

Average number of employees	2013		2012	
	Number of employees	Of whom men	Number of employees	Of whom men
Parent				
Sweden	13	4	13	4
Total for Parent	13	4	13	4
Subsidiaries				
Sweden	38	26	36	25
Finland	2	2	-	-
Total for subsidiaries	40	28	36	25
Total for Group	53	32	49	29

Distribution of senior management personnel at the end of the reporting period	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Women:				
members of the Board	2	2	2	2
other senior management personnel incl. CEO	2	2	1	1
Men:				
members of the Board	4	4	4	4
other senior management personnel incl. CEO	5	3	1	1
Total	13	11	8	8

(SEK thousand) Salaries, remuneration etc.	2013		2012	
	Salaries and other remuneration	Social security contributions (of which pension costs)	Salaries and other remuneration	Social security contributions (of which pension costs)
Parent	8,718	4,690 (1,586)	8,182	8,687 (4,950)
Subsidiaries	23,743	11,218 (3,337)	18,733	11,173 (4,187)
Total Group	32,461	15,908 (4,923)	26,915	19,860 (9,137)

Salaries and remuneration allocated between members of the Board etc. and employees	2013		2012	
	Board and CEO (of which bonus etc.)	Other employees	Board and CEO (of which bonus etc.)	Other employees
Parent	2,672 (837)	6,046	1,974 (199)	6,208
Subsidiaries	5,776 (1,754)	17,968	3,568 (677)	15,165
Total for subsidiaries	5,776 (1,754)	17,968	3,568 (677)	15,165
Total for Group	8,448 (2,591)	24,014	5,542 (876)	21,373

Note 8 Number of employees, salaries, other remuneration and social security contributions, contd

Remuneration of senior management personnel

Fees are paid to the Chairman of the Board and other members of the Board in accordance with the resolutions of the annual general meeting. During 2013, the cost of Directors' fees totalled SEK 694,000.

Remuneration paid to the CEO and other senior management personnel consists of basic salary, bonus, other benefits and pension.

“Other senior management personnel” refers to the five individuals who, along with the CEO, constitute the management team.

Johan Wieslander, who is a member of the Board of OX2 Group, has a consulting assignment within the OX2 Group which is invoiced on a current basis and on market terms.

Bonus

A provision has been made for a profit-based bonus for 2013 for all employees, amounting to a total of SEK 4,917,000.

Pensions

The Group has defined contribution pension plans exclusively. Pension costs referred to the cost charged to profit or loss for the year.

The retirement age for the CEO is 65. The pension premium must not exceed a maximum of 24% of the pensionable salary. The pensionable salary is the basic salary.

The retirement age for other senior management personnel is 65. The pension premium for other senior management personnel is agreed individually, and amounts to a maximum of 24% of the pensionable salary. For the CEO and Deputy CEO, however, the pension premium is 35% of the pensionable salary.

Severance pay

In the event of notice of termination from the company's side the CEO and Deputy CEO have a period of notice of 6 months. No severance pay is payable.

A period of notice of 3–6 months applies to other senior management personnel. There are no agreements on severance pay in respect of other senior management personnel.

Preparatory and decision process

The remuneration of the CEO for the annual period was set by the Board of Directors. Remuneration of other senior management personnel was set by the CEO in consultation with the Board.

NOTE 9 FINANCIAL INCOME

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
Interest income	2,088	3,006	403	61
Exchange gains	1,265	-	-	-
Dividends received	-	-	95,000	-
Group contribution received	-	-	-	24,812
Total financial income	3,353	3,006	95,403	24,873

All interest income refers in its entirety to financial assets which have not been valued at fair value profit or loss

NOTE 10 FINANCIAL EXPENSES

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
External interest expense	-439	-307	-306	-272
Internal interest expense	-	-	-1,910	-3,429
Interest expense leasing	-70	-101	-	-
Other financial expense	-	-694	-	-654
Total financial expense	-509	-1,102	-2,216	-4,355

All interest expense refers in its entirety to financial assets which have not been valued at fair value profit or loss.

NOTE 11 APPROPRIATIONS

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
Group contribution received	-	-	7,838	-
Group contribution made	-	-	-569	-
Additional depreciation/amortisation	-	-	-	-440
Total appropriations	-	-	7,269	-440

NOTE 12 TAX

Recognised tax expense

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
Current tax expense	-304	-5,655	-85	-
Tax attributable to deficit	-	-3,037	-	-3,037
Temporary difference	-42	-283	47	-
Provision for deferred tax liability relating to untaxed reserves	2,625	-1,636	-	-
Change tax rate untaxed reserves	-	261	-	-
Change in tax rate from 26.3% to 22%	-	-	-	-
Total recognised tax expense	2,279	-10,350	-38	-3,037

Income tax in Sweden is calculated at a rate of 22% of the taxable profit for the year. A reconciliation between reported profit/loss and the tax expense for the year is given below.

Deferred tax assets as well as tax on untaxed reserves are calculated at 22%, which is the new tax rate as of 1 January 2013.

Reconciliation of tax expense for the year

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
Profit for the year before tax	47,199	69,745	95,009	11,324
Tax calculated in accordance with the Swedish tax rate	-10,384	-18,343	-20,902	-2,978
Tax effect of non-deductible expense	-1,596	-352	-83	-104
Tax effect of taxable income	8,878	1,156	20,900	0
Temporary differences	-	-	47	-
Tax effect of consolidated adjustment items	5,415	7,300	-	-
Tax effect affiliate	-35	-	-	-
Change in tax rate from 26.3% to 22%	-	-111	-	-
Recognised tax expense for the year	2,279	-10,350	-38	-3,037

Group

Deferred tax assets	31 Dec 2013	31 Dec 2012
Deferred tax assets	4,643	3,833
Total	4,643	3,833

Parent

Deferred tax assets	31 Dec 2013	31 Dec 2012
Deferred tax assets	105	58
Total	105	58

NOET 13 OTHER INTANGIBLE ASSETS

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Opening cost	7,413	6,479	792	100
Purchases	415	934	-	692
Closing accumulated cost	7,828	7,413	792	792
Opening amortisation	-1,963	-1,061	-134	-78
Amortisation for the year according to plan	-1,057	-902	-141	-56
Closing accumulated cost	-3,020	-1,963	-275	-134
Closing residual value according to plan	4,808	5,450	517	658

The estimated useful life of intangible assets is 5–8 years.

NOTE 14 EQUIPMENT

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Opening cost	18,095	17,889	4,558	4,111
Purchases	6,434	657	47	502
Sales	-271	0	-	-
Disposals for the year	-1,501	-451	-135	-55
Closing accumulated cost	22,757	18,095	4,470	4,558
Opening amortisation	-10,348	-7,435	-908	-260
Sales	132	-	-	-
Amortisation for the year according to plan	-2,709	-3,347	-769	-691
Disposals for the year	993	434	135	43
Closing accumulated amortisation	-11,932	-10,348	-1,542	-908
Closing residual value according to plan	10,825	7,747	2,928	3,650

Finance leases

The Group's finance leases refer to the leasing of 11 (15) cars.

(SEK thousand)	Group	
	31Dec 2013	31Dec 2012
Opening cost	3,600	2,987
Purchases	779	1,047
Sales	-432	-434
Closing accumulated cost	3,947	3,600
Opening depreciation/amortisation	-1,634	-1,110
Sales	243	79
Amortisation for the year according to plan	-617	-603
Closing accumulated amortisation	-2,008	-1,634
Closing residual value according to plan	1,939	1,966
Total equipment	12,764	9,713

NOTE 14 EQUIPMENT, CONTD.

Future lease payments in respect of finance leases with a remaining term:

(SEK thousand)	Group			
	31Dec 2013		31Dec 2012	
	Nominal	Present	Nominal	Present
Less than 1 year	550	523	582	554
Longer than 1 year but maximum of 5 years	208	187	368	333
Longer than 5 years	-	-	-	-
Total	758	710	950	887

NOTE 15 INVESTMENTS IN GROUP COMPANIES

(SEK thousand)	Parent
	31Dec 2013
Opening cost	116,380
Acquisitions O2 Holding FINLAND AB	100
Sales O2 Bio AB	-9
Shareholders' contribution provided O2 Bio AB	400
Shareholders' contribution provided O2 Holding Finland AB	170
Closing cost	117,041

(SEK thousand)	Parent
	31Dec 2012
Opening cost	116,380
Acquisition of Gamla O2 Vind	100
Merger Gamla O2 Vind	-100
Closing cost	116,380

Company's name	Number of shares	Percentage of equity, %	Carrying amount	Carrying amount
			(SEK thousand) 2013	(SEK thousand) 2012
O2 Vindkompaniet AB	10,000	100%	116,080	116,080
O2 Kraft AB	1,000	100%	100	100
O2 Vindel AB	1,000	100%	100	100
O2 Bio AB	910	91%	491	100
O2 Holding Finland AB	1,000	100%	270	-
Total			117,041	116,380

Company's name	Corporate ID	Reg'd	Equity	Profit
O2 Vindkompaniet AB	556675-7497	Stockholm	132,557	55,017
O2 Kraft AB	556749-1534	Stockholm	322	21
O2 Vindel AB	556667-4916	Stockholm	287	13
O2 Bio AB	556889-1567	Stockholm	272	-224
O2 Holding Finland AB	556928-0109	Stockholm	157	-113

NOTE 16 INVESTMENTS IN ASSOCIATES

Group	Company's name	Number of shares	Proportion of equity,	Carrying amount (SEK)	
				31Dec 2013	31Dec 2012
	Enstar AB ¹⁾	88,000	44%	1,017	1,348
	Sjjsjka Vind AB ²⁾	1,000	25%	0	0
	Total, SEK			1,017	1,348

(SEK thousand)	Company's name	Corp. ID	Registered office	Sales	Profit for the period	Liabilities	Assets
	Sjjsjka Vind AB ²⁾	556773-3422	Stockholm	98,149	-46,949	1,099,182	1,073,777

The percentage of equity corresponds to the number of votes.

(SEK thousand)	Group	
1) Enstar AB	31Dec 2013	31Dec 2012
Opening carrying amount	1,348	927
Repayment of shareholders' contribution	-382	-
Share of preceding year's revised profit	51	-
Share of profit for the year	0	421
Closing carrying amount	1,017	1,348

* Share of profit for the year is based on the unaudited financial statements of Enstar AB.

(SEK thousand)	Group	
2) Sjjsjka Vind AB	31Dec 2013	31Dec 2012
Opening carrying amount	0	28
Share of loss for the year	0	-28
Closing carrying amount	0	0

Parent	Number of shares	Percentage of equity	Carrying amount (SEK thousand) 2013	Carrying amount (SEK thousand) 2012
Company's name				
Enstar AB	88,000	44%	44	427

NOTE 17 WORK IN PROGRESS

(SEK thousand)	Group	
	31Dec 2013	31Dec 2012
Maevaara	161,977	1,884
Glötesvålen	127,068	46,788
Kvarnforsen	109,333	8,207
Brobacken	29,206	-
Other projects ¹⁾	6,463	8,664
Other projects	434,047	65,543

Work in progress refers to costs incurred for each project.

1) Individual projects do not exceed SEK 2 million.

NOTE 18 ACCOUNTS RECEIVABLE

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Accounts receivable, gross	14,724	44,884	-	3
Provision for doubtful receivables	-	-	-	-
Total accounts receivable, net after Provision for doubtful receivables	14,724	44,884	-	3

The management judges that the carrying amount for accounts receivable, net after provision for doubtful receivables, corresponds to fair value.

(SEK thousand)	31Dec 2013		31Dec 2012	
	Gross	Provision for doubtful receivables	Gross	Provision for doubtful receivables
Group				
Age analysis of accounts receivable				
Not overdue	9,322	-	18,601	-
Overdue 30 days	4,984	-	2,138	-
Overdue 31-60 days	356	-	9	-
Overdue 61-90 days	1	-	9,363	-
Overdue > 90 days	61	-	14,773	-
Total	14,724	-	44,884	-

Overdue accounts receivable were settled after the end of the period.

(SEK thousand)	31Dec 2013		31Dec 2012	
	Gross	Provision for doubtful receivables	Gross	Provision for doubtful receivables
Parent				
Age analysis of accounts receivable				
Not overdue	-	-	3	-
Overdue 30 days	-	-	-	-
Total	-	-	3	-

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Other prepaid expenses	1,375	1,076	625	775
Prepaid rent	887	842	260	258
Accrued income turbine sales	96,319	38,645	-	-
Prepaid project expenses	673	865	-	-
Prepaid construction costs	158,819	61,688	-	-
Accrued income electricity sold	10,509	9,747	-	-
Accrued project income	31,534	-	-	-
Other accrued income	102	95	-	-
Total	300,218	112,958	885	1,033

NOTE 20 BANK OVERDRAFT FACILITY

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Bank overdraft facility granted	50,000	50,000	50,000	50,000
Bank overdraft facility granted	-50,000	-50,000	-50,000	-50,000
Utilised bank overdraft facility	-	-	-	-

NOTE 21 SHARE CAPITAL TREND

Registration date with the Swedish Companies Registration Office	Event	Change, share capital SEK	Total share capital in SEK	Number of A Shares/ change	Number of B Shares/ change	Quota value
6 Dec 2010	Company registered	100.000	100.000	1.000		100
9 Feb 2011	New issue	1.905	101.905	100.905		1
9 Feb 2011	Conversion of shares series A to series B	-	101.905	-49.977	49.977	1
			101.905	51.928	49.977	1.00

Share capital: 101.905 shares at a quota value of SEK 1 divided into 51.928 shares of series A, 49.977 shares of series B and no preference shares.

One share of series A carries an entitlement to 10 votes and shares of series B an entitlement to one vote each.

NOTE 22 OTHER CONTRIBUTED CAPITAL

In connection with the restructuring during 2011, OX2 Group AB received a capital contribution of SEK 72.836,000.

NOTE 23 TRANSLATION RESERVE AND HEDGING RESERVE

Translation reserve

The translation reserve comprises exchange differences arising on the translation of financial statements from the Finnish subsidiary which has prepared its own financial statements in EUR.

Hedging reserve

The hedging reserve contains the effective component of the accumulated net change in fair value of a cash flow instrument attributable to hedging transactions which have not yet occurred.

NOTE 24 UNTAXED RESERVES

(SEK thousand)	Parent	
	31Dec 2013	31Dec 2012
Additional depreciation/amortisation	440	440
Total	440	440

NOTE 25 NON-CURRENT LIABILITIES

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Due for payment 2-5 years after the end of the reporting period:				
Project financing ¹⁾	-	114.058	-	-
Finance leases	1.436	1.443	-	-
Intra-Group loan ²⁾	-	-	34.029	44.029
Total	1.436	115.501	34.029	44.029

1) Refers to the financing of the construction of the Glötesvålen and Maevaara projects. The loan for Glötesvålen from IKEA AB carries a fixed interest rate of 7%. The loan will run during the construction period, and the planned completion date of the wind farm is winter 2014/2015. The loan for Maevaara from Allianz carries a fixed interest rate of 5.4%. The loan will run during the construction period, and the planned completion date of the wind farm is winter 2014/2015.

2) In connection with the restructuring, the Parent was granted the loan from the subsidiary, O2 Vindkompaniet AB, corporate ID number 556675-7497, of which SEK 10 million was repaid during the year. The loan carries a fixed interest rate of 5%.

NOTE 26 DERIVATIVES

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Change in value of currency hedge as at 31 December 2013	8,063	-21,612	-	-
Total	8,063	-21,612	-	-

Outstanding forward currency contract	31Dec 2013
Due for payment 2014	EUR
Amount (EUR)	86,219
Average contract rate	8.98
Forward rate as at 31 December 2013	8.943
Due for payment 2015	EUR
Amount (EUR)	239
Average contract rate	9.0
Forward rate as at 31 December 2013	8.943

Derivatives are an unrealised change in value in respect of the currency hedge which is part of the financing of the Glötesvålen, Maevaara and Bösjövarden projects. The loan was taken out by Glötesvålen Vind AB and O2 Vindkompaniet AB, with the lender being IKEA AB and also by Maevaara Vind AB with lender, Allianz. The hedge falls due during 2014, which matches the payments to the turbine suppliers. The hedged amount in EUR corresponds to the amounts specified in the agreement with the turbine suppliers. OX2 applies hedge accounting of financial instruments in accordance with IAS 39. This means, among other things, that any gains or losses on various derivatives acquired to hedge cash flow risks are recognised in other comprehensive income. The nominal amount for the outstanding forward contract as at 31 December 2013 amounted to SEK 776.2 million (556.4). The market value of the outstanding forward contract as at 31 December 2013 was SEK 548.1 million (534.8), which is SEK 13.5 million below the forward contract.

NOTE 27 ADVANCE PAYMENTS FROM CUSTOMERS

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Advance payments from customers Maevaara project	17,170	7,004	-	-
Advance payments from customers Glötesvålen project	30,000	20,000	-	-
Advance payments from customers Bösjövarden project	77,003	-	-	-
Advance payments from customers Mässingberget project	26,820	-	-	-
Central government support	21,255	1,153	-	-
Total	172,248	28,157	-	-

Central government support

In June 2008 and April 2009, OX2 received a subsidy from the Swedish Energy Agency to carry through a development project designated Storskalig Ekonomisk Vindkraft i Fjällmiljö [Large-scale Economic Wind power in Upland Environments]. The aim of the project is to further the development of de-icing systems for turbines, an important aspect of the technological development required to generate electricity from wind power effectively in cold climates. In addition to developing the technology, OX2 carried out ice mapping of Sweden within the framework of the project.

NOTE 28 OTHER CURRENT LIABILITIES

	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Project financing ¹⁾	552,633	-	-	-
VAT	33,306	8,876	1,374	2,571
Energy tax	1,765	1,686	-	-
PAYE	777	800	200	196
PWP Produktion AB ²⁾	8,650	8,650	-	-
Other items	911	934	-	3
Total	598,042	20,946	1,573	2,770

1) Refers to the financing of the construction of the Glötesvålen and Maevaara projects. The loan for Glötesvålen from IKEA AB carries a fixed interest rate of 7%. The loan will run during the construction period, and the planned completion date of the wind farm is winter 2014/2015. The loan for Maevaara from Allianz carries a fixed interest rate of 5.4%. The loan will run during the construction period, and the planned completion date of the wind farm is winter 2014/2015.

2) SEK 8.65 million of this item is to be settled in the event of any future acquisition of turbines for PWP.

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Accrued personnel costs including Social Security contributions	14,379	14,426	4,298	6,746
Accrued consulting costs	3,321	1,784	443	303
Accrued cost of electricity sold	8,068	6,932	-	-
Accrued energy tax	2,101	2,587	-	-
Accrued project costs	6,189	2,875	-	-
Accrued construction costs	26,162	40,406	-	-
Accrued sales expenses	4,466	-	-	-
Deferred income	353	277	-	-
Other items	606	213	103	189
Total	65,646	69,500	4,844	7,238

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES*Pledged assets*

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Shares in subsidiaries ¹⁾	134,279	128,568	116,080	116,080
Bank deposits	19,994	21,061	-	-
Total	154,273	149,629	116,080	116,080

1) Refers to 10,000 pledged shares in the subsidiary, O2 Vindkompaniet AB, as security to Swedbank AB for overdraft facility received.

Contingent liabilities

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Indemnity bond ¹⁾	116,786	87,965	116,786	87,965
Parent's guarantee to external suppliers and purchasers ²⁾	-	114,058	807,879	114,058
Total	116,786	202,023	924,665	202,023

1) OX2 Group AB and O2 Vindkompaniet has issued an indemnity bond in favour of Atradius Credit Insurance NV in connection with sureties issued by Atradius Credit Insurance NV towards various suppliers connected to the establishment of wind power. Under the terms of the indemnity bond, OX2 Group AB and O2 Vindkompaniet shall reimburse Atradius Credit Insurance NV in the event that Atradius Credit Insurance NV is obliged to honour its sureties. The reimbursement shall cover the amount paid out along with interest and any costs arising in connection therewith. The total amount of the sureties is SEK 118 million.

2) OX2 Group AB has issued an indemnity bond as security for O2 Vindkraftproduktion Holding AB's obligations towards IKEA AB under the share transfer agreement relating to the acquisition of shares in Glötesvålen Vind AB and Kvarnforsen Nät AB, as well as the obligations of Glötesvålen Vind AB and Kvarnforsen Nät AB towards IKEA AB under the loan agreement. Both agreements were signed on 26 June 2012.

OX2 Group AB has issued an indemnity bond as security for O2 Vindkraftproduktion Holding AB's obligations towards Allianz Renewable Energy Partners IV Limited under the share transfer agreement relating to the acquisition of shares in Maevaara Vind AB and Brobacken Nät AB, as well as the obligations of Maevaara Vind AB and Brobacken Nät AB towards Allianz Renewable Energy Partners IV Limited under the loan agreement. Both agreements were signed on 23 May 2013.

OX2 Group AB has issued an indemnity bond as security for O2 Byggnation AB's obligations in respect of construction undertakings relating to the Råmsberget project, as well as O2 Vindkompaniet AB's obligation towards purchasers of turbines in the Bösjövarde project.

In general, all types of indemnity bonds expire after the wind turbines are completed and transferred to customers. This is expected to take place during the winter of 2014/2015.

NOTE 31 STATEMENT OF CASH FLOWS

Adjustments for non-cash items, etc.

(SEK thousand)	Group		Parent	
	31Dec 2013	31Dec 2012	31Dec 2013	31Dec 2012
Participation in the results of associates	-51	-393	-	-
Depreciation/amortisation and impairment	4,382	4,868	910	759
Total	4,331	4,475	910	759

Disclosures on interest paid and received

Group

Interest paid during the period amounted to SEK 381,000 (1,102,000). Interest received during the period amounted to SEK 2,088,000 (3,006,000).

Parent

Interest paid during the period amounted to SEK 2,216,000 (4,355,000). Interest received during the period amounted to SEK 403,000 (61,000).

NOTE 32 RELATED PARTY DISCLOSURES

OX2's corporate and ownership structure is such, and the company has carried on its operation in such a way, that related party transactions have taken place within the OX2 Group and with the Sjisjka Vind Group within the framework of operating activities. Such transactions include the transfer of assets and liabilities, as well as invoicing for project management.

Transactions between the company and its subsidiaries, which are related parties with respect to the company, have been eliminated on consolidation, and disclosures of these transactions are not, therefore, included in this note. Disclosures on transactions between the Group and other related parties are presented below.

Sales and purchases of goods and services

Sale of goods and services

(SEK thousand)	Group		Parent	
	2013	2012	2013	2012
Sjisjka Vind AB	400	1,194	-	-
Total, SEK	400	1,194	-	-

Purchases of goods and services

No purchases of goods and services from related parties took place during the reporting period.

No receivables or liabilities resulting from transactions with related parties existed at the end of the reporting period.

NOTE 33 APPROVAL OF FINANCIAL STATEMENTS

The annual report was ratified by the Board of Directors and approved for publication on 19 May 2014.

CERTIFICATION

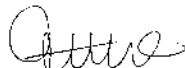
The Board of Directors and the CEO hereby certify that the annual report has been drawn up in accordance with the Annual Accounts Act and with the Swedish Council for Financial Reporting's recommendations RFR 1.3 and 2.3, and gives a fair presentation of the company's position and performance, and that the administration report gives a fair presentation of the Group's operations, position and performance, as well as describing the significant risks and uncertainty factors to which the company is exposed. The Board and the CEO hereby certify that the consolidated financial statements have been drawn up in accordance with International Financial Standards (IFRS) as endorsed by the EU, and give a fair presentation of the Group's position and performance, and that the administration report gives a fair presentation of the Group's operations, position and performance, as well as describing the significant risks and uncertainty factors to which the company is exposed.

The annual report and the consolidated financial statements, as mentioned above, were approved for publication by the Board of Directors on 19 May 2014. The Group's income statement and statement of financial position are subject to the approval of the annual general meeting on 19 May 2014.

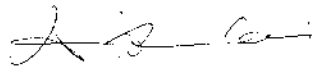
Stockholm, 19 May 2014



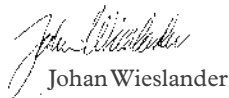
Johan Ihrfelt
President and CEO



Thomas von Otter



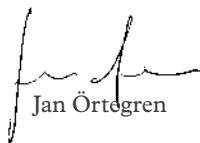
Anna-Karin Eliasson Celsing



Johan Wieslander



Margareta Alestig Johnson



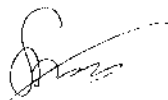
Jan Örtengren



Niklas Midby

Our Auditors' Report was submitted on 19 May 2014.

Deloitte AB



Svante Forsberg
Authorised Public Accountant

Auditor's Report

To the annual meeting of the shareholders of OX2 Group AB,
corporate ID number 556829-4515

REPORT ON THE ANNUAL REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annual report and the consolidated financial statements of OX2 Group AB for the annual period 1 January 2013– 31 December 2013. The annual report and consolidated financial statements of the company are included in the printed version of this document on pages 25–62.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE PRESIDENT/CEO FOR THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and the President and CEO are responsible for preparing an annual report which gives a fair presentation in accordance with the Swedish Annual Accounts Act and the consolidated financial statements in accordance with International Financial Reporting Standards, as endorsed by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President and CEO determine is necessary to enable the preparation of an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on this annual report and these consolidated financial statements 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 report and consolidated financial statements are free from material misstatement.

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

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 report has been prepared in accordance with the Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent as of 31 December 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 of 31 December 2013 and of their financial performance and 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 report and consolidated financial statements.

We, therefore, recommend that the annual meeting of shareholders adopt the statements of comprehensive income and statements of financial position for the Parent and the Group.

REPORT ON OTHER STATUTORY AND REGULATORY REQUIREMENTS

In addition to our audit of the annual report and consolidated financial statements, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President and CEO of OX2 Group AB for the annual period 1 January 2013 – 31 December 2013.

RESPONSIBILITY OF THE BOARD OF DIRECTORS

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 and CEO 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 financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President and CEO is liable to the com-

pany. We also examined whether any member of the Board of Directors or the President and CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

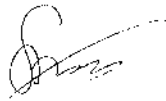
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President and CEO be discharged from liability for the annual period.

Stockholm, 19 May 2014

Deloitte AB



Svante Forsberg
Authorised
Public Accountant

Glossary

LOAD BALANCING

Load balancing is the difference between the supply and delivery of energy for a Balance Manager.

BIOENERGY

Bioenergy is the energy which can be extracted from the biofuel, for example, through the combustion of wood or organic waste, or through the utilisation of biogas and ethanol.

BIOGAS

Biogas consists, among other things, of methane, carbon dioxide and water formed through digestion, i.e. the breakdown of organic material under oxygen-free conditions. The biogas is rich in energy, and can be used as fuel in electricity generation or as a power fuel.

ELECTRICITY CERTIFICATE

Tradable certificates received on the production of renewable energy.

ELECTRICITY GENERATION CAPACITY

The total amount of electricity which it is possible to generate from a specific power type or area.

DISTRICT HEATING

System for the central production of heat which is then distributed to connect properties through pipelines using hot water.

FOSSIL-FUEL GENERATED ENERGY

Energy from fossil sources such as coal, oil and gas.

RENEWABLE ENERGY

Renewable energy sources are energy sources which constantly renew themselves, and which will not, therefore, run out in the foreseeable future, such as wind, water and bioenergy. (Nuclear power is not regarded as renewable, since it is based on finite resources.)

NAMEPLATE CAPACITY

Performance according to design data. Usually expressed in MW.

LEGAL FORCE

When the appeal period for a decision by a public authority has expired, the decision gains legal force.

NORD POOL

The Nordic electricity exchange.

NORMAL YEAR

Definition of an average year for the quantity of energy produced.

PROJECT IN APPLICATION STAGE

Project application submitted to Permit Agency.

PROJECT APPROVED FOR PERMIT

Project for which the environmental permit and building permit have gained legal force.

PROJECT PLANNING LATE STAGE

Project with a minimum of six months' site-specific wind measurements. The preparation of documents for the permit application and the design of the electricity network solution are in progress.

PROJECT PLANNING EARLY STAGE

Project with signed land agreement which gives the right to begin wind measurement. The underlying conditions for the products have been investigated and appear to be favourable.

CONSULTATION STAGE

The project is under consultation with local residents, agencies and organisations. The permit application including the environmental impact report (Swedish acronym MKB) is prepared.

AVAILABILITY

Availability means the percentage of total time in which the turbine is available for generating electricity.

TURBINE

Wind turbine.

TURBINE SUPPLIER

Supplier of complete turbines.

CARBON CREDIT

A carbon credit gives the holder the right to discharge a specific quantity of carbon dioxide.

WIND FARM

Group power station consisting of at least 3 turbines.

WIND TURBINES

Free-standing turbines consisting of power, generator and rotor.

GREENHOUSE GASES

Gases which surround the earth and impede the irradiation of heat. The most important greenhouse gases are water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and CFC (chlorofluorocarbons, freons).

TRANSMISSION CAPACITY

The quantity of electricity which can be transmitted between geographical areas through the grid.

UNITS

Energy is specified in kilowatt hours.

1 MWh = 1,000 kWh

1 GWh = 1,000,000 kWh

1 TWh = 1,000,000,000 kWh

Power is specified in watts.

1 MW = 1,000,000 W

1 GW = 1,000,000,000 W

OX2:s head office

Lilla Nygatan 1
P.O. Box 2299
SE-103 17 Stockholm
Sweden
Tel +46 8 559 310 00
www.ox2.com

Ineko Finanstryck14 207607

