Scandinavianbiogas

ANNUAL REPORT 2014

Profit and improved sales

Henriksdal on the way to becoming Northern Europe's largest industrial biogas plant

Business goal 2020: Achieve annual production levels of one TWh of biogas

Leading player – with world-leading expertise

Scandinavian Biogas helps customers and partners to design and operate biogas plants.

That means that the company assumes responsibility for the whole process from constructing the biogas plants, to the management, pre-treatment and digestion of organic material and residual products, as well as the upgrading of biogas to vehicle-fuel quality. The ongoing work process includes continually increasing the efficiency of each facility.

Scandinavian Biogas's qualified expertise in the biogas sector enables the company to:

» Produce more gas per cubic metre of digester volume

» Achieve greater stability in reactors during the digestion process

» Contribute qualified expertise on a broad spectrum of substrate

» Upgrade the gas with very low levels of methane leakage

» Achieve an effective cost- and resource-efficient production process

» Continually increase the biogas exchange

Contents

2014 in brief

NEW plant at Södertörn

Construction of a new biogas plant at Södertörn began in May 2014. Biogas production at the plant will be based on food waste and the goal is to deploy the new biogas plant in summer 2015.

2016-21

Scandinavian Biogas won the Greater Stockholm Public Transportation system's (SL) tender for the supplementary supply of biogas from 2016 to 2021. The agreement also includes an option for SL to extend the contract from 2022 to 2025.

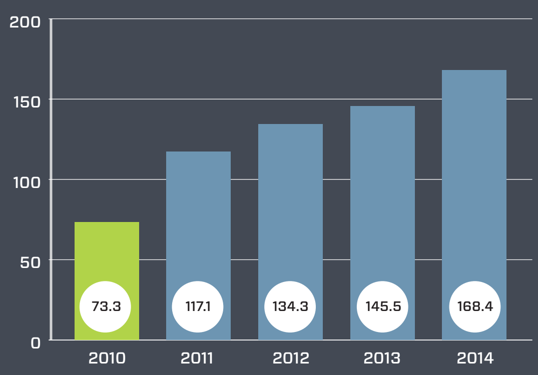
25 -year contracts

Scandinavian Biogas and Stockholm Vatten entered into a sale-and-leaseback agreement in the third quarter, encompassing the buildings and plants at Henriksdal and Bromma. In conjunction with this, a contract for the supply of raw gas was also reached. Both contracts have a 25-year term.

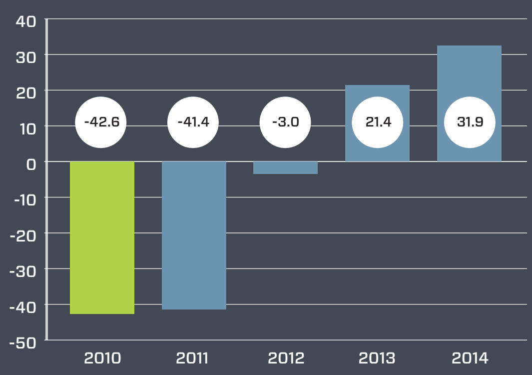
2016 first quarter

In November 2014, an expansion of the plant of Henriksdal began, in collaboration with Stockholm Vatten, the completion of which is planned for the first quarter of 2016. Henriksdal will thereby be the largest biogas production plant in northern Europe.

NET SALES, MSEK



EBITDA, MSEK



From 2012 and onwards, the group reports in accordance with IFRS.

Development and performance

Scandinavian Biogas Fuels International AB

Group	2012	2013	2014
Net sales	134,266	145,488	168,403
EBITDA	-2,955	21,407	31,856
EBITDA %	-2.2%	14.7%	18.9%
EBIT	-15,490	-9,191	-5,383
EBIT %	-11.5%	-6.3%	-3.2%
Net results	-46,094	-29,739	10,423

Biogas production and food waste management*

Core operations	2012	2013	2014
Net sales	124,695	124,160	137,269
EBITDA	35,266	41,852	43,506
EBITDA %	28.3%	33.7%	31.7%
EBIT	21,186	27,279	30,998
EBIT %	17.0%	22.0%	22.6%
Net results	8,191	14,262	18,649

The table above shows the company's core operations in Ulsan, Henriksdal and Bromma. The amounts are adjusted for non-recurring items and appropriations that are outside normal operations

**Scandinavian Biogas Recycling AB is not included in the table as the operations are still at a construction stage and planned deliveries to the adjacent biogas plant have not yet started.*

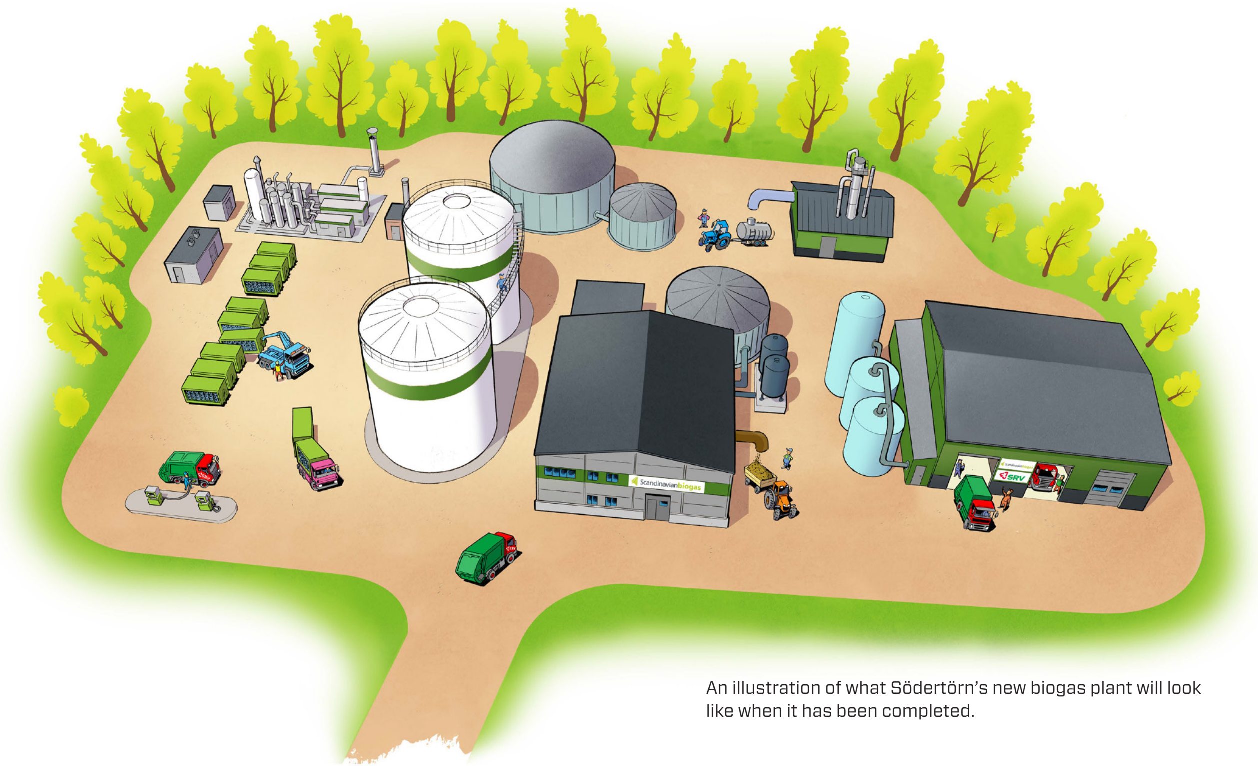
Performance in 2014

15.8 %
Consolidated net sales increased by 15.8 percent compared to 2013.

9.8 million Nm³
Upgraded biogas was sold in Sweden in 2014. Production was on par with last year.

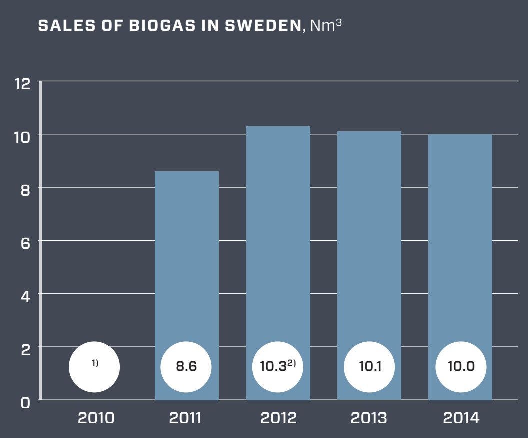
7.5 %
In South Korea the sales volume increased by 7.5 percent compared to 2013.

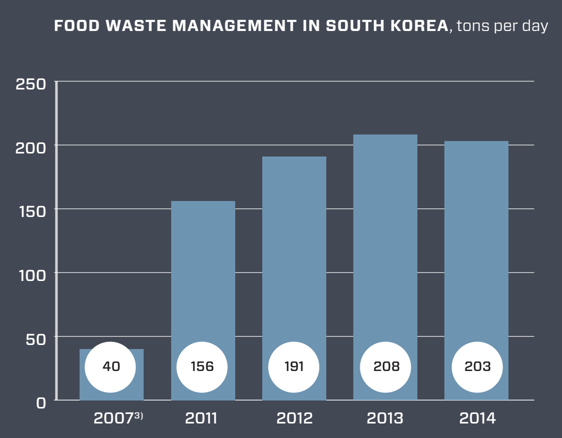
Södertörn's new biogas plant



An illustration of what Södertörn's new biogas plant will look like when it has been completed.


The biogas plant in Södertörn will have the capacity to process 50,000 tons of food waste per year. Both digesters, with completed walls and roof, are shown here.





In Sweden, revenues are generated through the production and sales of biogas. Production levels are given in million normal cubic metres of vehicle-fuel quality biogas.

In Korea, revenues are mainly generated through the management of food waste from the inhabitants of Ulsan. The food waste is then transformed into biogas and sold locally. Biogas prices in South Korea are low and contribute to a lesser extent to the company's revenues.

1) The plants in Henriksdal and Bromma were acquired in 2010 from Stockholm Vatten.
2) A small portion of the biogas sold was biogas from other facilities than Henriksdal and Bromma and was not produced by the company
3) The year Scandinavian Biogas was contracted.

Business concept and objectives

Business concept

Our business concept is to be a leader in the design and operation of biogas plants

Vision – how we generate value for shareholders

Our vision is to be a global leader in the large-scale production of biogas

Mission – Our contribution to society

Our mission is to contribute to and facilitate the transition from fossil fuels to renewable energy

Our business objectives

40 %

EBITDA-margin of at least 40 percent

20 %

Project IRR of at least 20 percent

Strategies

- Continually increase the efficiency of existing plants
- Increased competitiveness through research and development
- Clear processes for identifying and winning contracts for new projects
- Developing collaboration with municipalities and private operators

Business objectives 2016

30 million Nm³

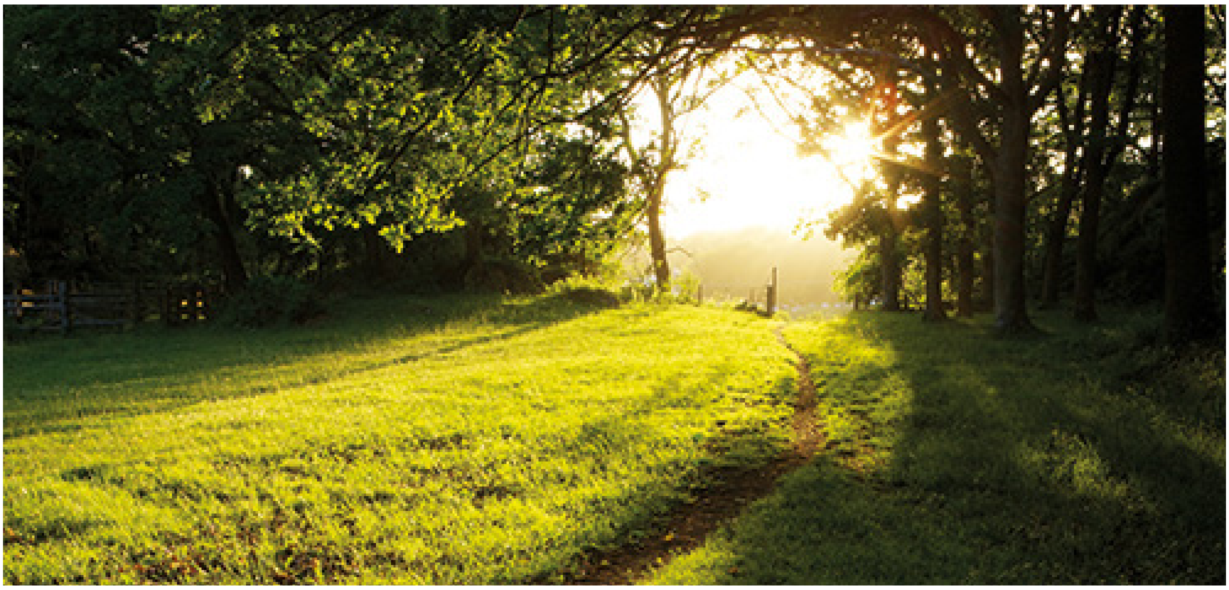
Achieve an annual production of 30 million normal cubic metres of biogas, a goal that will be achieved during 2016. This entails a five-fold increase of volumes from 2011. This business objective will be realized through Henriksdal and Södertörn.

Business objectives 2020

100 million Nm³

Achieve an annual production of 100 million normal cubic metres of biogas in 2020, corresponding to one TWh of biogas.

These business objectives pertain to the company's operations in Sweden



CEO commentary

During the year we began the construction of two new biogas projects, through which we will increase our production levels by 200 percent. Our new business goal is to supply the Nordic market with one terawatt hour of biogas. During 2015, we intend therefore to make decisions about new investments and growth.

Profit and new biogas projects

The Scandinavian Biogas of today is a completely different company than it was a few years ago. Following extensive work and a great deal of effort, the company is proud to report – for the first time – after-tax profit in 2014, which was partly achieved through consolidated tax income.

During the year, we started construction on two new biogas facilities, which means that we will be able to increase our production capacity, already this year. In Södertörn, we are building a completely new biogas plant in collaboration with the municipality-owned company SRV Återvinning AB. The plant is expected to be ready for deployment during the summer 2015 and will have the capacity to process 50,000 tons of food waste, which is equivalent to the amount of waste that just over 600,000 Swedes generate in a year.

Furthermore, in November we started the construction of a new biogas upgrading facility at Henriksdal, which is expected to be ready for deployment during the first quarter of 2016. Once the expansion is completed, Henriksdal will be the largest industrial biogas production plant in northern Europe.

Investments in the two projects together amount to SEK 300 million, financed both by Scandinavian Biogas and external capital. No additional capital injections will be needed.

Sale of buildings and plants

During the autumn, we entered into an agreement with Stockholm Vatten to sell all the buildings and plants at Bromma and Henriksdal in a sale-and-leaseback agreement, for a period of 25 years. The sale enables us to make capital available for investments and continued growth.

Success through collaboration

The projects in Södertörn and Henriksdal are a result of successful collaboration with both SRV Återvinning AB and Stockholm Vatten AB. These two projects will enable us to improve our stewardship of nature's resources by tapping into the energy contained in Swedish food waste, and providing the market with increased volumes of renewable fuel, while preserving and replenishing the earth with key nutrients from the waste.

Tripled production

The new plants in Södertörn and Henriksdal will also enable us to triple production in Sweden from today's 10 million normal cubic metres of vehicle-fuel quality biogas to 30 million. This is an important business objective for the company, which we have worked towards achieving for a number of years. We have therefore further increased our targets and are now aiming to supply the Nordic market with one terawatt hour of biogas, which is equivalent to 100 million normal cubic metres of biogas.

"We have further increased our targets and are now aiming to supply the Nordic market with one terawatt hour of biogas, which is equivalent to 100 million normal cubic metres of biogas."

Together with other producers, we will continue to strengthen the position of biogas on the market by, among other things, significantly increasing overall production from two terawatt hours today, to over ten terawatt hours over the coming ten years.

Biogas offers several advantages. It is a high-quality vehicle fuel, which in Sweden today we produce entirely from waste. Biogas works well all year long, in other words both in the winter and summer months. Furthermore, a bi-product of biogas production is a digestate that contains all the same nutrients as the waste from which it was derived. By using this digestate as fertilizer we are recycling these nutrients into the soil.

Tax exemptions vital to the biogas market

A key condition for the development of the biogas industry is that we are allowed to retain the tax exemption that is due to expire at the end of 2015, for at least another five years, as the biogas market is not yet ready for the so called compulsory quota system. In 2013, biogas accounted for around 10 percent of the total biofuel market and still lacks the conditions to compete with leading liquid fossil energy carriers like gasoline and diesel.

Sweden could be first – if there is a will to do so

In recent years, Scandinavian Biogas has developed into a trustworthy industrial player. That we have been successful in both Sweden and South Korea is thanks to the professional contributions of our skilled employees. In the biogas plants that we operate, we have demonstrated that we have the knowhow to enhance and optimize processes, at the same time as we continue to achieve success in our research endeavours.

During 2015 and 2016, our goal-oriented work to complete the construction of our new projects will continue. We will also be making decisions about further growth. New projects that we will finance with equity as well as external capital.

We know that Sweden has the ability to reduce its carbon footprint. We know that Sweden has the potential to become independent of fossil fuels. And we know that we can be the first country in the world to achieve this – if politicians want and continue to support our industry.

Stockholm, March 2015

Matti Vikkula

President and Chief Executive Officer,
Scandinavian Biogas Fuels International AB

The market and driving forces

A global challenge shared by mankind is to achieve fair and sustainable economic growth. Sweden has long been a forerunner in the field of sustainable energy, with international business potential. At the same time, Sweden's politicians are facing tremendous challenges when it comes to reducing carbon emissions from the transport sector.

The energy market is growing globally

The earth's population is growing. By 2050, it is estimated that the global population will have reached 9 billion people. Moreover, extreme poverty has been halved since 1990. These are changes that will have an impact on the demand for energy, which is expected to increase by around 30 percent up to 2025.[1] These developments make it necessary for mankind to reduce greenhouse gases in the energy sector and find new ways to steward the earth's resources.

In 2010, the global consumption of bioenergy amounted to 15,000[2] terawatt hours, which in energy terms is equivalent to a third of the global oil usage. From an international perspective, fossil free energy needs to replace fossil-based energy as soon as possible, both in the transport sector and in all other areas.

Sweden: best in class

Sweden has long been a driving force in climate politics and is the country that has the highest share of renewable energy in the EU. Now, the remaining 30 percent of fossil fuel consumption also needs to be phased out.[2] The political objective in Sweden is to be an emissions neutral nation by 2050. This is truly a great challenge.

In 2013, Sweden emitted 55.8 million tons of carbon dioxide equivalents of which the transport sector's emissions amounted to 19 million tons. This means that the transport sector accounted for just over 30 percent, with road traffic as the dominant emitter.

Policy instruments impact development

The foremost biofuels in Sweden are biogas, biodiesel and ethanol. The market for biofuels has developed largely due to help from policy instruments, such as the exemption of biofuel from energy and CO_2 taxes. The share of biofuels used in traffic in 2013 amounted to 8.4 terawatt hours, equivalent to 10 percent of total vehicle fuel usage.

One political objective that impacts development is the goal to have a fossil fuel free transport sector in Sweden by 2030. Additional long-term policy instruments are needed in order for the share of biofuels to increase further. The current regulations governing biofuel will expire in 2015, and it is vital for the development of the industry that politicians understand that future regulation must continue to be a driving force, regardless of swings in oil prices and other variable factors.

"Biogas is our favourite fuel from an environmental perspective. Correctly produced and consumed, emissions basically consist of water vapour and renewable carbon dioxide."

Stefan Wallin, Environmental Director, Storstockholms Lokaltrafik (SL)

1) International Energy Agencys (IEA)
2) Swedish Energy Agency

> **"Phosphorous is a limited resource. If we don't learn to set a price on it and learn to recycle phosphorous, we will never be able to supply 9 billion people."**

Johan Kuylenstierna, CEO Stockholm Environment Institute, named the most environmentally powerful person in Sweden in 2014 by MiljöAktuellt.

Selling green cars is a challenge when one does not know what taxation and subsequently the value of the car will be in three years. It is also important that future regulations for the taxation of company cars include substantial and long-term incentives for green vehicles. Current regulations will expire in 2016. Furthermore, it is of vital importance that more municipalities and county councils give encouraging signals and promote the demand of biogas in their public tenders.

Increased volumes strategically important for the entire industry

Biogas continues to be a key part of the Swedish energy transition and today is used nationwide, primarily in the public transport and sanitation industries, as well as in the taxi industry.

In 2014, sales of vehicle gas was up by eight percent, thereby reaching 1.6 terawatt hours. Of these, one terawatt hour was pure biogas. This means that vehicle gas continues to contain a large share of fossil free biogas, which in 2014 increased from 61 percent to 63 compared to the year before

For future development, it is important that the volume of biogas continues to grow, that the biogas market is able to provide a stable supply, and that the share of biogas makes up a sufficiently large portion of the Swedish biofuel market. Also of importance, is that, pricewise, biogas is able to compete with gasoline and diesel, as well as with the price of ethanol and other vehicle fuel alternatives.

In order to strengthen its competitiveness and market position, as well as promoting development of the entire industry, Scandinavian Biogas will increase production in the coming years in order to be able to supply the biogas market with around 30 million normal cubic metres of biogas by early 2016. And the group's plans do not stop there. Indeed, as a next step, the company has already set its sights on supplying the market with one terawatt hour of upgraded biogas. This production will not only target vehicle fuel, but will also be made available to other markets.

Food waste's way into the tank

Some 98 percent of biogas production today is based on various types of waste and residual products. HVO is also primarily produced from waste products, while ethanol and FAME are produced from farmed biomass like grain and rapeseed.

The highly ambitious environmental targets set by Swedish politicians have led to a decision that at least 50 percent of food waste from households, shops and restaurants must be sorted in order to make use of the nutrients. Of this, at least 40 percent must be treated to make use of the inherent energy.

In 2013, some 711,450 tons of food waste was recycled through either digestion or composting[3] and calculations from the Swedish Gas Technology Center show that Swedish food waste could potentially be transformed into the equivalent of 1.35 terawatt hours of biogas. Being able to achieve really large-scale production however requires other raw materials besides sludge and food waste, and Scandinavian Biogas has carried out advanced-stage research on next generation raw materials such as energy forest and forestry waste.

Phosphorous is key for future food production

The digestion of food waste produces two different bi-products, biogas and digestate. The digestate can be used as a high quality and eco-friendly biofertilizer as it contains a large number of nutrients such as nitrogen, potassium and phosphorous, as well as calcium, sulphur, magnesium, micro nutrients and humic substances. Recycling these nutrients via the bio-fertilizer into the earth contributes to closing the natural cycle and avoiding a possible future shortage of phosphorous, for example, which is vital in today's high-yield farming. Biogas production is therefore a highly commendable method of stewarding the earth's resources, thereby creating improved conditions for sustainable growth for mankind and our planet.

Political objectives

2018

At least 50 percent of food waste from households, industrial kitchens, shops and restaurants will be sorted to make use of the nutrients. And at least 40 percent will be treated to utilize the inherent energy.

2030

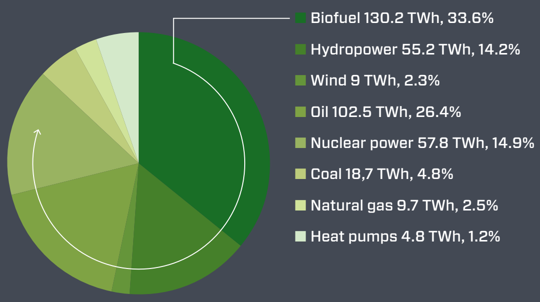
A fossil fuel free transport sector in Sweden.

2050

Sweden is to be an emissions neutral nation.

3) Avfall Sverige - Swedish Waste Management

1. ENERGY USAGE IN SWEDEN 2013, (Incl. Electricity Export) %



Source: Svebio, based on statistics from the Swedish Energy Agency

1. 56.5 percent of the energy used in Sweden today is renewable energy. Bio-energy includes peat and waste. The diagram shows end usage in all sectors excluding conversion and distribution losses. Electricity export production is included and comprises 10.1 terawatt hours.

2. The share of biofuels in road traffic in Sweden amounted to 9.3 percent in 2013. The diagram shows the distribution breakdown between the various biofuels.

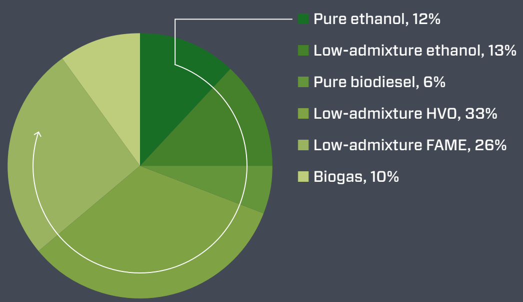
3. 54 percent of the biogas produced in 2013 was used as vehicle fuel. The production of biogas increased by 97 GWh from 2012, corresponding to an increase of 6 percent.

1,360,000 tons of wet digestate/biofertilizer was produced by Swedish co-digester and farm facilities in 2013, of which 99 percent was used as fertilizer.

Wastewater treatment plants produced 570,000 of dewatered sludge, of which 23 percent was used as fertilizer.

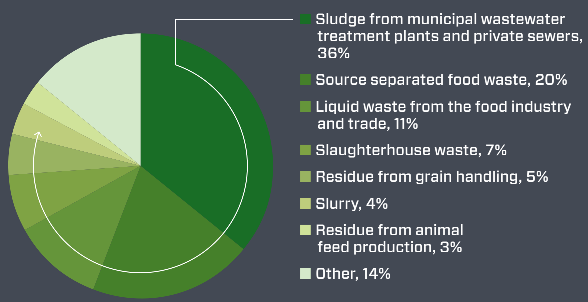
98 percent of the biogas production in Sweden is based on different types of waste and residual products.

2. BREAKDOWN BETWEEN DIFFERENT BIOFUELS, %

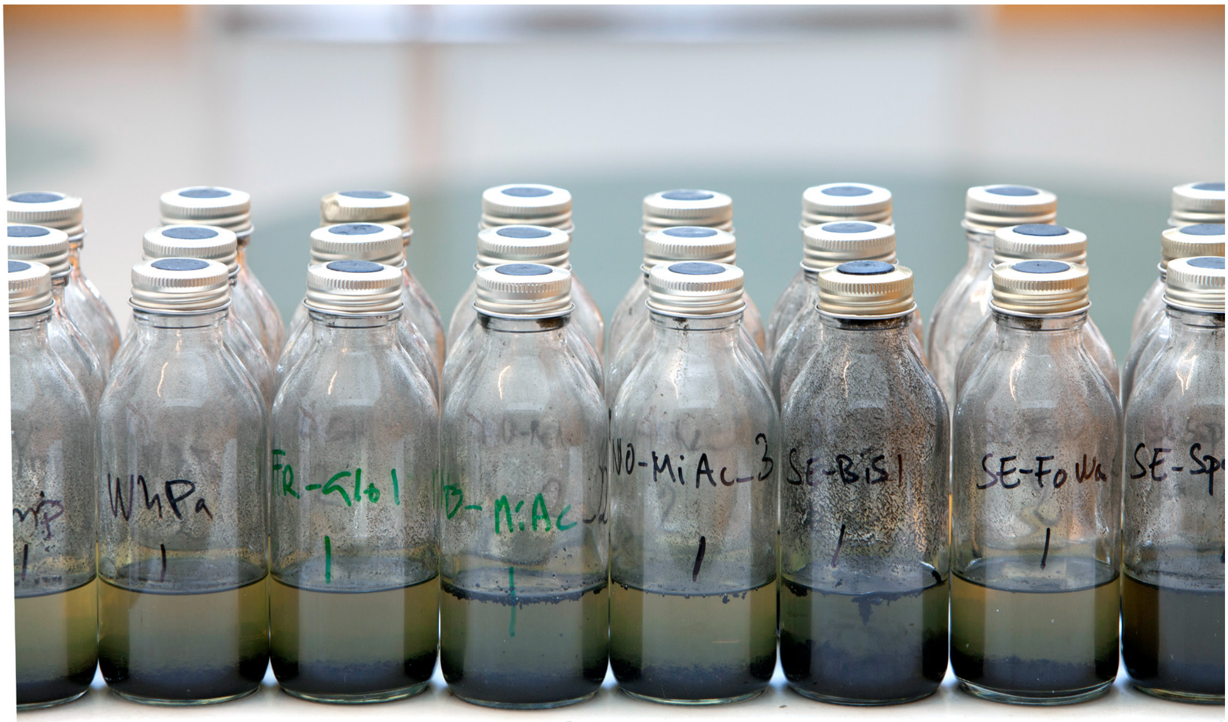


Source: Swedish Energy Agency - Energy usage, transport sector, in 2013

3. WASTE AND RESIDUE USED IN BIOGAS PRODUCTION, %



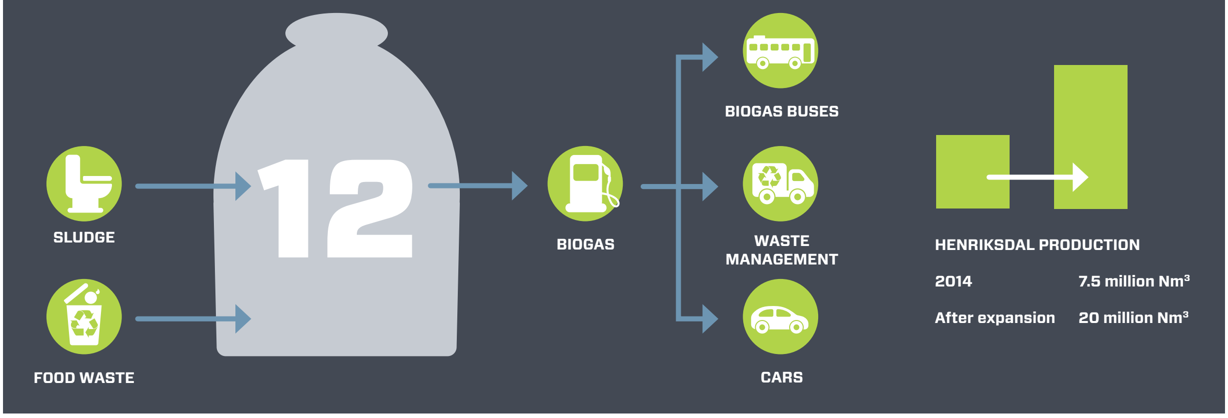
Source: Swedish Energy Agency and Energigas Sweden. Commodity Distribution is based on energy volume.



1 Nm³ biogas, 97% methane, equivalent to 9.76 kWh. 1 TWh is equivalent to 1000 GWh.

Two new biogas projects

New biogas facility at Henriksdal



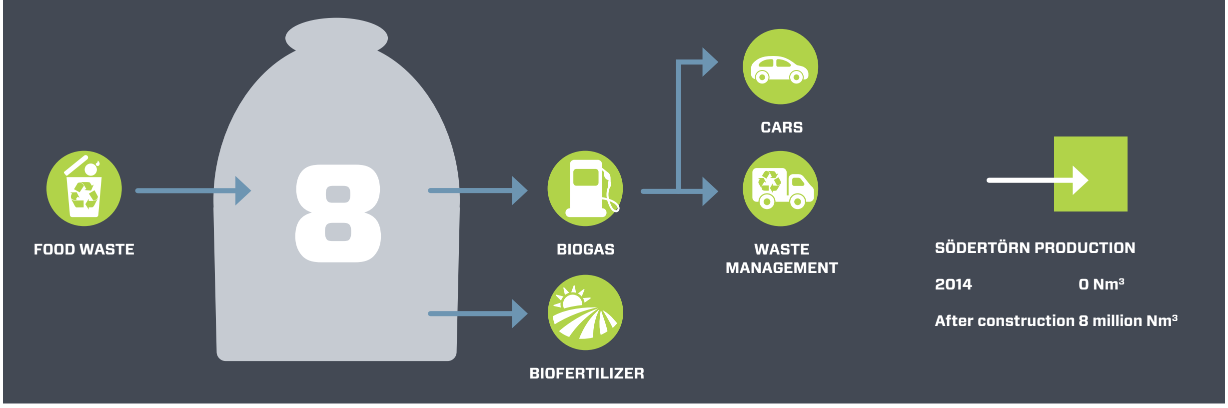
Henriksdal: At Henriksdal, sludge from Stockholm Vatten's wastewater treatment plant is transformed into raw gas. Through Scandinavian Biogas's processes, this raw gas is then upgraded to vehicle-fuel quality biogas.

Food waste and black water: At Henriksdal, there is capacity to increase production of the existing digesters, which are owned by Stockholm Vatten. The capacity expansion entails the construction of a new facility to upgrade the raw gas to vehicle-fuel quality.

Biogas production: The new plant will have the capacity to produce 12 million normal cubic metres of biogas of vehicle-fuel quality, raising the total production at Henriksdal to a maximum of 20 million normal cubic metres of biogas.

Operational start: First quarter 2016.

Södertörn biogas plant[1]



Södertörn – two green products: The Södertörn biogas plant will utilize waste from households, industrial kitchens, schools, restaurants and the food industry, transforming these volumes in part to eco-friendly biogas of vehicle-fuel quality and in part to bio-fertilizer. The project is a collaboration between Scandinavian Biogas and SRV Återvinning, which is jointly owned by the municipalities of Huddinge, Haninge, Botkyrka, Salem and Nynäshamn.

Food waste: The plant has the capacity to digest 50,000 tons of food waste per year. That is the same amount of food waste that 617,284 Swedes generate on average per year.[2)]

Biofertilizer: Contains nitrogen, phosphorus and potassium, which is returned to the soil through farming.

Biogas production: 8 million normal cubic metres of vehicle-fuel quality biogas.

Operational start: Summer 2015.

1. Also known as the Sofielund biogas plant
2. The Swedish Environmental Protection Agency, Food Waste volumes in Sweden

Swedish operations– two industrial biogas plants

The Group's production of biogas in Sweden today is carried out at the biogas plants in Henriksdal and Bromma. The operations are run in close collaboration with Stockholm Vatten. In 2014, this relationship was further expanded in the form of a sale-and-leaseback agreement, as well as a joint commitment to double the production of biogas in Henriksdal.

Continued high volumes of biogas

The plants at Henriksdal and Bromma produced high volumes of biogas in 2014 as well. In total, 9.8 million normal cubic metres of biogas of vehicle-fuel quality was produced and sold, which is somewhat lower than the year before. The decrease was caused by the fact that the wastewater treatment plant in Bromma had problems with a digester in the second half of the year, and subsequently produced lower volumes of raw gas, which in turn led to a biogas production loss of five percent. Despite this, biogas production in Stockholm almost reached full capacity.

Sale of buildings and leasing agreement

During the third quarter, the Group sold both the buildings and plants at Henriksdal and Bromma to Stockholm Vatten. This was done to enable Stockholm Vatten to carry out the planned expansion of the Henriksdal wastewater plant and closure of the Bromma wastewater treatment plant. In conjunction with the transaction, a rental agreement was drawn up as well as an agreement covering the delivery of raw gas from Stockholm Vatten. All agreements entered into run for 25 years and entail that a number of important conditions for the Group's operating business are secured for the foreseeable future. Moreover, the deal enables the company to free up capital for new investments and continued growth.

Collaboration with Stockholm Vatten

The production of biogas is carried out by co-digesting sludge with other types of organic waste, such as fat from restaurant grease traps.

At Henriksdal, biogas is upgraded to vehicle-fuel quality using two parallel water wash technology (WST) lines, while the plant in Bromma uses Pressure Swing Adsorbtion technology (PSA).

Northern Europe's largest plant

In order to further expand biogas production and thereby significantly increase the availability of locally-produced biogas in the greater Stockholm area, an expansion of the operations in Henriksdal began in November 2014. The plan is to complete the expansion during the first quarter of 2016. This will increase the total capacity at Henriksdal from today's 7.5 million normal cubic metres of biogas of vehicle-fuel quality to a maximum capacity of 20 million normal cubic metres. Once the expansion has been completed, Henriksdal will be the largest plant for industrial biogas production in northern Europe.

Industrial biogas production in Ulsan, South Korea

The Group's operations in South Korea generated a profit for the second year in a row, despite a decline in the delivery of food waste during the first two quarters of the year. In South Korea today, the Ulsan plant is renowned for being the most effective biogas plant in the country.

Earnings and increased profitability

The year started off to be financially challenging for the Group's operations in South Korea due to a decline in the volume of food waste during the first half of the year. This earnings trend was turned around by focused efforts, along with higher volumes of food waste during the remaining months of the year. Profitability improved from the previous year, and both the production and sales of raw gas increased.

Production during the year was close to 10.7 normal cubic metres of raw gas, which was somewhat lower than the previous year. Sales of raw gas to customers increased however by 7.5 percent, from 9.1 million normal cubic metres of raw gas to 9.8 million normal cubic metres.

From minus to plus

In recent years, extensive efforts have been made to turn around the previously negative results trend, which have led to the plant now generating a profit for the second year in a row.

In the South Korean operations, revenues are primarily generated from fees for the management of food waste from the inhabitants of Ulsan, which Scandinavian Biogas treats and transforms into raw gas.

An additional stream of revenue is the sale of produced raw gas. However, the price of gas is generally low in South Korea and raw gas sales account for just a minor portion of total revenues. There is not yet a premium for green gas on the market.

Close collaboration with the city to solve environmental problems

Operations at the biogas plant at the Yongyun wastewater treatment plant in Ulsan include the management, pre-treatment and digestion of large volumes of food waste from the city, co-digested with primary sludge from the adjacent wastewater treatment plant. In this way, the plant contributes to actively solving a large portion of the city's overall environmental challenges. The raw gas that is produced is sold to local customers. The operations are run in close cooperation with Ulsan and are regulated by a concession agreement entered into for a 15-year period.

When Scandinavian Biogas was contracted in 2007, around 40 tons of food waste were treated per day. In 2011, the volumes of treated food waste had increased to 156 tons per day, with 191 tons in 2012 and 208 tons in 2013. In 2014, an average of 203 tons of food waste was treated per day, which is somewhat lower than the year before.

1) The year Scandinavian Biogas was contracted.

Environmental focus may create biogas growth potential

In South Korea, extensive efforts are ongoing to become a leading green nation. Among other things, various initiatives are ongoing to develop an effective and sustainable transport system, to reduce greenhouse gases, as well as extensive energy efficiency endeavours. At the initiative of the President Park Geun-hye, the country has set up a national environmental objective to reduce carbon emissions by 30 percent by 2020. Furthermore, the mayor of Seoul is working to transform the twenty-million city into a world-leading environmental metropolis.

Interest and confidence in Scandinavian Biogas has increased since the plant at Ulsan was named the country's most effective biogas facility by the South Korean authorities in 2013.

During the past year, Scandinavian Biogas has structured its work in order to make decisions about investments in new biogas projects in 2015. The success and acclaim received in South Korea could mean that such projects may also be considered for this market.

Executive management

Matti Vikkula
President and CEO

CEO of Scandinavian Biogas since 2011. Masters in Economics from the Helsinki School of Economics. Chairman of AinaCom OY. He was previously employed by the telecom operator Elisa, Saunalahti and was a partner at PwC Management Consulting.

Michael Olausson
Vice President and Director of Business Development

Employed since 2009. Responsible for client and business strategies, as well as development of new business opportunities and collaborations. The company's R&D unit is part of this department. Before joining Scandinavian Biogas, Olausson was employed by the Swedish Armed Forces, Deloitte, and completed an MBA at the Stockholm School of Economics.

Jörgen Ejlertsson
Vice President and Director of Research & Development

Co-founder of Scandinavian Biogas Fuels AB. Since the start he has been active within research and development issues. He majored in Agricultural Sciences at the Swedish University of Agricultural Sciences (SLU), and has a PhD in environmental microbiology from Linköping University.

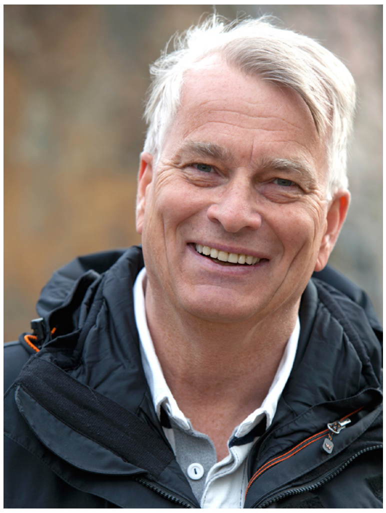
Executive management, cont.

Lotta Lindstam
CFO

Employed since 2011. Responsible for the finance department and external financial reporting, as well as reporting to management and the board. Prior to joining the company, Lindstam worked at Metro and at the French publisher Hachette. A business controller, she graduated from the IHM Business School.

Jean Collin
CIO

Employed since 2007. Responsible for the engineering department, where he, in collaboration with a team of project managers, process experts and constructors, develops new biogas facilities and assist the operations department with development projects. Master of Engineering from ISARA, European Master Agroecology, Lyon.



Lars Hammarlo
COO

Employed since 2009. Responsible for the company's plants in Sweden as well as the further development of operating activities to facilitate increased profitability.

Board of Directors

Göran Persson
Chairman of the board

Born 1949. Chairman of Scandinavian Biogas since November 26, 2009. Chairman of the board of Sveaskog and Scandinavian Air Ambulance and member of the board of the World Resources Institute. Formerly Prime Minister of Sweden 1996 - 2006, Chancellor of the Exchequer 1994 - 1996, Member of Parliament and Vice Chairman of the Standing Committee on Finance 1993 - 1994, Member of Parliament and Chairman of the Agriculture Committee 1991 - 1992 and Minister for Schools 1989 - 1991. Chairman of the Remuneration Committee (RC) and the Property Committee (PC). Göran Persson's extensive experience covers public affairs, financial markets, mergers & acquisitions, international politics and the EU.

Phil Metcalfe

Born 1970.
Elected as a board member in 2009. Contracted as an energy specialist at Novator, where he has a focus on renewable energy investments. Previously Executive Director at Goldman Sachs International. Founder and board director of several privately-held companies specializing in environmental emission trading solutions.

Andreas Ahlström

Born 1976.
Elected as board member in 2011. M.Sc. from the Hanken School of Economics in Helsinki. Since autumn 2010, he has worked for Ahlström Capital with overall responsibility for the company's new investments in Cleantech. Ahlström is currently on the board of three of the company's fund portfolio companies.

Anders Bengtsson

Born 1963.
Elected as a board member in 2009. MBA from the Monterey Institute of International Studies, USA. 20 years of experience as CEO of small and mid-sized companies and several years of experience as a management consultant including Semcon AB. He is a board member of Bengtssons Tidnings AB, where he is also a partner. Bengtsson is also engaged in investing in renewable energy companies, among others, and has a number of other board engagements.

Board of Directors, cont.

Hans Hansson

Born 1947.
Elected as board member in 2013.
Economist. Hansson's experience includes CEO of seven companies within the Scania group including CEO of Scania's bus operations, for Scania's bus factory in Denmark, and has established a bus factory in Russia. Today he works as a director at Scania as well as a board member of Ripasso Energy, Leax Group, ATG as well as Chairman of the Board of Svensk Galopp.

Jan Lönnblad

Born 1952.
Elected as board member in 2013.
M.Sc. from the Hanken School of Economics in Helsinki. 25 years of experience as CEO of several different companies within the logistics and vendor industries. Lönnblad was also responsible for many years for several corporate acquisitions and divestments. During the last four years, he has held different roles such as Chairman or Deputy Chairman in various development companies in cleantech, renewable energy and in the health and healthcare industries.

Andreas Berg

Born 1975.
M.Sc. in Biology from the University of Linköping. Today he is employed as Research Director at Scandinavian Biogas. Employee representative.

Board of Directors' report

The Board of Directors and the CEO of Scandinavian Biogas Fuels International AB, 556528-4733, hereby submit the annual report and consolidated accounts for the financial year 2014.

Operations

Scandinavian Biogas is a leading player in large-scale biogas production, with world-leading expertise in how biogas plants should be designed and operated, encompassing everything from pre-treatment to fuel upgrading, in order to optimize the production of biogas. The Group strives to facilitate the transition from fossil to renewable energy.

Scandinavian Biogas's business concept is to be a leader in the design, management and operation of biogas plants. This is achieved by constantly improving the digestion process in biogas production from different types of biomass, mainly the vast amount of sludge from wastewater treatment, food waste and from industrial process such as the manufacturing of food and biofuels. Furthermore, the Group provides leading expertise in the purification process of digester gas for upgrading biogas to vehicle-fuel quality. Scandinavian Biogas is focused on the markets in Sweden and South Korea.

The Group's strategic focus on research and development means that Scandinavian Biogas places great importance on developing methods to increase the efficiency of biogas production from both established and new types of waste, residue and other organic material. The Group's expertise and methodology enables production to be carried out more cost- and resource-efficiently than before.

The Group's operations are primarily conducted via subsidiaries, while the Parent Company has more of the character of a Group administrator.

Scandinavian Biogas Fuels International AB is domiciled and headquartered in Stockholm, with a research and development unit in Linköping. At the year-end 2014, the Group had 32 employees in Sweden and 20 in South Korea.

Licensable activities

Fordonsgas Stockholm AB conducts activities at plants in Bromma and Henriksdal. The business encompasses environmental permits and the authorization to conduct business with explosive and flammable products. The permits cover the upgrading of raw gas to biogas and storage of gas.

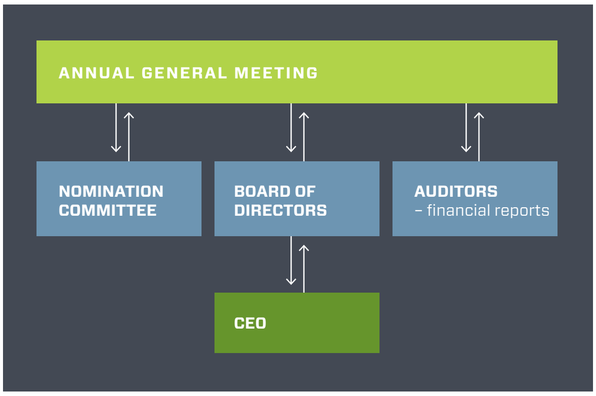
The Group

Scandinavian Biogas Fuels International AB is the Parent Company of the Scandinavian Biogas Group, which encompasses a number of wholly- and partly-owned companies registered in Sweden and South Korea. Operations are primarily conducted in subsidiaries. The wholly-owned company in Poland was phased out during the year, as it had been dormant for several years and the Group's focus is now on the Nordic and South Korean markets.

On May 1, 2014, the Group sold 40 percent of the shares in Scandinavian Biogas Recycling AB to SRV Återvinning AB.

Corporate governance

Corporate governance, management and control of Scandinavian Biogas Fuels International AB is performed through a division of responsibilities between shareholders at the Annual General Meeting, the Board of Directors and the CEO in accordance with the Swedish Companies Act. The Company's corporate governance is organized and controlled as illustrated below.



Financial overview

The Scandinavian Biogas Fuels International Group reported in accordance with IFRS for the first time in 2012. Consequently, the figures for 2011 were revised. The 2010 figures shown below are based on the previously applied principles of the Swedish GAAP.

Group	IFRS	IFRS	IFRS	IFRS	Swedish GAAP
(TSEK)	**2014-12-31**	**2013-12-31**	**2012-12-31**	**2011-12-31**	**2010-12-31**
Net sales	168,403	145,488	134,266	117,111	73,291
Operating loss	-5,383	-9,191	-15,490	-103,127	-54,601
Total assets	628,037	428,741	419,777	407,752	403,337
Equity Assets ratio, %	30.8	41.9	37.9	13.1	31.7

During the 2014 financial year, consolidated net sales amounted to SEK 168 million (SEK 145 million), an increase of 15.8 percent compared to the previous year. The increase is partly due to the fact that the operations of the subsidiary Scandinavian Biogas Recycling AB got started in spring 2014. The Group's EBITDA improved during the year by 48.8 percent and amounted to SEK 31.9 million (SEK 21.4 million), while operating loss has improved from SEK 9.2 million in 2013 to SEK 5.4 million in 2014. For 2014, the Group is reporting after-tax profit for the first time, SEK 10.4 million (loss: SEK 29.7 million), of which SEK 16.6 million (loss: SEK 2.8 million) was tax income due to a change in deferred tax on the disposal of assets.

Total assets increased by 46.5 percent, partly explained by the sale-and-leaseback deal with Stockholm Vatten, which resulted both in a higher cash balance and higher borrowing in the form of financial leasing. Furthermore, substantial investments were made in construction in progress and a larger loan was taken from an external lender.

The Parent Company also reported a profit for the 2014 financial year. Net income for 2014 amounted to SEK 1.9 million (loss: SEK 10.3 million), an improvement of SEK 12.2 million. The improved profitability is due in large part to a decrease in interest expenses as a result of the conversion of a convertible loan in autumn 2013, as well as the repayment of shareholder loans in autumn 2014. Another reason is that the Parent Company received a Group contribution, reported as an appropriation, while at the same time conducting the impairment of shares in the subsidiaries due to a change in structure for new projects in the Group. Furthermore, the Company also actively focused on cost-savings.

Ownership structure as per reporting date, in percent

AC Cleantech	34.1%
Bengtssons Tidnings AB and closely related parties	30.3%
Novator	7.7%
Erik Danielsson and family, including related companies	5.7%
Ajanta OY and closely related parties	5.7%
John Nurminen OY	4.4%
Other	12.0%

Significant events during the year

Divestment of property and equipment

In September 2014, the subsidiary Fordonsgas Stockholm AB (FGS) sold all facilities and land to Stockholm Vatten AB (SV) for SEK 190 million. The plant in Henriksdal will be leased back for a period of 25 years. The plant in Bromma will also be leased back up until SV's planned closure of the Bromma wastewater treatment plant. Furthermore, FGS has entered into a supply agreement with SV pertaining to raw gas. This contract will also run for 25 years. For the Group, this sale-and-leaseback deal has freed up capital as well as securing an increase in production of biogas for 25 years. The deal has also resulted in a consolidated capital gain of SEK 3.2 million. The majority of the transaction is accounted for as a sale-and-leaseback, i.e. financial leasing in the Group, see note 28, Lease agreements.

At the same time as entering into the agreement for the sale of land and facilities with SV, an agreement to expand the plant at Henriksdal was also reached. Construction started in November 2014 and the new production capacity is expected to become operational in the first quarter of 2016. Once the expansion is completed, FGS will rent the facility for 25 years, according to the same principle as the other plants. The target is to increase the supply of biogas from 10 million normal cubic metres (Nm^3) to close to 20 million Nm^3 of biogas.

Tender wins: larger deliveries

In autumn 2014, FGS won a public tender for an increased supply of biogas to Storstockholms Lokaltrafik AB (SL). The tender encompasses around 5 million Nm^3 of biogas per annum from 2016 to 2021, and SL has an option to further expand the agreement for the years 2022 to 2025.

During the spring 2014, the subsidiary Scandinavian Biogas Recycling AB won a tender conducted by SRV Återvinning AB, in which the subsidiary has undertaken to manage food waste collected by SRV and transform it into biogas and fertilizer. The contract runs until April 30, 2018.

Construction started in Södertörn

The subsidiary Scandinavian Biogas Sofielund AB started construction of a new production plant in Södertörn during spring 2014, which is proceeding according to plan. At the end of December 2014, several concrete foundations were cast, the two digesters were erected and the main building was completed. Plumbing and electrical installation was also ongoing. It is estimated that the production capacity will be 8 million Nm^3 of biogas when fully operational.

Impairment of shares

An impairment of the shares in the subsidiary Scandinavian Biogas Fuels AB (SBF) was made during the year. This impairment is due to the fact that the Group changed the structure of its subgroups and that new projects were placed in the second subgroup, Biogas Stockholm Finans AB, instead of in SBF.

Impairment of construction in progress

The Group has concluded that the construction in progress at Varberg will not generate the level of profitability previously estimated, and therefore the value was written down by SEK 15 million. Efforts to establish a feasible level of development for the project are ongoing.

Production

Bromma and Henriksdal

The availability at the plants in Bromma and Henriksdal during the year was very high, and the plants were able to continue producing high volumes of biogas, even if total production was somewhat lower than the year before. The plant in Bromma during the second half of 2014 saw a reduction in the availability of raw gas, resulting in lower production of about 5 percent. In total, production at both plants amounted to 9.8 million Nm^3 of biogas (10.1) and all the gas produced was sold. Customers are primarily Storstockholms Lokaltrafik AB and a number of private operators.

Ulsan, South Korea

Profitability at the plant in Yongyun during the financial year was further improved compared to previous years. Despite the fact that the volume of food waste decreased somewhat compared to the year before, the quantity of raw gas sold has increased. Furthermore, the cost base has been revised and savings have been made where possible. Food waste received in 2014 was on average 203 tons/day (208 tons/day) and gas sales amounted to 9.8 million Nm^3 (9.1 MNm^3), equivalent to 6.7 MNm^3 of upgraded biogas (6.3 MNm^3).

The plant at Yongyun won acclaim in South Korean media as the country's most efficient plant for food waste management and biogas production.

Södertörn

From May 1, 2014, Scandinavian Biogas Recycling AB has been renting a pre-treatment plant located in the Gladö Kvarns Industrial area in Södertorn, south of Stockholm, for receiving and treating organic waste. During the year, production has been as forecasted and the treated waste was allocated to various biogas producers in southern Sweden, pending the deployment of local biogas production, which generated some deficit.

Information on risks and uncertainties

The following describes the main risks that could have an impact on Scandinavian Biogas's operations and future development. The account does not purport to be comprehensive and the risk factors are not listed in any order of significance. See also note 3, Financial risk management.

Industrial company, but with a continued need for financing

Scandinavian Biogas has gone from being a development company to becoming an industrial company. The Company primarily has a need for financing of projects related to facilities that the Company undertakes to design, build and operate. The financing requirement poses a risk that interesting projects may be impossible to implement, or that liquidity becomes an issue for the Company. This risk is managed through long-term financing plans in collaboration with banks and shareholders.

Competition and maintaining a competitive edge

Scandinavian Biogas's operations are entirely dependent on the demand for biogas. Today, biogas is one of the most environmentally attractive energy carriers, and as the market matures more companies are expected to be established. An increase in competition for the organic material used in biogas is expected both from other biogas producers and from producers of other renewable energy carriers. It is therefore vital that the Company continues its strategic research and development activities that facilitate the digestion of new types of substrates as well as finding ways to increase biogas output from the organic waste already digested today.

Revenue generation

Revenue streams from biogas production differ from market to market. At the same time, the price of biogas is of key significance to Scandinavian Biogas. It is important that the price level is maintained at a level that is more or less equivalent to today's gasoline and diesel prices in Sweden. Future changes in tax laws or the price of other renewable fuels with a price suppression effect thus constitute a risk.

Employees

Scandinavian Biogas's operations are dependent on employee expertise and experience. If Scandinavian Biogas were to lose certain key personnel, this may pose a risk to the Company's ability to complete ongoing projects and ensure future performance.

Political risks

The political situation in areas where Scandinavian Biogas operates is of great significance to the Company's operations. Customers primarily include municipalities or similar, public sector entities and companies. This means that any change in political engagement or tax laws may have a major impact on the assignment and the Company's ability to generate revenues despite contracts entered into previously. Many assignments are also contract-based, with revenue streams spanning time horizons of up to 15 years or longer. The uncertainty of unforeseen events that may occur in the future poses a risk for the Company. The Company's continued expansion into markets with stable business sectors may mitigate this type of risk. The risk of any political decisions that might have a negative impact on the production of biofuels is currently deemed to be limited.

Dependence on decisions by public authorities and permits

Scandinavian Biogas's operations are dependent on approval and authorization from public authorities. In some cases the time required to process environmental and construction permits may take up to a year or longer with some projects consequently coming to a halt. This may pose the risk of a delay in the project. Operating a biogas plant in Sweden requires a permit under the Environmental Code. For the Company, this requirement pertains to the facilities operated at the Henriksdal wastewater treatment plant and the Bromma wastewater treatment plant as well as the pre-treatment plant and biogas plant at Södertörn. All of these facilities have valid permits.

Long sales cycles for new contracts

The sales cycle from the first point of contact with the customer to the generation of revenues may span several years. As a rule, the projects are extensive and complex to carry out. Furthermore, entrance into new markets involves major work efforts and cultural understanding. All of these factors pose a risk, which may be mitigated through well-carried out market studies, employees with local knowledge and strong networks, as well as experience in the successful completion of similar projects.

Dependence on partners

As Scandinavian Biogas's operations normally involve partnering with public sector companies, any change in the political climate may pose a risk. Any major changes in a customer's operations or focus may also pose a risk.

Disputes

Scandinavian Biogas's activities are highly dependent on the fulfilment of agreements entered into with partners and subcontractors, which may pose a risk. These agreements may also be subject to interpretation, thereby causing disputes. New relationships with partners pose a greater risk than those already established.

Accidents and environmental hazards

A major leakage of methane is one example of environmental risk in biogas production. Accidents may also occur. Scandinavian Biogas works continuously to enhance the Company's safety and security procedures, which in many areas are now integrated with the day-to-day business processes. The Company continuously strives to mitigate the risk of accidents and environmental hazards.

Currency risk
Overseas operations constitute a possible currency risk for the Company. In addition to the South Korean themselves, the Group has external loans and receivables in KRW.

Interest rates
Certain larger borrowings in the Group carry variable interest components, which may constitute an interest rate risk. In order to mitigate interest rate risk the Company has entered into an interest rate swap which runs until December 30, 2015, corresponding to a loan amount of SEK 37.5 million. The hedge converts the variable interest rate to a fixed rate.

Upgrade at Ulsan
According to an agreement with Ulsan City, the subsidiary in Ulsan shall have completed an upgrading plant by the year-end 2017. There is a risk of a negative impact on results if this agreement is not fulfilled.

Expectations regarding future development

Increasing demand
The need for renewable energy that can replace fossil fuels such as coal and oil at reasonable prices is enormous. In various evaluations of renewable alternatives that can be mass-produced, interest in biogas has increased, as has the demand for biogas, which is expected to increase further as availability increases. In many parts of the world, not least in Sweden, the demand for biogas continues to be greater than the supply. This means that Scandinavian Biogas will be able to sell all the biogas it produces.

Policy instruments key to market development
Biogas is the renewable fuel that best contributes to sustainable development. The greatest environmental benefits are achieved in heavy traffic such as bus services, which is why more and more cities are choosing to prioritize biogas over other renewable alternatives. The supply of biogas is, however, in some cases, a limiting factor. Sweden is a pioneer in this area, a country whose strategy can be expected to spread to other countries.

The Swedish public transport system is well advanced in this area and there are indications that biogas-powered public transport will spread to other Nordic countries. The increased use of biogas in the public transport system lays the foundation for expanded production, particularly in metropolitan regions. Scandinavian Biogas, through the subgroup Biogas Stockholm Finans AB, has a very good foundation for continued expansion in the Stockholm region. However, it is important that there is a continuing political interest in supporting the production of biogas nationally as well as locally, because biogas in the foreseeable future cannot compete with the price of natural gas, due to costly production.

The pre-treatment plant at Södertörn, for the treatment of organic waste operated by Scandinavian Biogas Recycling AB, is being rebuilt in summer 2015 in order to handle even larger volumes. During the summer, delivery of the produced volumes to the Group's new biogas plant will begin, after which the partly-owned subsidiary is expected to generate some surplus. At full capacity, the plant will be able to take in 50,000 tons of food waste and pre-treat it for biogas production.

The Group strives to continuously improve production and the security of supply, and systematic quality assurance work is ongoing.

The new biogas plant at Södertörn is expected to be ready for production in summer 2015 and the annual production level at full deployment is estimated at around 8 million Nm^3 of vehicle-fuel quality biogas.

With the expansion of the plant in Henriksdal, it is estimated that the total production at the whole plant could be doubled from the current 7.5 million Nm^3 to close to 20 million Nm^3 of biogas.

Financing activities

The Company conducts financing activities on an ongoing basis in an effort to ensure that new investment projects can be realized.

Thanks to the sale of the assets of Fordonsgas Stockholm AB, capital has been freed up in the Group and investments have largely been possible to finance with equity. Additional borrowings from an external lender were needed however for the extensive construction of a completely new biogas plant at Södertörn.

During the year, the subsidiaries in South Korea amortized loans from the Parent Company Scandinavian Biogas Fuels AB. This was possible thanks to improved profitability and the refinancing that was carried out in autumn 2013. The financing of any major new projects and investments will however entail the need for different types of financing and partnerships.

In early 2014, a smaller issue of convertible bonds generated SEK 1,050 thousand for the Company.

The Group expects that the financing of larger future projects will require different types of financing and partnerships depending on the project structure and placement. Going forward, the goal is to achieve senior loans of between 60 and 70 percent per project.

The share
At December 31, 2014 the Company had 78,414,661 (78,414,661) shares with a nominal value of SEK 0.20 per share. Each share carries one vote. All shares outstanding are ordinary shares and therefore are entitled to an equal share in Scandinavian Biogas Fuels International's assets and profit. The number of shares has not changed during the year, see note 23, Share capital and other capital contributions.

Convertibles outstanding
On the balance sheet date there were 11,678,001 (11,378,001) convertibles outstanding, of which 300,000 were added during the financial year, see note 24 Borrowings. All convertibles outstanding were converted to shares in early 2015.

Warrants

A total of 565,000 (0) warrants were issued to the staff of Scandinavian Biogas Fuels AB free of charge, see note 30, Share-based payments.

Significant events after the year-end

Both the construction of the biogas plant at Södertörn and the expansion of the plant at Henriksdal are proceeding according to plan.

In early 2015, all convertibles outstanding were converted to shares, with accrued interest paid to convertible holders.

Proposed allocation of profit

The Board of Directors and the CEO propose that the following amount, SEK 286,173,974, be allocated as follows:

	Amount in SEK
Retained income/loss	-229,432,640
Share premium reserve	513,702,201
Profit for the year	1,904,413
Total	286,173,974
Carried forward	286,173,974
Total	**286,173,974**

With regard to the Group's performance and financial position, please refer to the following financial statements and accompanying notes.

Consolidated statement of comprehensive income

Amounts in SEK thousand	Note	2014	2013
Operating income			
Net sales	5	168,403	145,488
Work performed for own use and capitalized	7	13,462	16,404
Other operating income	10	3,829	269
Total		**185,694**	**162,161**
Operating expenses			
Raw materials and consumables		-90,962	-83,791
Other external costs	8	-22,317	-18,240
Personnel costs	9	-40,559	-38,723
Depreciation, amortization and impairment of tangible and intangible non-current assets		-35 703	-30,585
Other operating expenses	10	-1,536	-13
Total operating expenses		**-191,077**	**-171,352**
Operating income/loss		**-5,383**	**-9,191**
Financial income	11	17,562	2,491
Financial expenses	11	-18,339	-20,219
Net financial items		**-777**	**-17,728**
Results before tax		**-6,160**	**-26,919**
Taxes	12	16,583	-2,820
Net income/loss for the year		**10,423**	**-29,739**
Other comprehensive income			
Currency exchange differences	13	-1,356	-132
Other comprehensive income/loss for the year, net after tax		**-1,356**	**-132**
Total comprehensive income/loss for the year		**9,067**	**-29,871**
All items in the Group's other comprehensive income are items that can be reversed in the income statement.			
Net income/loss for the year attributable to:			
Parent Company shareholders		12,972	-30,150
Non-controlling interests		-2,549	411
		10,423	**-29,739**
Total comprehensive income/loss attributable to:			
Parent Company shareholders		11,680	-30,290
Non-controlling interests		-2,613	419
		9,067	**-29,871**

The notes on pages 34 to 49 are an integrated part of this annual report.

Consolidated balance sheet

Amounts in SEK thousand	Note	Dec. 31, 2014	Dec. 31, 2013
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalized development costs		5,051	2,952
Concessions and similar rights		133,781	128,086
Patents and licenses		9	11
Total intangible assets		**138,841**	**131,049**
Tangible assets	15		
Buildings and land		76,316	96,198
Plant and machinery		78,932	54,351
Equipment, fixtures and fittings		4,250	1,529
Construction in progress		167,611	71,158
Total tangible assets		**327,109**	**223,236**
Financial assets			
Other non-current receivables		7,860	1,323
Total financial assets		**7,860**	**1,323**
Deferred tax assets	16	-	506
Total non-current assets		**473,810**	**356,114**
Current assets			
Inventories, etc.,			
Raw materials and consumables		665	-
Total inventories		**665**	**-**
Current receivables			
Trade accounts receivable	20	20,294	16,788
Other receivables		4,541	2,627
Pre-paid expenses and accrued income	21	3,838	5,319
Cash and cash equivalents	22	124,889	47,893
Total current receivables		**153,562**	**72,627**
Total current assets		**154,227**	**72,627**
TOTAL ASSETS		**628,037**	**428,741**

The notes on pages 34 to 49 are an integrated part of this annual report.

Consolidated balance sheet, cont.

Amounts in SEK thousand	Note	Dec. 31, 2014	Dec. 31, 2013
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital	23	15,683	15,683
Other capital contributions		654,884	654,348
Reserves		-1,801	-510
Results brought forward including comprehensive income/loss for the year		-478,493	-491,466
		190,273	**178,055**
Non-controlling interests		**2,962**	**1,575**
Total equity		**193,235**	**179,630**
LIABILITIES			
Non-current liabilities			
Borrowings	24	295,477	122,283
Convertible debt	24	40,592	39,361
Derivative instruments	19	-	990
Deferred tax liabilities	16	1,102	18,191
Total non-current liabilities		**337,171**	**180,825**
Current liabilities			
Borrowings	24	18,952	24,706
Loans from shareholders	24	19	4,981
Trade accounts payable		33,493	9,340
Other liabilities		3,658	3,880
Accrued expenses and deferred income	25	41,509	25,379
Total current liabilities		**97,631**	**68,286**
TOTAL EQUITY AND LIABILITIES		**628,037**	**428,741**

The notes on pages 34 to 49 are an integrated part of this annual report.

Consolidated statement of changes in equity

	Attributable to Parent Company shareholders						
Amounts in SEK thousand	**Share capital**	**Other capital contributions**	**Reserves**	**Retained results**	**Total**	**Non-controlling interests**	**Total equity**
Opening balance, January 1, 2013	**13,518**	**605,982**	**-370**	**-461,313**	**157,817**	**1,156**	**158,973**
Net results for the year				-30,150	**-30,150**	411	**-29,739**
Other comprehensive income							
Currency exchange differences			-140	-3	**-143**	8	**-135**
Total comprehensive income			**-140**	**-30,153**	**-30,293**	**419**	**-29,874**
Cost associated with new issues[1]		-16			**-16**		**-16**
Convertible debt – converted	2,165	48,382			**50,547**		**50,547**
Total contributions by and distributions to shareholders, included in equity	**2,165**	**48,366**	**-**	**-**	**50,531**	**-**	**50,531**
Closing balance, December 31, 2013	**15,683**	**654,348**	**-510**	**-491,466**	**178,055**	**1,575**	**179,630**
Opening balance, January 1, 2014	**15,683**	**654,348**	**-510**	**-491,466**	**178,055**	**1,575**	**179,630**
Net results for the year				12,972	**12,972**	-2,549	**10,423**
Other comprehensive income							
Currency exchange differences			-1,291	1	**-1,292**	-64	**-1,356**
Total comprehensive income/loss			**-1,291**	**12,971**	**11,680**	**-2,613**	**9,067**
Cost of share issues[1]		-1			**-1**		**-1**
Warrants program, value of employee services		537			**537**		**537**
Shareholder contributions from non-controlling interests					**0**	4,000	**4,000**
Total contributions from and distributions to shareholders, recognized directly in equity	**-**	**536**	**-**	**-**	**536**	**4,000**	**4,536**
Closing balance, December 31, 2014	**15,683**	**654,884**	**-1,801**	**-478,493**	**190,273**	**2,962**	**193,235**

The notes on pages 34 to 49 are an integrated part of this annual report.

[1)] The tax effect of share issue costs recognized in equity amounts to SEK 0 thousand (SEK 4 thousand).

Consolidated statement of cash flow

Amounts in SEK thousand	Note	2014	2013
Cash flow from operating activities			
Operating results before financial items		-5,383	-9,191
Depreciation/impairments		19,547	15,593
Other non-cash items	29	3,434	16,859
Interest received		270	184
Interest paid		-16,573	-25,998
Taxes paid		-	2
Cash flow from operations before changes in working capital		**1,295**	**-2,551**
Cash flow from changes in working capital			
Increase/decrease in inventories		-665	-
Increase/decrease in operating receivables		-3,939	7,889
Increase/decrease in operating liabilities		37,005	-11,845
Total change in working capital		**32,401**	**-3,956**
Cash flow from operations		**33,696**	**-6,507**
Cash flow from investing activities			
Acquisition of intangible assets	14	-1,707	-3,609
Acquisition of tangible assets	15	-43,439	-22,143
Divestment of tangible assets		87,516	-
Acquisition of financial assets		-6,441	-
Divestment of financial assets		-	352
Increase/decrease in current financial assets		-	2,307
Cash flow from investing activities		**35,929**	**-23,093**
Cash flow from financing activities			
Loans raised		60,881	68,706
Amortization of debt		-58,669	-24,574
Contributions to/from non-controlling interests		4,000	-
Increase/decrease in current financial liabilities		-	9,206
Cash flow from financing activities		**6,212**	**53,338**
Decrease/increase in cash and cash equivalents			
Cash and cash equivalents at the start of the year	22	47,893	24,063
Currency exchange differences in cash and cash equivalents		1,159	92
Cash and cash equivalents at the year end	22	**124,889**	**47,893**

The notes on pages 34 to 49 are an integrated part of this annual report.

Parent Company income statement

Amounts in SEK thousand	Note	2014	2013
Operating income			
Net sales	5, 6	1,385	1,740
Total operating income		**1,385**	**1,740**
Operating expenses			
Other external costs	8	-1,909	-3,822
Personnel costs	9	-578	-173
Other operating expenses	10	-2	-4
Total operating expenses		**-2,489**	**-3,999**
Operating results		**-1,104**	**-2,259**
Results from participations in Group companies	11	-93,113	-
Interest expenses	11	-3,879	-8,016
Net financial items		**-96,992**	**-8,016**
Results before appropriations and tax		**-98,096**	**-10,275**
Appropriations			
Received/paid Group contributions		100,000	-
Total appropriations		**100,000**	**-**
Results before tax		**1,904**	**-10,275**
Taxes	12	-	-
Net results for the year		**1,904**	**-10,275**

In the Parent Company there are no items reported as other comprehensive income and hence total comprehensive income is in accordance with the results for the year.

The notes on pages 34 to 49 are an integrated part of this annual report.

Parent Company balance sheet

Amounts in SEK thousand	Note	Dec. 31, 2014	Dec. 31, 2013
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	17	163,474	250,050
Receivables from Group companies		107,000	97,825
Total financial assets		**270,474**	**347,875**
Total non-current assets		**270,474**	**347,875**
Current assets			
Current receivables			
Receivables from Group companies		21,000	1,187
Other receivables		114	179
Pre-paid expenses and accrued income	21	109	106
Total current receivables		**21,223**	**1,472**
Cash and bank	22	**61,471**	**2,010**
Total current assets		**82,694**	**3,482**
TOTAL ASSETS		**353,168**	**351,357**

The notes on pages 34 to 49 are an integrated part of this annual report.

Parent Company balance sheet, cont.

Amounts in SEK thousand	Note	Dec. 31, 2014	Dec. 31, 2013
EQUITY AND LIABILITIES			
Equity	23		
Restricted equity			
Share capital		15,683	15,683
Statutory reserve		2,043	2,043
Total restricted equity		**17,726**	**17,726**
Non-restricted equity			
Retained income/loss		-229,433	-219,158
Share premium reserve		513,702	513,167
Net results for the year		1,904	-10,275
Total non-restricted equity		**286,173**	**283,734**
Total equity		**303,899**	**301,460**
Non-current liabilities			
Convertible debt	24	40,592	39,361
Total non-current liabilities		**40,592**	**39,361**
Current liabilities			
Borrowings	24	19	4,981
Trade accounts payable		565	578
Liabilities to Group companies		1,800	-
Other liabilities		30	47
Accrued expenses and deferred income	25	6,263	4,930
Total current liabilities		**8,677**	**10,536**
TOTAL EQUITY AND LIABILITIES		**353,168**	**351,357**
Pledged assets	26	**117,050**	**-**
Contingent liabilities	27	**52,422**	**97,000**

The notes on pages 34 to 49 are an integrated part of this annual report.

Parent Company statement of changes in equity

	Restricted equity		Non-restricted equity		
Amounts in SEK thousand	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Retained income/loss**	**Total equity**
Opening balance, January 1, 2013	**13,518**	**2,043**	**464,801**	**-219,158**	**261,204**
Comprehensive income					
Comprehensive income/loss for the year				-10,275	**-10,275**
Total comprehensive income/loss				**-10,275**	**-10,275**
Transactions with shareholders					
Cost of share issues[1]			-16		**-16**
Convertible debt - converted	2,165		48,382		**50,547**
Closing balance, December 31, 2013	**15,683**	**2,043**	**513,167**	**-229,433**	**301,460**
Opening balance, January 1, 2014	**15,683**	**2,043**	**513,167**	**-229,433**	**301,460**
Comprehensive income					
Comprehensive income for the year				1,904	**1,904**
Total comprehensive income				**1,904**	**1,904**
Transactions with shareholders					
Cost of share issues[1]			-2		**-2**
Warrants program, value of employee services			537		**537**
Closing balance, December 31, 2014	**15,683**	**2,043**	**513,702**	**-227,529**	**303,899**

The notes on pages 34 to 49 are an integrated part of this annual report.

[1)] The tax effect of the cost of share issues recognized in equity amounts to SEK 0 thousand (SEK 4 thousand).

Parent Company statement of cash flow

Amounts in SEK thousand	Not	2014	2013
Cash flow from operating activities			
Operating income/loss before financial items		-1,104	-2,259
Adjustments for items not included in cash flow	29	-	-
Interest paid		-823	-13,996
Cash flow from operations before changes in working capital		**-1,927**	**-16,255**
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-19,752	-1,237
Increase/decrease in operating liabilities		48	-2,080
Total change in working capital		**-19,704**	**-3,317**
Cash flow from operating activities		**-21,631**	**-19,572**
Investing activities			
Investments in subsidiaries		-6,000	-
Investments in other financial assets		-9,175	-20,575
Received/paid Group contributions		100,000	-
Cash flow from investing activities		**84,825**	**-20,575**
Financing activities			
Borrowings		1,229	41,061
Amortization of debt		-4,962	-
Cash flow from financing activities		**-3,733**	**41,061**
Cash flow for the year		**59,461**	**914**
Cash and cash equivalents at the start of the year	22	**2,010**	**1,096**
Cash and cash equivalents at the year end	22	**61,471**	**2,010**

The notes on pages 34 to 49 are an integrated part of this annual report.

Notes including accounting principles and comments to the financial statements

Note 1 General information

The Company, Scandinavian Biogas Fuels International AB, is a limited liability company domiciled in Stockholm, Sweden.
The head office is at Holländargatan 21A, 111 60 Stockholm.

The Board approved the publication of the consolidated accounts and annual report on April 17, 2015.

All amounts are in SEK thousand, unless otherwise stated.
Figures in brackets relate to the previous year.

Note 2 Summary of significant accounting principles

The principal accounting policies applied in these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of presentation

The consolidated financial statements for the Scandinavian Biogas Fuels International AB Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 1 Additional rules for Group Accounting and the Swedish Annual Accounts Act. This is Scandinavian Biogas Fuels International AB's third annual report prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared using the acquisition cost method. The principal accounting policies applied in these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The Parent Company's financial statements are prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. In cases where Parent Company applies other accounting principles than those applied by the Group, these are listed separately at the end of this note.

The preparation of financial statements in conformity with IFRS requires the use of certain significant estimates for accounting purposes. It also requires management to exercise its judgment in applying the Group's accounting policies, see Note 4 Significant estimates and judgments

Changes in accounting principles and disclosures

2.1.1 New standards, amendments and interpretations applied by the Group

The following standards are being applied by the Group for the first time for the financial year beginning January 1, 2014 and have a material impact on the consolidated financial statements.

IFRS 12 "Disclosure of interests in other companies" includes disclosure requirements for subsidiaries, joint ventures, associated companies, and unconsolidated structured entities.

Other standards, amendments and interpretations effective for the financial year beginning January 1, 2014 have no material impact on the consolidated financial statements.

New standards and interpretations not yet applied by the Group

A number of new standards and interpretations are effective for financial years beginning after January 1, 2014, which have not been applied when preparing these financial statements. None of these are expected to have a material impact on the consolidated financial statements with the exception of the following:

IFRS 9 "Financial Instruments" sets out the classification, measurement and recognition of financial assets and liabilities. The full version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that address the classification and measurement of financial instruments. IFRS 9 retains a mixed valuation approach but simplifies this approach in certain respects. There will be three measurement categories for financial assets, amortized cost, fair value through other comprehensive income, and fair value through the income statement. How an instrument should be classified depends on the Company's business model and instrument characteristics. Investments in equity instruments are recorded at fair value through profit but there is also a possibility upon initial recognition, to report the instrument at fair value through other comprehensive income. No reclassification to the income statement will take place at the disposal of the instrument. IFRS 9 also introduces a new model for calculating the loan loss reserve based on expected losses. For financial liabilities, classification and measurement will not change except in the case when a liability is recognized at fair value through the income statement based on the fair value option. Changes in value attributable to changes in credit risk are then recognized in other comprehensive income. IFRS 9 reduces the requirements for the application of hedge accounting by replacing the 80-125 criterion with a requirement for a financial relationship between the hedging instrument and the hedged item and the hedging ratio must be the same one used in risk management. Hedge documentation also changed somewhat compared to that being developed under IAS 39. The standard is effective for the financial year beginning January 1, 2018. Earlier application is permitted. The Group has not yet assessed the impact of the introduction of the standard.

IFRS 15 "Revenue from contracts with customers" specifies how and when revenue is recognized. The principles that IFRS 15 builds on will provide users of financial statements more useful information about the Company's revenue. Expanded disclosure requirements stipulate that the type of revenue, the date of settlement, uncertainties related to revenue recognition and cash flows attributable to the Company's customer contracts shall be provided. According to IFRS 15 a revenue shall be recognized when the customer obtains control of the sold goods or services and has the opportunity to use and receive the benefits of the product or service. IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts and related SIC and IFRIC. IFRS 15 shall enter into force on January 1, 2017. Earlier application is permitted. The Group has not yet assessed the impact of the introduction of the standard.

None of the other IFRS and IFRIC interpretations not yet entered into force are expected to have a material impact on the Group.

2.2 Consolidated financial statements

A subsidiary is an entity where the Group has the power to govern over the financial and operating policies (controlling interest) in a way that usually accompanies a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. A subsidiary is no longer consolidated from the date that control ceases.

The acquisition method is used to report the Group's business combinations. The consideration for the acquisition of a subsidiary is the fair value of the transferred assets, liabilities and equity interests issued by the Group. The purchase price also includes the fair value of all assets and liabilities that are the result of an agreement on a conditional purchase price. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition.

The amount by which the purchase price exceeds the fair value of identifiable net assets acquired is recorded as goodwill. If the amount is less than the fair value of the acquired subsidiary's assets, in the event of a "bargain purchase," the difference is recognized directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure a consistent application of the Group's policies.

2.3 Translation of foreign currencies

Functional currency and reporting currency

The various units use their local currency as the functional currency given the local currency has been defined as the currency of the primary economic environment in which the entity mainly operates. The consolidated financial statements are presented in Swedish Kronor (SEK), which is both the Parent Company's functional currency and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Exchange rate gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing day rate are recognized in the income statement.

Translation of foreign subsidiaries

The results and financial position of all Group entities whose functional currency differs from the reporting currency are translated into the reporting currency. Assets and liabilities from each entity's balance sheet are translated from their functional currency into the Group's reporting currency, Swedish Kronor, at the exchange rate prevailing on the closing date. Income and expenses from each income statement are translated to Swedish Kronor at the average exchange rates prevailing at each transaction date. Exchange rate differences arising on translation of foreign operations are recognized in other comprehensive income.

2.4 Intangible assets

Capitalized expenditures for development and similar work

Capitalized expenditures for development and similar work consists of:

Internally developed intangible assets

The Scandinavian Biogas Fuels International Group engages in research and development. Research costs are expensed as the research expenditures are incurred. Development expenditures or such costs incurred in the development phase of an internal project, and which are directly attributable to the development and testing of the substrates from which biogas can be produced, are recognized as intangible assets when all the criteria in IAS 38 p 57 are satisfied.

Separately acquired research and development projects

For research and development projects acquired separately, the conditions for recognition as an asset, under paragraph IAS 38 p 21, are considered to be fulfilled. The cost of acquisition and directly attributable costs are capitalized. Additional costs for separately acquired development projects are expensed if these research and development costs do not meet the criteria for recognition as an asset under IAS 38 p 57. Additional expenses incurred in connection with development and that meet the criteria for recognition as an asset are added to the acquisition cost of the research and development project.

Depreciation of acquired research and development is applied as straight line over 5 years. Depreciation of internally generated tangible assets is applied straight line over 5 years.

Concessions and similar rights

The subsidiary in South Korea has signed a service agreement that does not convey the right to control the use of the public service infrastructure to the Company. The Group recognizes an intangible asset to the extent that the Company has a right to charge for the use of the public service (see 2.18 Agreement for economic and social services). Depreciation is computed using the straight-line method over the contract period, in other words, for 15 years until March 2026.

2.5 Tangible assets

Tangible assets are stated at value at cost less depreciation. Value at cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's reported value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will benefit the Group and the cost of the asset can be reliably measured. The carrying value of any replaced part is removed from the balance sheet. All other repairs and maintenance are expensed in the income statement in the period in which they arise.

Each part of an item of tangible assets with a cost that is significant in relation to the total cost is depreciated separately. There is no depreciation on land and construction in progress. Depreciation on other assets is applied straight line as follows:

Buildings	30 years
Plant and machinery	10-20 years
Equipment, fixtures and fittings	3-5 years

The residual value and useful lives of the assets are reviewed at each reporting date and adjusted if necessary. An asset's carrying value is immediately written down to its recoverable value if the asset's carrying value exceeds its estimated recoverable value.

Gains and losses on disposal of tangible assets are determined by comparing sale proceeds with the carrying value and are recognized in other operating income and other operating expenses in the income statement.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not written down but tested annually for impairment. Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of an asset's fair value less costs related to its sale and its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.7 Financial instruments – general

Financial instruments are found in various balance sheet items and are described in 2.8-2.12. The general rules that apply to financial instruments are found in section 2.7.

2.7.1 Classification

The Group classifies its financial assets and liabilities in the following categories: Financial assets and liabilities valued at fair value via the income statement, borrowings, trade accounts receivable, and other financial liabilities. Classification is based on the purpose for which the financial asset or liability was acquired.

Financial assets and liabilities recognized at fair value through the income statement

Financial assets and liabilities recognized at fair value via the income statement are financial instruments held for trading. Financial derivative instruments are classified as held for trading unless identified as hedging instruments. The Group classifies derivative instruments (interest rate swaps) in this category.

Loans and receivables

Loans and receivables are financial assets that are not derivatives and that have fixed or determinable payments that are not quoted in an active market. They are included in current assets unless they are items with maturities greater than 12 months after the balance sheet date, which instead are classified as non-current assets. Group "loans and receivables", consist of trade accounts receivables, cash and cash equivalents (see note 2.8 and 2.9), and the financial instruments reported in other receivables.

Other financial liabilities

Group borrowings, loans from shareholders, convertible debt, trade accounts payable and the portion of other current liabilities relating to financial instruments are classified as other financial liabilities.

2.7.2 Reporting and valuation

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

Financial assets and liabilities at fair value through the income statement are subsequently carried at fair value after the date of acquisition. Loans and trade accounts receivables as well as other financial liabilities are carried at amortized cost after the acquisition date, applying the effective interest method.

Gains and losses arising from changes in the fair value of financial assets and liabilities, recognized at fair value through income statement, are reported in the period incurred and are included in net financial expenses as it relates to financing activities.

2.7.3 Netting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when there is a legally enforceable right to net the recognized amounts and an intention to adjust them on a net basis or to realize the asset and adjust the liability simultaneously.

2.7.4 Impairment of financial instruments

Assets carried at acquisition cost (loans and receivables)

The Group assesses at each reporting date whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and is written down only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The impairment is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment amount is recognized in the consolidated income statement within "other external costs" or "net financial items" depending on which financial asset is impaired. If the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement within "other external costs" or "net financial items" depending on which financial asset was impaired.

2.8 Convertible debt

Compound financial instruments issued by the Group encompass convertible bonds that the holder has the right to convert to shares, and where the number of shares to be issued is not affected by changes in the fair value of the shares.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not entail the right of conversion into shares. The equity component is recognized initially as the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. After acquisition, the liability component of a compound financial instrument is measured at acquisition cost using the effective interest method.

Scandinavian Biogas Fuels International resolved to report the convertible debt as a liability in its entirety since the equity component is not significant.

2.9 Derivative instruments

Derivatives are financial instruments recognized in the balance sheet on the trade date and are measured at fair value, both initially and in subsequent revaluations. The gain or loss arising from revaluations is recognized in the income statement when the requirements for hedge accounting are not satisfied.

The fair value of a derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining hedged item is less than 12 months.

2.10 Trade accounts receivable

Trade accounts receivable are financial instruments consisting of amounts due from customers for goods and services sold in the ordinary course of business. If payment is expected within a year, or less, they are classified as current assets. If not, they are reported as non-current assets.

Trade accounts receivable are recognized initially at fair value and subsequently measured at acquisition cost using the effective interest method, less any provisions for impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents are financial instruments and include, in both the balance sheet and in the statement of cash flow, cash and bank balances.

2.12 Trade accounts payable

Trade accounts payables are financial instruments and represent obligations to pay for goods and services acquired in the ordinary course of business from suppliers. Trade accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are reported as non-current liabilities.

Trade accounts payables are recognized at nominal value. The carrying value of trade accounts payable are assumed to approximate their fair value, as this post is short-term in nature.

2.13 Borrowings

Borrowings and loans from shareholders are financial instruments and are recognized initially at fair value, net of transaction costs. Borrowings are subsequently stated at acquisition cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the term of the loan using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are reported as part of such assets' acquisition value. Capitalization ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete.

Financial income arising when specifically borrowed capital is temporarily invested pending use in the financing of the assets reduces the capitalized borrowing costs.

All other borrowing costs are expensed as incurred.

2.15 Current and deferred tax

Tax expense for the year comprises current and deferred tax. The current tax expense is calculated on the basis of the tax rules, which at the balance sheet date have been enacted or in practice enacted in the countries where the parent and its subsidiaries operate and generate taxable income.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred tax liability is paid.

Deferred tax assets on tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the loss can be utilized.

Deferred tax assets and liabilities are offset when there is either a legally enforceable right to offset current tax assets and tax liabilities, or when the deferred tax assets and liabilities pertain to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, and where the intention is to settle the balances through net payments.

2.16 Employee benefits

Pension obligations

The Group has defined contribution pension plans.

The Group's primary defined contribution pension plan is the ITP1 plan secured through fees to Alecta.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

Bonus plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision when there is a legal obligation or a constructive obligation as a result of past praxis.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received, or receivable for goods sold, in the Group's operating activities. Revenue from sale of goods mainly consists of the sale of biogas. Revenue is recognized net of VAT and discounts and after eliminating sales within the Group.

Revenue from sale of goods is recognized when risks and rewards of ownership of the goods have passed to the buyer, which usually occurs in connection with the delivery, and when the revenue and associated costs can be measured reliably and it is probable that the economic benefits associated with the sale of the units benefit the Group.

Revenues from services relates primarily to the development of customer biogas plants. Revenue from the sale of services is recognized over the period services are rendered. Revenue is calculated by the assessed degree of completion of the specific transaction based on how much of the services rendered are of the total services to be performed.

2.18 Agreements for economic and social services

Within the operations in South Korea there are agreements for economic and social services linked to the biogas plant erected there. Infrastructure associated with agreements on economic and social services should not be reported as a tangible asset because the Group does not bear the right to control the use of the infrastructure of public services under the service agreement. The compensation that the Group received or will receive is recognized at fair value. The compensation is deemed the right to be an intangible asset when the Group, through the agreement, obtains the right (license) to charge users of the public service.

2.19 Leasing

The Group holds leases for land, office space, cars, coffee machines, and copiers.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement over the lease period.

The Group leases certain non-current assets. Leases of non-current assets in which the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Each lease payment is allocated between the liability and finance charges. Corresponding payment obligations, net of finance charges, are included in the balance sheet items non-current borrowings and current borrowings. The interest element of the financial cost is recognized in the Income statement over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the balance of the liability. Fixed assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

2.20 Statement of cash flow

The statement of cash flow is prepared using the indirect method. This means that operating income is adjusted for transactions that do not result in cash payments during the period and for any income or expense attributable to the investment or financing cash flows.

2.21 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or warrants are recognized, net of tax, in equity as a deduction from the proceeds.

2.22 Share-based payments

The Group has a share-based program (warrants) in which payment is made with shares and in which the entity receives services from employees as consideration for the Group's own equity instruments (warrants). The fair value of the service that entitles employees to allocation of warrants is expensed. The total amount to be expensed is based on the fair value of the warrants granted at the grant date. As the program is not associated with the vesting conditions, the entire cost is recognized on the allocation date. When the warrants are exercised, the Company issues new shares. The proceeds, received net of any directly attributable transaction costs, are credited to share capital (nominal value) and other capital contributions. The social security contributions generated by the program are similarly charged to income on the allocation date.

2.23 Parent Company accounting principles

The Parent Company applies other accounting principles than the Group as per below.

Presentation

The income statement and balance sheet follow the Swedish Annual Accounts Act. The income statement, however, refers to the statement of comprehensive income and other comprehensive income, which are reported separately. Statement of changes in equity also follows the Group's table form but must contain the columns specified in the Annual Accounts Act. Furthermore, there are differences in denominations, compared with the consolidated financial statements, particularly in respect of financial income and expenses and equity.

Interests in subsidiaries

Investments in subsidiaries are recognized at cost after deduction for any impairment losses. Costs include acquisition-related expenses and any additional considerations.

An estimate of recoverable amount is made when there is an indication that the investments in subsidiaries have decreased in value. If this is lower than the carrying amount, an impairment loss is recognized. Impairment losses are reported in "Income from participation in Group companies".

Group contributions

Group contributions are recognized as an appropriation in the income statement.

Lease agreements

All leases, regardless if they are financial or operating leases are classified as operating leases.

Financial instruments

IAS 39 is not applied in the Parent Company and financial instruments are valued at cost.

Guarantees/financial guarantees

The Parent Company has signed guarantees on behalf of subsidiaries. Such a commitment is classified under IFRS as a financial guarantee contract. For these agreements, the parent applies relaxation rules according to RFR 2 (IAS 39, p.2), and accordingly reports the surety as a contingent liability. When the Parent Company believes that it is likely to require a payment to settle an obligation, a provision is made.

Note 3 Financial risk management

3.1 Financial risk factors

The Group, through its activities, is exposed to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall strategy focuses on reducing the potentially adverse effects on financial performance.

a) Market risk

(i) Currency risk

Scandinavian Biogas is exposed to currency risk given the Company conducts transactions in foreign currencies (transaction risk) and has foreign subsidiaries (translation risk).

Transaction risk

Transaction risk is the risk of impact on consolidated net income and cash flow due to the value of the commercial flows in foreign currencies, and changes in exchange rates. The subsidiaries in South Korea use KRW as their accounting currency, but the exposure is assessed as negligible as both revenue and expenses are in the same currency. The Group makes certain purchases in EUR but has no significant currency risk since it does not have any significant foreign currency transactions.

Translation risk

There is risk associated with the Group's translation of foreign subsidiaries' net assets to the consolidating currency, the Swedish Krona (SEK). The Group's foreign subsidiaries are in South Korea (KRW). The Group is also affected by the foreign subsidiary's income statement when translated into SEK. This exposure is not hedged.

During 2014, the exchange rate differences recognized in the consolidated income statement amounted to SEK 14,491 thousand (SEK 2,309 thousand).

The Group has analysed its sensitivity to changes in exchange rates. If the Swedish Krona had weakened/strengthened by 1% against the KRW with all other variables held constant, net results for the year would have been SEK 313 thousand (SEK 360 thousand) higher/lower.

(ii) Interest rate risk

Changes in interest-bearing financial assets held by the Group linked to market interest rates affect the results and cash flow from operations. Interest rate risk is the risk that changes in market interest rates may impact the Group's net profit negatively. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash assets at floating rates. In 2014 and 2013, the Group's borrowings at variable interest rates were in Swedish Kronor.

The Group manages interest rate risk relating to cash flows to some extent using interest rate swaps with the financial effect of converting borrowings from floating to fixed interest rates for a portion of the borrowings. The interest rate swaps entail that the Group agrees with other parties to exchange, at specified intervals, currently quarterly, the difference between the interest amount under the fixed contract rate and the variable interest amount calculated on the contracted nominal amount.

Of the Group's total interest-bearing debt of SEK 357 million (SEK 191 million), SEK 111,943 thousand (SEK 137,524 thousand) is at a fixed interest rate and the rest variable. The Group is therefore exposed to a certain amount of interest rate risk.

Scandinavian Biogas has cash and cash equivalents amounting to SEK 124,889 thousand (SEK 47,893 thousand) at variable rates. The Group's interest income is affected by interest rates changes.

Variable-rate liabilities as per the balance sheet date amounted to SEK 244,773 thousand (SEK 53 807 thousand) and the Company's cash and cash equivalents were SEK 124,889 thousand (SEK 47,893 thousand). A change in interest rates of + / - 1% would result in an impact on net interest income/expense of +/ - SEK 2.4 million (SEK 0.5 million).

b) Credit risk

Credit risk or counterparty risk is the risk that the counterparty to a financial transaction does not fulfil its obligations when due. Scandinavian Biogas' credit risk includes cash and cash equivalents, trade accounts receivable and other receivables. Regarding cash and cash equivalents and derivative instruments, credit risk is considered to be low given the counterparties are largely well-known banks such as Nordea, with a high credit rating (credit rating AA), and Daegu Bank (credit rating C-) where loans to the Group are higher than deposits. Scandinavian Biogas estimates the risk of losses is low when sales are made to large, stable customers with which the Group has good experience of WTP (willingness to pay). The Group monitors customers' credit ratings, and reviews the terms of credit if necessary.

c) Liquidity risk

Liquidity risk is the risk of the Group having insufficient funds for payment of its obligations related to financial liabilities.

The objective of the Company's liquidity management is to minimize the risk that the Group will not have sufficient cash to meet its commercial obligations. Cash flow forecasts are prepared regularly. Management closely monitors rolling forecasts of the Group's liquidity reserve to ensure that the Group has sufficient cash resources to meet the needs of current operations. Liquidity risks in the operating companies Fordonsgas Stockholm AB and Scandinavian Biogas Korea Co., Ltd. are considered small, while the risk is higher in the development company Scandinavian Biogas Fuels AB.

The financing of existing projects and operations in the coming year will largely be resolved with equity. Another tranche from external creditors will however be needed for the new biogas plant at Södertörn. In order to solve the financing of future projects and strengthen liquidity further, the Group is looking at a number of different alternatives such as project financing, refinancing and various types of capital injections through the issuance of convertible bonds and/or shares.

At December 31, 2014 the Group's liquid assets amounted to SEK 124,889 thousand (SEK 47,893 thousand). The Group has no undrawn credit facilities. Future liquidity burdens are otherwise for payment of trade accounts payable and other current liabilities and repayment of loans. The table below shows the contractual, undiscounted cash flows that comprise financial liabilities, broken down by duration on the balance sheet date to the contractual maturity date. Based on the Group's assessment, convertible debt and some shareholder loans (see Note 24 Borrowings) will not be settled by payment, and are therefore not included in the table.

At December 31, 2014 (SEK thousand)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
Borrowings	25,187	21,848	117,268	23,483
Liabilities related to financial leasing	11,304	12,355	41,089	166,723
Accrued interest on convertibles	5,563	-	-	-
Loans from shareholders	-	19	-	-
Trade accounts payable	33,493	-	-	-
Other current liabilities	600	-	-	-

At December 31, 2013 (SEK thousand)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
Borrowings	34,532	69,628	66,645	-
Accrued interest on convertibles	-	-	2,255	-
Loans from shareholders	1,277	-	3,936	-
Trade accounts payable	9,340	-	-	-
Other current liabilities	1,437	-	-	-

3.2 Capital risk management

The Group's goal with regard to its capital structure is to safeguard the Group in its ability to continue its operations, in order to provide returns to shareholders and benefits for other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

The Group evaluates capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term borrowings and long-term debt in the consolidated balance sheet) less cash and cash equivalents. Adjusted equity capital is calculated as equity in the consolidated balance sheet plus 78% of the untaxed reserves. Total capital is calculated as net debt plus adjusted equity.

	Dec. 31, 2014	**Dec. 31, 2013**
Total borrowings (note 24)	355,040	191,331
Less: cash and cash equivalents (note 22)	-124,889	-47,893
Net debt	**230,151**	**143,438**
Adjusted equity	193,234	179,630
Total capital	**423,385**	**323,068**
Net gearing ratio	**54.4%**	**44.4%**

3.3 Calculation of fair value

The carrying value less impairment provision of trade accounts receivable and other receivables and trade accounts payable and other liabilities are assumed to approximate their fair values given they are short-term in nature.

The financial assets and liabilities that are measured at fair value in the consolidated statements are derivative financial instruments. These instruments are included in Level 2 of the fair value hierarchy; in other words, there exists observable data for the asset or liability, either directly by prices, for example, or indirectly through derived price quotations, for example, but there are no quoted prices in active markets for identical assets and liabilities

Note 4 Significant estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates and assumptions for accounting purposes

The Group makes estimates and assumptions about the future. The accounting estimates that result from these, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year are outlined below.

Testing for impairment of construction in progress

Each year, the Group examines whether any impairment is needed relating to construction in progress, in accordance with the accounting policy described in Note 2.5. The recoverable value of cash-generating units was partly determined by calculating the value in use, applying certain estimates to make the calculation. Assessment of the net realizable value was also used in the calculation of recoverable value. The impairment test was performed at an installation level.

Valuation of loss carry forwards

The Group tests annually whether it is appropriate to activate the deferred tax assets for the year's tax loss carry forwards. Deferred tax assets are only recognized for loss carry forwards when it is probable they can be utilized against future taxable income and against temporary taxable differences. No part of the loss carry forwards has been valued, as at present it is estimated that future profits will not be sufficient to be used against them.

Agreements for economic and social services

Based on the agreements regarding economic and social services, an intangible asset (concession rights) is recognized to the extent that the Group has the right to charge users of the public service. The intangible asset is recognized based on the fair value of the consideration that the Group has received or will receive. The fair value was estimated at the present value of future cash flows from the concession rights, which the Group expects to receive. The assessment of the expected future cash flows requires management to make estimates and assumptions concerning the future.

Capitalized development costs

Development costs, or such costs incurred in the development phase of an internal project, which are directly attributable to the development and testing of the substrates on which biogas can be produced, are recognized as intangible assets when all the criteria in IAS 38 p. 57 are satisfied. In order to assess which costs are to be capitalized certain estimates and judgments must be made, based on expectations of future cash flows that the asset is expected to generate.

Investment in Biogas Uppland

Management has analysed the degree of influence the Group has over Biogas Uppland AB and has determined that the Group has control over operations. This has been determined based on representation on the board and contract terms, even though the Group holds a 50% stake. The investment has therefore been classified as a subsidiary and has been consolidated.

Claims on subsidiaries in Korea

In the Swedish part of the Group there are claims on the subsidiary Scandinavian Biogas Korea Co., Ltd. The claim is in USD and KRW. Changes in exchange rates in 2014 resulted in an unrealized foreign exchange gain of SEK 14 million. Given that debt is amortized according to a fixed plan and is expected to be fully amortized by 2025 at the latest, the Group has determined that this claim should not be seen as a net investment in the South Korean company. This means that exchange differences are recognized in net financial income/expense and not as otherwise would have been the case in other comprehensive income.

Note 5 Distribution of net sales

Net sales are distributed by type of revenue as follows:

Group	2014	2013
Sales of goods, South Korea	21,248	17,406
Sales of goods, Sweden	99,758	100,704
Sales of services, South Korea	32,138	26,608
Sales of services, Sweden	9,300	770
Other sales, Sweden	5,959	-
Total, Group	**168,403**	**145,488**

Parent Company	2014	2013
Sales of services	1,385	1,740
Total, Parent Company	**1,385**	**1,740**

Note 6 Parent Company sales to and purchases from Group companies

During the year, the Parent Company invoiced subsidiaries SEK 1,385 thousand (SEK 1,740 thousand) for shared Group services. The Parent Company has purchased services from subsidiaries in the amount of SEK 91 thousand (SEK 66 thousand).

Note 7 Work performed for own use and capitalized

The Company has activated staff costs related to work performed on new construction in progress and development projects. The costs capitalized relate to direct labour costs, social security contributions and a mark-up for other expenses.

Note 8 Remuneration to auditors

Audit assignment refers to legally required examination of the annual report, consolidated financial statements and accounting; administration of the board and the CEO; and other examinations conducted pursuant to agreement or contract. It includes other duties resting with the Company's auditors, as well as advisory services and other types of support that arise in the course of such examination or the performance of such other duties. Everything else is considered other services.

Group	2014	2013
PWC		
Audit assignment	711	935
Audit work in excess of audit assignment	52	31
Tax guidance	231	179
Other services	109	465
Total	**1,103**	**1,610**
Other auditors		
Audit assignment	8	33
Audit work in excess of audit assignment	-	-
Tax guidance	16	15
Other services	16	15
Total	**40**	**63**
Total, Group	**1,143**	**1,673**

Parent Company	2014	2013
PwC		
Audit assignment	272	433
Audit work in excess of audit assignment	6	16
Tax guidance	192	52
Other services	109	465
Total	**579**	**966**
Other auditors		
Audit assignment	0	0
Audit work in excess of audit assignment	0	0
Tax guidance	0	0
Other services	0	0
Total	**0**	**0**
Total, Parent Company	**579**	**966**

Note 9 Employee remuneration, etc.

Group	2014	2013
Salaries and other remuneration	30,149	26,643
Social security contributions	6,063	7,601
Warrants allocated to board members and employees	537	-
Pension expenses – defined contribution plans	2,765	2,783
Total, Group	**39,514**	**37,027**

Salaries and other remuneration, and social security expenses

	2014		2013	
	Salaries and other remuneration (of which profit share)	**Social security contributions (pension costs)**	**Salaries and other remuneration (of which profit share)**	**Social security contributions (pension costs)**
Board members, CEO and other senior executives	9,287 (-)	3,187 (1,487)	5,966 (-)	2,569 (1,186)
Other employees	20,862 (-)	5,641 (1,278)	21,404 (-)	7,088 (1,598)
Total, Group	**30,149 (-)**	**8,828 (2,765)**	**27,371 (-)**	**9,657 (2,784)**

Warrants allocated to board members and employees

	2014		2013	
	Number	**Exercise price**	**Number**	**Exercise price**
Board members, CEO and other senior executives	510,000	4.67	-	-
Other employees	55,000	4.67	-	-
Total, Group	**565,000**	**4.67**	**-**	**-**

The total expense recognized in the income statement for warrants and related social security contributions amounts to SEK 586 thousand (SEK 0 thousand). For more information on warrants, see Note 30 Share-based payments.

Gender distribution in the Group (including subsidiaries) for board members and other senior executives

	2014		2013	
	Number on the balance sheet date	Of which women	Number on the balance sheet date	Of which women
Board members	7	-	7	-
CEO and other senior executives	6	1	6	1
Total, Group	**13**	**1**	**13**	**1**

Parent Company	2014	2013
Salaries and other remuneration	637	550
Social security contributions	-51	173
Warrants allocated to board members and employees	-	-
Pension expenses – defined contribution plans	-	-
Total, Parent Company	**586**	**723**

	2014		2013	
Salaries and other remuneration and social security expenses	Salaries and other remu-neration (of which profit share)	Social security contributions (pension costs)	Salaries and other remu-neration (of which profit share)	Social security contributions (pension costs)
Board members, CEO and other senior executives	637 (-)	-51 (-)	550 (-)	173 (-)
Other employees	-	-	-	-
Total, Parent Company	**637 (-)**	**-51 (-)**	**550 (-)**	**173 (-)**

	2014		2013	
Average number of employees broken down per country	Average number of employees	Of which women	Average number of employees	Of which women
Sweden	-	-	-	-
Total, Parent Company	**-**	**-**	**-**	**-**
Subsidiaries				
Sweden	31	9	32	9
South Korea	21	1	21	1
Total, Subsidiaries	**52**	**10**	**53**	**10**
Total, Group	**52**	**10**	**53**	**10**

	2014		2013	
Gender distribution of board members and other senior executives in the Parent Company	Average number of employees	Of which men	Average number of employees	Of which men
Board members	7	7	7	7
CEO and other senior executives	1	1	1	1
Total, Parent Company	**8**	**8**	**8**	**8**

Note 10 Other operating income and other operating expenses

	Group		Parent Company	
Other operating income	2014	2013	2014	2013
Currency exchange gains	652	212	-	-
Gain on the sale of land	3,177	-	-	-
Other	-	57	-	-
Total, Other operating income	**3,829**	**269**	**-**	**-**

	Group		Parent Company	
Other operating expenses	2014	2013	2014	2013
Currency exchange losses	109	9	2	4
Loss on the sale of tangible assets	4	-	-	-
Other	1,423	4	0	0
Total, Other operating expenses	**1,536**	**13**	**2**	**4**

Note 11 Financial income and expenses/ Interest income and expenses

	Group		Parent Company	
Financial income/ Interest income	2014	2013	2014	2013
Interest income on bank deposits	138	147	-	-
Results from Group companies	107	-	-	-
Currency exchange gains	17,292	2,307	-	-
Other financial income	25	37	-	-
Total financial income/ Interest income	**17,562**	**2,491**	**-**	**-**

	Group		Parent Company	
Financial expenses/ Interest expenses	2014	2013	2014	2013
Interest expenses on borrowings	13,849	17,582	3,670	8,016
Impairment of participa-tions in Group companies	-	-	93,113	-
Currency exchange losses	3,344	201	-	-
Other financial expenses	1,146	2,436	209	-
Total financial expenses/ Interest expenses	**18,339**	**20,217**	**96,992**	**8,016**
Total, net financial items	**-777**	**-17,728**	**-96,992**	**-8,016**

Note 12 Income tax/Tax on net results

	Group		Parent Company	
	2014	2013	2014	2013
Current tax:				
Current tax on results for the year	-	-	-	-
Adjustment for prior years	-	-	-	-
Total current tax	**-**	**-**	**-**	**-**
Deferred tax (see not 16):				
Origination and reversal of temporary differences	16,583	-2,820	-	-
Total deferred tax	**16,583**	**-2,820**	**-**	**-**
Taxes	**16,583**	**-2,820**	**-**	**-**

Income tax on results differs from the theoretical amount that would arise when using the weighted average tax rate for the results of the consolidated companies as follows:

	Group		Parent Company	
	2014	2013	2014	2013
Results before tax	-6,160	-26,919	1,904	-10,275
Taxes calculated according to national rates applicable before results in each country	1,545	6,192	-419	2,261
Tax effects of:				
- Non-taxable income	2,728	5,315	-	4
- Non-deductible costs	-3,381	-2,280	-20,485	-
- Tax losses for which no deferred tax assets were recognized	15,691	-12,047	20,904	-2,264
Tax income/expense	**16,583**	**-2,820**	**-**	**-**

The weighted average tax rate for the Group is 25.1% (23.0%) and for the Parent Company 22.0% (22.0%).

Income tax recognized in equity during the year amounts to:	Group		Parent Company	
	2014	2013	2014	2013
Current tax:				
- Cost of share issues	-	3	-	3
Deferred tax				
- Cost of share issues	-	-	-	-
Total income tax recognized in equity	**-**	**3**	**-**	**3**

Note 13 Currency exchange differences

Currency exchange differences are recognized in the income statement as follows:

	Group		Parent Company	
	2014	2013	2014	2013
Currency exchange differences in operating income	543	203	-2	-4
Net financial items	13,948	2,106	-	-
Total currency exchange differences in the income statement	**14,491**	**2,309**	**-2**	**-4**

Note 14 Intangible assets

Group	Capitalized development costs	Concessions and similar rights	Patents and licenses	Total
At January 1, 2013				
Cost of acquisition	2,226	178,069	16	180,311
Accumulated amortization and impairment	-153	-42,479	-4	-42,636
Opening balance	**2,073**	**135,590**	**12**	**137,675**
Financial year 2013				
Opening balance	2,073	135,590	12	137,675
Purchases/reprocessing	2,210	1,399	-	3,609
Reclassifications	-	-1,609	-	-1,609
Translation differences	-	1,624	-	1,624
Amortization	-141	-8,918	-1	-9,060
Impairment	-1,190	-	-	-1,190
Closing balance	**2,952**	**128,086**	**11**	**131,049**
At December 31, 2013				
Cost of acquisition	4,436	161,050	4,534	170,020
Accumulated amortization and impairment	-1,484	-32,964	-4,523	-38,971
Closing balance	**2,952**	**128,086**	**11**	**131,049**
Financial year 2014				
Opening balance	2,952	128,086	11	131,049
Purchases/reprocessing	2,370	1,194	-	3,564
Reclassifications	-	-1,857	-	-1,857
Translation differences	-	16,796	-	16,796
Amortization	-141	-10,438	-2	-10,581
Impairment	-130	-	-	-130
Closing balance	**5,051**	**133,781**	**9**	**138,841**
At December 31, 2014				
Cost of acquisition	6,806	187,114	4,534	198,454
Accumulated amortization and impairment	-1,755	-53,333	-4,525	-59,613
Closing balance	**5,051**	**133,781**	**9**	**138,841**

The total amount for research and development that was expensed during the period was SEK 1,760 thousand (SEK 1,393 SEK thousand).

Note 15 Tangible assets

Group	Buildings and land	Plant and machinery	Equipment, fixtures and fittings	Construction in progress	Total
At January 1, 2013					
Cost of acquisition	103,129	63,305	11,546	98,406	**276,386**
Accumulated depreciation and impairment	-7,046	-14,391	-9,999	-21,707	**-53,143**
Carrying amount	**96,083**	**48,914**	**1,547**	**76,699**	**223,243**
Financial year 2013					
Opening balance	96,083	48,914	1,547	76,699	**223,243**
Acquisitions	2,291	9,284	499	21,660	**33,734**
Activations	-	-	-	-11,591	**-11,591**
Sales and disposals	-	-	-9	-2,695	**-2,704**
Reclassifications	-	-	-	-339	**-339**
Translation differences	-	-	2	-	**2**
Depreciation	-2,176	-3,847	-510	-	**-6,533**
Impairment	-	-	-	-12,576	**-12,576**
Closing value	**96,198**	**54,351**	**1,529**	**71,158**	**223,236**
At December 31, 2013					
Cost of acquisition	105,420	72,589	12,019	105,491	**295,519**
Accumulated depreciation and impairment	-9,222	-18,238	-10,490	-34,333	**-72,283**
Carrying amount	**96,198**	**54,351**	**1,529**	**71,158**	**223,236**
Financial year 2014					
Opening balance	96,198	54,351	1,529	71,158	**223,236**
Acquisitions	24,167	30,109	3,387	139,382	**197,045**
Activations	-	-	-	-2,032	**-2,032**
Capitalized interest	-	-	-	4,634	**4,634**
Sales and disposals	-41,300	-	-	-43,039	**-84,339**
Reclassifications	-	-48	48	-	**-**
Translation differences	-	-	23	-	**23**
Depreciation	-2,749	-5,480	-738	-	**-8,967**
Impairment	-	-	-	-2,492	**-2,492**
Closing balance	**76,316**	**78,932**	**4,250**	**167,611**	**327,109**
At December 31, 2014					
Cost of acquisition	91,538	102,650	15,537	204,486	**414,211**
Accumulated depreciation and impairment	-15,222	-23,718	-11,287	-36,875	**-87,102**
Carrying amount	**76,316**	**78,932**	**4,250**	**167,611**	**327,109**

Construction in progress at December 31, 2014 consists primarily of capital expenditures in the Swedish plants at Södertörn, Varberg and Henriksdal.

During the year the Group activated borrowing costs of SEK 4,634 thousand (SEK 0 thousand) of qualified assets in the form of construction in progress.

Of the year's impairment amounts, write downs of SEK 14,890 thousand (write down: SEK 10,000 thousand) pertain to the plant at Varberg, which was written down to its estimated net realizable value, and a write up of SEK 12,398 thousand (write down: SEK 2,576 thousand) which pertains to the facility at Loudden, whose previous write down was reversed after the plant was sold.

Tangible assets includes leased items that the Group holds as per a financial leasing agreement at the amounts shown below:

	2014	2013
Buildings and land	76,316	-
Plant and machinery	78,933	-
Equipment, fixtures and fittings	4,035	-
Construction in progress	756	-
Carrying amount	**160,040**	**-**

Note 16 Deferred tax

	Group		Parent Company	
	2014	2013	2014	2013
Deferred tax expenses relating to temporary differences	-493	-2,947	-	-
Deferred tax income related to temporary differences	17,076	127	-	-
Total deferred tax in the income statement	**16,583**	**-2,820**	**-**	**-**

Deferred tax assets and liabilities are distributed as follows:

Deferred tax assets	**Dec. 31, 2014**	**Dec. 31, 2013**
Deferred tax assets to be utilized after more than 12 months	-	506
Deferred tax assets to be utilized within 12 months	-	-
Total deferred tax assets	**-**	**506**

Deferred tax liabilities		
Deferred tax liabilities to be utilized after more than 12 months	1,102	18,191
Deferred tax liabilities to be utilized within 12 months.	-	-
Total deferred tax liabilities	**1,102**	**18,191**
Deferred tax liabilities/assets (net)	**-1,102**	**-17,685**

Changes in deferred tax assets and liabilities during the year that have been recognized in profit or loss, without regard to offsets made within the same tax jurisdiction, are shown below:

Deferred tax liabilities	**Dec. 31, 2014**	**Dec. 31, 2013**
At January 1	**18,191**	**15,374**
Accelerated depreciation	-8,255	2,722
Development costs	493	224
Reversal of revaluation of land	-9,086	-
Transaction expenses - loans	-241	-129
At December 31	**1,102**	**18,191**

Deferred tax assets	**Dec. 31, 2014**	**Dec. 31, 2013**
At January 1	**506**	**508**
Component depreciation	-288	130
Derivative instruments	-218	-132
At December 31	**-**	**506**

Deferred tax assets are recognized as tax loss carry forwards to the extent that it is probable that they can be utilized against future taxable profits. Loss carry forwards do not expire at any particular time other than the South Korean loss carry forward, which matures after 10 years.

Note 17 Participations in Group companies

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Accumulated acquisition value		
Opening balance	514,348	514,348
Shareholder contributions	6,000	-
Share-based payments	537	-
	520,885	**514,348**
Accumulated impairment		
Opening impairment	-264,298	-264,298
Impairment for the year	-93,113	-
	-357,411	**-264,298**
Carrying value at the year-end	**163,474**	**250,050**

Parent Company holds shares in the following subsidiaries:

Name	Corp. Reg. No.	Domicile	Share of equity	Number of shares	Carrying value	
					Dec. 31, 2014	Dec. 31, 2013
Direct holdings						
Scandinavian Biogas Fuels AB	556691-9196	Stockholm	100 %	166,667	66,887	160,000
Biogas Stockholm Finans AB	556807-2986	Stockholm	100 %	50,000	96,050	90,050
Indirect holdings						
Biogas Uppland AB	556636-0227	Uppsala	50 %	1,000	-	-
Scandinavian Biogas Sofielund AB	556712-1735	Stockholm	100 %	100,000	-	-
Scandinavian Biogas Fuels i Varberg AB	556748-8357	Varberg	100 %	100,000	-	-
Scandinavian Biogas Korea Co., Ltd.	610-84-00961	Ulsan (South Korea)	82 %	81,000	-	-
Scandinavian Biogas Korea Co., Ltd.	285011-0174239	Seoul (South Korea)	90 %	1,008	-	-
Fordonsgas Stockholm AB	556489-7899	Stockholm	100 %	1,000	-	-
Scandinavian Biogas Recycling AB	556934-4384	Stockholm	60 %	300	-	-
Total					**162,937**	**250,050**

Significant subsidiaries and their activities

Scandinavian Biogas Fuels AB designs and builds biogas facilities, with a primary focus on optimizing production and conducting research in the biogas field.

Scandinavian Biogas Korea Co., Ltd. runs a plant in Ulsan that produces raw gas from primarily food waste. Revenues are generated by gate fees, in other words payment for taking in waste, and from sales of gas.

Fordonsgas Stockholm AB's operations comprise the production and trade of upgraded biogas.

All subsidiaries are consolidated in the group. The percentage of voting rights in subsidiaries directly owned by Parent Company is no different from the owned share of common stock.

40 percent of the shares in Scandinavian Biogas Recycling AB were sold in spring 2014 to SRV Återvinning AB.

During the 2014 financial year Scandinavian Biogaz Polska Sp. z o.o. was liquidated, with the following companies liquidated during the 2013 financial year: Scandinavian Biogas China Ltd., China Biogas Ltd. and Scandinavian Biogas US Inc.

Biogas Uppland AB is consolidated given that Scandinavian Biogas Fuels AB has the right to appoint the Chairman, who in turn holds the casting vote. This means that Scandinavian Biogas Fuels is deemed to have control over Biogas Uppland AB. The total ownership of non-controlling interests for the period amounted to SEK 3,475 thousand, of which SEK 1,342 SEK thousand concerns Scandinavian Biogas Korea Co., Ltd. Holdings of non-controlling interests in the remaining subsidiaries with minority shareholders are insignificant.

Significant constraints

There are certain constraints in moving capital from subsidiaries both in Sweden and South Korea due to, among other things, regulations in loan agreements.

Summary of financial information concerning subsidiaries with significant non-controlling interests

Below is a summary of financial information for each subsidiary with non-controlling interests and that is significant to the Group. The information provides amounts before intercompany eliminations.

Summary of information from the balance sheet

Scandinavian Biogas Korea Co., Ltd. (Ulsan)	2014	2013
Non-current assets	123,969	109,895
Current assets	14,457	13,097
Total assets	**138,426**	**122,992**
Non-current liabilities	75,500	76,176
Current liabilities	55,402	42,885
Total liabilities	**130,902**	**119,061**
Net assets	**7,524**	**3,931**

Summary of information on net income and comprehensive income

Scandinavian Biogas Korea Co., Ltd. (Ulsan)	2014	2013
Income	53,386	44,014
Net income for the year	858	297
Total comprehensive income for the year	**1,357**	**336**
Total comprehensive income attributable to non-controlling interests	**242**	**60**

Cash flow summary

Scandinavian Biogas Korea Co., Ltd. (Ulsan)	2014	2013
Operating cash flow		
Cash flow from operations	17,389	12,854
Interest paid	-2,876	-2,009
Total change in working capital	6,138	-9,502
Cash flow from operations	21,101	1,343
Cash flow from investing activities	-4,493	-3,545
Cash flow from financing activities	-14,448	3,085
Decrease/increase in cash and cash equivalents	**2,160**	**883**
Cash and cash equivalents at the start of the year	7,222	6,251
Currency exchange differences in cash and cash equivalents	1,111	88
Cash and cash equivalents at the year end	**10,493**	**7,222**

Note 18 Financial instruments per category

Group

Assets in the balance sheet	Assets at fair value via the income statement	Loans and receivables	Total
December 31, 2014			
Trade accounts receivable	-	20,294	**20,294**
Other receivables	-	9,068	**9,068**
Cash and cash equivalents	-	124,889	**124,889**
Total	**-**	**154,251**	**154,251**
December 31, 2013			
Trade accounts receivable	-	16,788	**16,788**
Other receivables	-	4,078	**4,078**
Cash and cash equivalents	-	47,893	**47,893**
Total	**-**	**68,759**	**68,759**

Group

Liabilities in the balance sheet	Liabilities at fair value via the income statement	Other financial liabilities	Total
December 31, 2014			
Borrowings	-	314,429	**314,429**
Derivative instruments	763	-	**763**
Convertible debt	-	40,592	**40,592**
Loans from shareholders	-	19	**19**
Trade accounts payable	-	33,493	**33,493**
Other liabilities	-	600	**600**
Total	**763**	**389,133**	**389,896**
December 31, 2013			
Borrowings	-	146,989	**146,989**
Derivative instruments	990	-	**990**
Convertible debt	-	39,361	**39,361**
Loans from shareholders	-	4,981	**4,981**
Trade accounts payable	-	9,340	**9,340**
Other liabilities	-	1,437	**1,437**
Total	**990**	**202,108**	**203,098**

Note 19 Derivative instruments

	Dec. 31, 2014		Dec. 31, 2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps	-	763	-	990
Current maturities	-	**763**	-	-

Derivative instruments are classified as current assets or current liabilities when the maturity of the instrument is less than 12 months.

Interest rate swaps

The nominal value of interest rate swap agreements outstanding at December 31, 2014 was SEK -763 thousand (SEK -990 thousand).

At December 31, 2014 the fixed interest rate was 2.47 percent (2.47 percent). The variable interest rate is based on STIBOR. Gains and losses on Interest rate swaps are recognized in net financial items (note 11).

Note 20 Trade accounts receivable

Group	Dec. 31, 2014	Dec. 31, 2013
Trade accounts receivable	20,567	17,016
Less: Provision for doubtful receivables	-273	-228
Trade accounts receivable – net	**20,294**	**16,788**

At December 31, 2014 substantiated trade accounts receivable amounted to SEK 20,294 SEK thousand (SEK 16,788 thousand).

At December 31, 2014 trade accounts receivable at the amount of SEK 2,827 thousand (SEK 2,806 thousand) were past due but impairment was not deemed necessary.

A maturity analysis of trade accounts receivable is provided below:

	Dec. 31, 2014	Dec. 31, 2013
1-30 days	2,827	2,806
31-60 days	-	-
> 61 days	-	-
Total overdue trade accounts receivable	**2,827**	**2,806**

Change in the provision for doubtful receivables is as follows:

	Dec. 31, 2014	Dec. 31, 2013
At January 1		
Provision for doubtful receivables	-228	-228
Currency exchange differences	-45	-
At December 31	**-273**	**-228**

Allocations to, and reversals of, provisions for doubtful receivables are included in other external expenses. Trade accounts receivable outstanding at the balance sheet date, have no collateral nor guarantees.

Note 21 Prepaid expenses and accrued income

Group	Dec. 31, 2014	Dec. 31, 2013
Accrued income	105	100
Prepaid insurance premiums	1,426	1,421
Prepaid rent	1,427	420
Borrowing fees	51	2,808
Other items	829	570
Total, Group	**3,838**	**5,319**

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Prepaid insurance premiums	74	71
Other items	35	35
Total, Parent Company	**109**	**106**

Note 22 Cash and cash equivalents/ Cash and bank

In the balance sheet and statement of cash flows the following items are included in cash and cash equivalents:

Group	Dec. 31, 2014	Dec. 31, 2013
Cash and bank	124,889	47,893
Total, Group	**124,889**	**47,893**

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Cash and bank	61,471	2,010
Total, Parent Company	**61,471**	**2,010**

Cash and bank includes cash and cash equivalents with restrictions on SEK 0 thousand (SEK 2,780 thousand) borrowed by Scandinavian Biogas Korea Co. The funds are blocked and therefore cannot be used freely in the Group.

Note 23 Share capital and other capital contributions

	Number of shares (thousand)	Share capital	Other capital contributions	Total
At December 31, 2013	**78,415**	**15,683**	**654,348**	**670,031**
Cost of share issues	-	-	-1	-1
Warrants program, value of employee services	-	-	537	537
At December 31, 2014	**78,415**	**15,683**	**654,884**	**670,567**

Share capital consists of 78,414,661 shares. The shares have one vote per share.

All shares issued by the Parent Company are paid in full.

Convertibles

In 2014, the Parent Company implemented a convertible bond issue for a total of 300,000 convertibles. These can be converted by the convertible holder to shares during the period January 1 – April 10, 2016 and they can be converted by the Company during the period January 1, 2015 to April 10, 2016. The conversion rate is SEK 3.50 per share. The Company called for the conversion of all convertible bonds in January 2015.

During 2013, the Parent Company completed three convertible bond issues totalling 11,378,001 convertibles. Between January 1 and April 10, 2016, the holder can convert these convertibles to shares, and they can be converted by the Company during the period January 1, 2015 and April 10, 2016. The conversion price is SEK 3.50. The Company called for the conversion of all convertible bonds in January 2015.

Warrants

The Parent Company, with authorization from the AGM in 2013, issued 2,500,000 warrants to the subsidiary Scandinavian Biogas Fuels AB during the 2014 financial year. Of these, a total of 565,000 warrants were allocated to the CEO and employees. The warrants were valued using the Black & Scholes option pricing model at SEK 0.95 per warrant. The warrants were issued free of charge and the employees were taxed for the benefit. Warrant holders have the right to subscribe to one share per warrant at a subscription price of SEK 4.67 per share. Subscription of shares may take place from April 1, 2017 through April 1, 2018. The warrants carry a pre-emption clause.

Note 24 Borrowings

Group	Dec. 31, 2014	Dec. 31, 2013
Non-current		
Loans from credit institutions	131,771	122,283
Convertible debt	40,592	39,361
Liabilities related to financial leasing	163,706	-
Total non-current borrowings	**336,069**	**161,644**
Current		
Loans from credit institutions	13,123	24,706
Loans from shareholders	19	4,981
Liabilities related to financial leasing	5,829	-
Total current borrowings	**18,971**	**29,687**
Total borrowings	**355,040**	**191,331**

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Non-current		
Convertible debt	40,592	39,361
Total non-current borrowings	**40,592**	**39,361**
Current		
Loans from shareholders	19	4,981
Total current borrowings	**19**	**4,981**
Total borrowings	**40,611**	**44,342**

Loans from credit institutions

Loans from credit institutions mature up until 2020 and carry an average interest rate of 5.6 percent per year (6.8 percent). The Group's borrowings are in SEK and KRW.

Total borrowings include bank loans and other borrowings against collateral of SEK 265,646 thousand (SEK 317,610). Security for the bank loans consists of corporate and real estate liens and pledges of shares in subsidiaries.

The carrying amount and fair value of non-current borrowings is as follows:

	Carrying value		Fair value	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Loan from credit institutions	131,771	122,283	131,771	122,283
Convertible debt	40,592	39,361	40,592	39,361
Liabilities related to financial leasing	163,706	-	163,706	-

The fair value of current borrowings is equivalent to its carrying value, as any discount effect is insignificant.

Convertible debt

The Parent Company issued convertible bonds on three occasions during 2013 at a total nominal value of SEK 39,823 thousand and on one occasion in 2014 with a total nominal value of SEK 1,050 thousand. The bonds expire April 30, 2016 at their nominal value, or they can be converted to shares at the request of the holder at the price of SEK 3.50 per share. The debt may also be converted to shares if called for by the Parent Company. The value of the debt, including the equity component (conversion rights), was determined at issuance. Given the equity component is not significant, Scandinavian Biogas Fuels International AB has elected to report the convertible bonds as a liability in its entirety. The convertible bonds carry a fixed interest rate of 8 percent.

All convertible bonds were converted to shares, called for at the beginning of 2015 by the Company.

Convertible debt is reported in the balance sheet as follows:

	2014	2013
Nominal value of convertible debt issued on August 31, 2010 (Debt)	-	40,764
Converted	-	-52,686
Nominal value of convertible debt issued 2013 (Debt)	39,823	39,823
Nominal value of convertible debt issued 2014 (Debt)	1,050	-
Accrued interest	5,490	2,182
Capitalized interest	-	11,922
Debt at December 31	**46,363**	**42,005**

The fair value of current borrowings is equivalent to its carrying amount, as the discount effect is not significant. Fair values are based on discounted cash flows using a rate based on the interest rate of 8.0 percent (8.0 percent).

Note 25 Accrued expenses and deferred income

Group	Dec. 31, 2014	Dec. 31, 2013
Accrued interest	5,563	2,507
Accrued payroll related expenses	7,053	5,119
Restructuring	-	1,128
Accrued purchase of gas and electricity	3,997	9,291
Accrued board member fees	457	1,560
Construction in progress	18,100	-
Other items	6,339	5,774
Total, Group	**41,509**	**25,379**

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Accrued interest	5,563	2,507
Accrued payroll related expenses	-	490
Accrued board member fees	457	1,560
Other items	243	373
Total, Parent Company	**6,263**	**4,930**

Note 26 Pledged assets

Group	Dec. 31, 2014	Dec. 31, 2013
Lien on assets	149,606	132,188
Lien on real estate	-	65,000
Shares in Fordonsgas Stockholm AB	49,417	117,181
Shares in Scandinavian Biogas Korea Co. Ltd.	6,182	3,160
Shares in Biogas Stockholm Finans AB	54,359	-
Shares in Scandinavian Biogas Sofielund AB	6,001	-
Shares in Scandinavian Biogas Fuels i Varberg AB	81	81
Total, Group	**265,646**	**317,610**

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Shares in Biogas Stockholm Finans AB	96,050	-
Pledged intercompany loan to Biogas Stockholm Finans AB	21,000	-
Total, Parent Company	**117,050**	**-**

Note 27 Contingent liabilities

Group	Dec. 31, 2014	Dec. 31, 2013
Other contingent liabilities	-	-
Total, Group	**-**	**-**

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Contingent liability for subsidiary loans from credit institutions	40,000	97,000
Contingent liabilities for subsidiary payment guarantee to suppliers	12,422	-
Total, Parent Company	**52,422**	**97,000**

Contingent liabilities for subsidiaries' loans from financial institutions concern general guarantees.

Note 28 Lease agreements

Operating leases

The Group's operating leases primarily concern office space, land, cars, coffee machines and copiers. No subleasing is conducted. Cars are leased with a three-year agreement by which i) the car is returned at no charge ii) the car lease can be extended on a 1-year basis, or iii) the car can be purchased at the agreed residual value. The leasing of copiers is based on 3-year agreements, after which the copier is returned or the lease is extended on a one-year basis. The land at Henriksdal was sold during the year and is being leased back for a 25 year period. The land at Bromma was also sold and leased back until Stockholm Vatten's wastewater treatment plant is closed, which is expected to occur at the year-end 2018. The sale of land transaction is a sale-and-leaseback transaction and is therefore reported as a lease agreement.

Future minimum lease payments under non-cancellable operating leases applicable at the reporting date are payable as follows:

Group	Dec. 31, 2014	Dec. 31, 2013
Within one year	4,724	1,629
After one year but within five years	17,817	165
Later than five years	51,560	-
Total, Group	**74,101**	**1,793**

The Group's costs for operating leases during the financial year amounted to SEK 3,442 thousand (SEK 2,325 thousand).

Financial leasing

The Group's finance lease agreements comprise the lease of biogas plants/ pre-treatment plants as well as other tangible assets at Henriksdal, Bromma and Södertörn.

In September 2014, the Group company Fordonsgas Stockholm AB sold its non-current assets to Stockholm Vatten AB. At the same time, the Company signed a leasing agreement to lease the land and facilities at Henriksdal and Bromma. The lease runs for 25 years. The rent for the land and facilities at Henriksdal is calculated on the book value at the time of the sale spread over 20 years, with a rent rebate the first and last 30 months, and a variable rate equivalent to two-year government bonds plus 2.85 percentage points. The rent for land and facilities at Bromma is calculated in the same way, without a rent rebate. This agreement will apply as long as the facility in Bromma remains. Stockholm Stad has decided to phase out the facility, with a preliminary date set for year-end 2018.

A split was made between land and other assets based on the book value of the sold assets at the time of the sale. The Group reports the portion related to other assets as tangible assets and the debt is recorded to Stockholm Vatten AB. The land is classified as an operating lease, see above.

The subsidiary Scandinavian Biogas Recycling AB rents land and facilities from SRV Återvinning AB. The rental agreement runs for 25 years and rent for the land is classified as an operating lease, while the rent for the rest of the facilities is classified as a financial lease. The rent is calculated on the book cost at the beginning of the rental period divided among 20, 15 and 7 years and a variable rate equal to three months STIBOR plus 2 percentage points.

Liabilities related to finance leases

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of non-payment.

Gross liabilities related to finance leases – minimum leasing fees	Dec. 31, 2014	Dec. 31, 2013
Within 1 year	12,129	-
Within 1 and 5 years	56,553	-
Between 6 and 10 years	60,076	-
More than 10 years	97,249	-
Total	**226,007**	**-**

Current value of liabilities related to finance leases:	Dec. 31, 2014	Dec. 31, 2013
Within 1 year	11,304	-
Within 1 and 5 years	53,445	-
Between 6 and 10 years	56,933	-
More than 10 years	93,669	-
Total	**215,351**	**-**

Finance lease expenses in the Group amounted to SEK 4,087 thousand (SEK 0 thousand).

The Parent Company holds no lease agreements

Note 29 Other non-cash items

Group	Dec. 31, 2014	Dec. 31, 2013
Gain on disposal of tangible assets	-3,177	-
Impairment of tangible and intangible non-current assets	2,622	18,418
Value of warrants program	537	-
Other	3,452	-1,559
Total, Group	**3,434**	**16,859**

Parent Company	Dec. 31, 2014	Dec. 31, 2013
Other	-	-
Total, Parent Company	**-**	**-**

Note 30 Share-based payments

Warrants program 2014

The Parent Company, with authorization from the AGM in 2013, issued 2,500,000 warrants to the subsidiary Scandinavian Biogas Fuels AB during the 2014 financial year. Of these, a total of 565,000 warrants were allocated to the CEO and employees. The warrants were valued using the Black & Scholes option pricing model at SEK 0.95 per warrant. The warrants were issued free of charge and the employees were taxed for the benefit. Warrant holders have the right to subscribe to one share per warrant at a subscription price of SEK 4.67 per share. Subscription of shares may take place from April 1, 2017 through April 1, 2018. The warrants carry a pre-emption clause.

Group – number of warrants	Dec. 31, 2014	Dec. 31, 2013
CEO	400,000	-
Other senior executives	110,000	-
Other employees	55,000	-
Total, Group	**565,000**	**-**

Note 31 Transactions with related parties

AC Cleantech Growth Fund I Holding AB owns 34.1% and Bengtssons Tidnings AB (and related parties) own 30.3% of the shares in Scandinavian Biogas Fuels International AB. Both of these owners are considered to have significant influence over the Group. Of the remaining 35.6% of the shares, there is no other single owner with more than 10%. Other related parties are Group subsidiaries and senior executives of the Group, in other words Board and Management, in addition to their family members.

The following transactions occurred with related parties:

(a) Sales of goods and services	2014	2013
Sales of goods:		
- No sales of goods has occurred to related parties outside the Group	-	-
Sales of services:		
- No sales of services occurred to related parties outside the Group	-	-
Total	**-**	**-**

(b) Purchase of goods and services	2014	2013
Purchase of services:		
- Key persons in leading positions (consultancy services)	140	140
- Other related parties (consultancy services)	252	432
Total	**392**	**572**

Goods and services are purchased from and sold to subsidiaries on normal commercial terms.

Services purchased from related parties are based on normal market terms and on a commercial basis.

(c) Remuneration to senior executives *Senior executives have received the following remuneration (note 9 Employee remuneration, etc.):*	2014	2013
Salaries and other short-term benefits	9,287	6,677
Share-based payments	485	-
Total	**9,772**	**6,677**

In the table above, salaries and other short-term benefits for the 2014 financial year include expensed bonuses to the CEO and other senior management of SEK 912 thousand (SEK 500 thousand).

The Chairman and Directors receive remuneration as determined by the Annual General Meeting. They are not paid for committee work. With regard to the Parent Company's salaries and compensation, expenses related to the Board amounted to SEK 637 thousand (SEK 550 thousand), while the subsidiary's other external expenses, amounting to SEK 140 thousand (SEK 70 thousand), relate to consulting fees to the Chairman of the Board.

(d) Loans from companies with significant influence over the Group	2014	2013
At the start of the year	29,582	60,466
Loans taken during the year	-	26,331
Loans repaid during the year	-4,962	-
Converted amount	-	-50,530
Interest expenses	1,615	-6,685
Interest paid	-	-
At the year end	**26,235**	**29,582**

At December 31, 2014 AC Capital and Bengtssons Tidnings AB have a total claim of SEK 0 thousand (SEK 4,962 thousand) excluding interest in the form of a short-term loan from shareholders. The claims from 2013, including interest, were fully repaid in 2014.

Note 32 Events after the balance sheet date

Conversion of convertibles

All convertible bonds outstanding were converted to shares at the beginning of 2015. The rate was SEK 3.50 and the conversion added 11,678,001 new shares. Total number of shares in the Company after the conversion is 90,092,662.

Consolidated income statement and balance sheets will be submitted to the Annual General Meeting on May 21, 2015 for adoption.

The Board and the CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the financial position and results.

The Directors' Report for the Group and Parent Company provides a fair review of the development of the Group and the Parent Company's financial position and results and describes material risks and uncertainties facing both the Parent Company and the companies included in the Group.

Stockholm, April 17, 2015

Göran Persson
Chairman

Matti Vikkula
President and CEO

Anders Bengtsson
Board member

Andreas Ahlström
Board member

Phil Metcalfe
Board member

Jan Lönnblad
Board member

Hans Hansson
Board member

Andreas Berg
Board member

Our audit report was submitted on April 23, 2015

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant, Principal accountant

Karl Norstedt
Authorized Public Accountant

Audit Report

To the annual general meeting of the shareholders of Scandinavian Biogas Fuels International AB, corporate identity nr. 556528-4733

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Scandinavian Biogas Fuels International AB for the financial year 2014. The company's annual accounts are included in the printed version of this document on pages 19-50.

Responsibilities of the Board of Directors and the Chief Executive Officer for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

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

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

Opinions

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

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of Scandinavian Biogas Fuels International AB for the year 2014.

Responsibility of the Board of Directors and the Chief Executive Officer

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

Auditor's responsibility

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

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

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the company. We also examined whether any member of the Board of Directors or the Chief Executive Officer has, in any 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 of our opinions.

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 Chief Executive Officer be discharged from liability for the financial year.

Uppsala, April 23, 2015

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant, Principal accountant

Karl Norstedt
Authorized Public Accountant

Glossary

Co-digestion: Anaerobic digestion of various substrates in a process.

Cryogenic biogas upgrading: Raw gas purified from water vapour, sulphur compounds and particulates can be upgraded to vehicle fuel by cooling. The method is based on the fact that methane and carbon dioxide have different condensation temperatures (at which gas becomes liquid). Carbon dioxide condenses at -79°C at atmospheric pressure, while methane must be cooled at -161°C at atmospheric pressure to convert to liquid.

Digestate is the part of the organic material / substrate that has not been converted to biogas but remains in the solid / liquid form.

Digester: Gas tight container for the anaerobic digestion of organic material.

Energy carrier is defined as a substance or a physical process that is used to store or transport energy, such as electricity, hydrogen, ethanol, gasoline and methane.

Energy sources are defined as natural resources or natural phenomena that can be converted into energy forms such as light, movement and heat. A distinction is made between stored (fossil) and abundant (renewable) energy sources. Examples of stored energy include: oil, natural gas and coal, while biomass, hydro-, wind- and solar energy are examples of renewable energy sources.

Gas cleaning: The raw gas is purified from water vapour, sulphur compounds and particulates. The gas may then be further processed to separate methane and carbon dioxide. Vehicle fuel quality biogas contains 97±1% methane.

Greenhouse gases are gases that have the ability to absorb the infrared radiation reflected from the Earth to the atmosphere (Greenhouse effect). The greenhouse effect is essential for life on earth (without it the Earth's average temperature would be around -18 °C). However, due to human activity the concentration of greenhouse gases are increasing. Examples of greenhouse gases are carbon dioxide, methane, water vapour and nitrogen oxides.

Methane is an odourless gas with high energy content (~10 kWh per normal cubic meter). Methane (CH_4) is the simplest hydrocarbon and is composed of one carbon atom and four hydrogen atoms.

Natural gas is a stored (fossil) gas mixture consisting of methane to approximately 90 percent.

Normal cubic meter compared to a litre: A normal cubic meter of biogas upgraded to vehicle fuel (97 % methane and 3 % CO_2) contains as much energy as 1.1 litres of gasoline.

Organic waste: Waste from plants and animals.

Pre-treatment of biogas production: Organic material used in the production of biogas needs to be pre-treated prior to the digestion process. The purpose of pre-treatment is to increase the material's total biogas potential (i.e. the quantity of biogas which can be extracted from the material) and/or to increase the speed of digestion. The pre-treatment may be thermal, chemical or mechanical, and combinations of one or more methods may be used. The treatment opens up/breaks down complex organic molecules, making them more accessible to digestion microorganisms.

Raw gas: Gas that is formed in a biogas process, the raw mainly contains methane and carbon dioxide but also sulphur compounds, water vapour, particulates, etc.

Substrate: Organic material that is digested in a biogas process.

Vehicle fuel: Energy source used as fuel in vehicles. The raw gas produced in the biogas process must be cleaned and upgraded to 97±1% methane in order to be defined and sold as vehicle fuel.

Water wash is commonly used for separation of methane and carbon dioxide. This method is based on the fact that carbon dioxide is more soluble in water than methane.