Annual Report 2013

arise

Calendar

ARISE ANNUAL GENERAL MEETING 2014
The Annual General Meeting will be held on May 6th in Halmstad

FINANCIAL INFORMATION 2014
May 6 • Annual General Meeting
May 6 • First Quarter Interim Report
July 18 • Second Quarter Interim Report
November 13 • Third Quarter Interim Report
February 12, 2015 • Year-End Report

DISTRIBUTION OF THE ANNUAL REPORT 2013
The Annual Report will be sent by mail to shareholders who have expressed an interest in receiving a copy. The report is also available on our website, www.arise.se

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Jennie Mantefors,
Environmental Manager

We are

an integrated wind power company managing all stages of the value chain, from project development to the sale of green electricity generated by our own onshore wind turbines.

2013 The year in brief

Total power production during the year amounted to 599 GWh, an increase of 70 % compared with the previous year. Total income amounted to MSEK 280 (248) (excluding Co-owned wind power operations, which is reported as share of profits), an increase of 13 % compared with the previous year. Average income from Own wind power operations amounted to SEK 414 per MWh for electricity and SEK 290 per MWh for electricity certificates. The corresponding figures for Co-owned wind power operations were to SEK 342 per MWh and SEK 176 per MWh, respectively.

Operating profit before depreciation amounted to MSEK 195 (177). Income from Co-owned wind power operations are reported net after tax and contributed MSEK 16 to profit. Profit for the year, net after tax, amounted to MSEK 29 (-16).

Construction started on 25.4 MW during the year, of which 12.6 MW was commissioned.

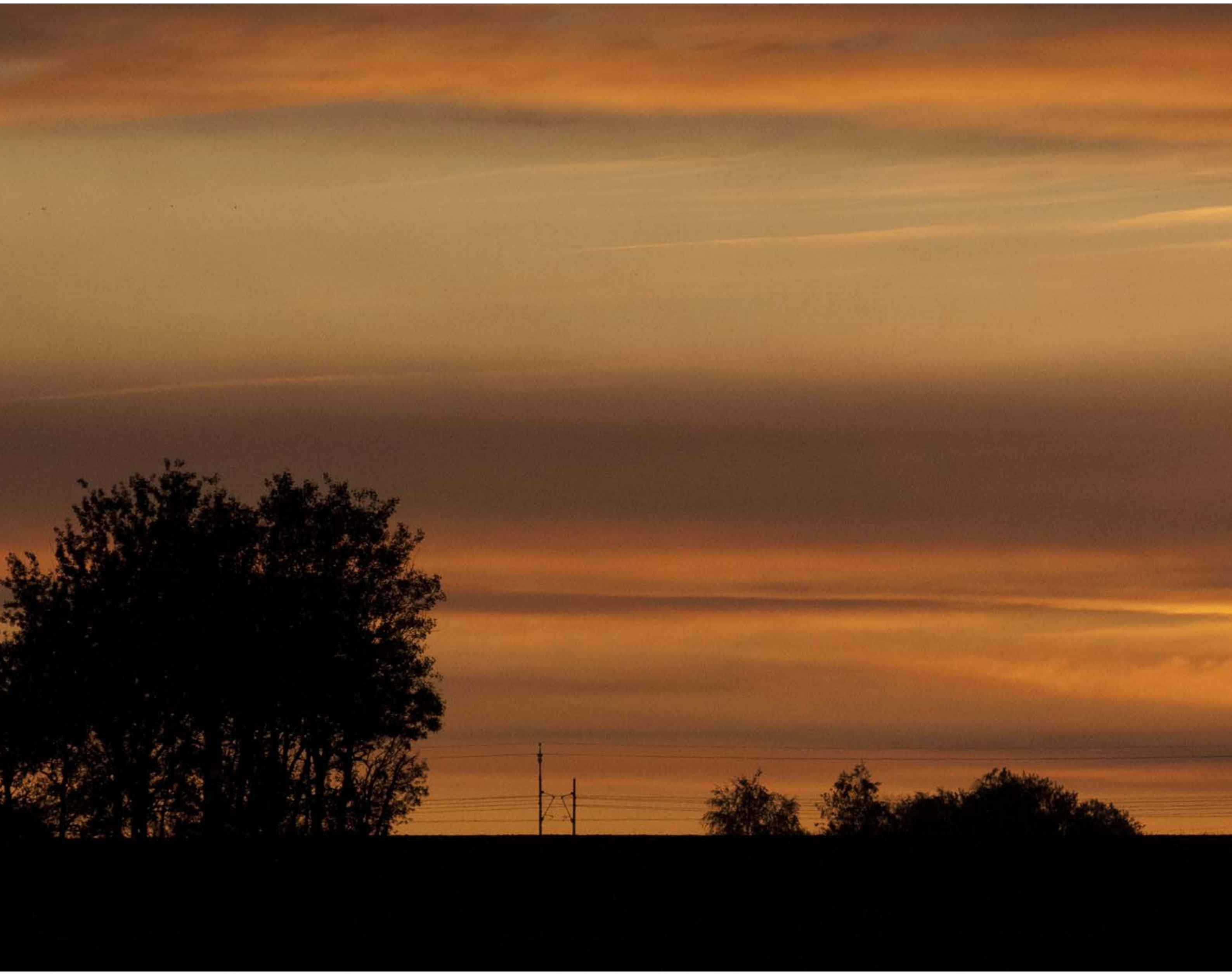
Delivering blades to Skogaby wind farm

QUARTER 1

- Total power production was 130 GWh, with 54 GWh comprising production from the Company's co-owned farms.
- Net sales amounted to MSEK 54 (61) and average income from Own wind power operations amounted to SEK 406 per MWh for electricity and SEK 308 per MWh for electricity certificates.
- Operating profit before depreciation (EBITDA) amounted to MSEK 54 (57).
- Construction started on a total of 25.4 MW in the Bohult, Skogaby and Stjärnarp wind farms.
- Arise initiated projects in Norway and Scotland.
- A total of 10.8 MW was leased to other operators.

QUARTER 2

- Total power production was 128 GWh, with 57 GWh comprising production from the Company's co-owned farms.
- Net sales amounted to MSEK 42 (46) and average income from Own wind power operations amounted to SEK 401 per MWh for electricity and SEK 261 per MWh for electricity certificates.
- Operating profit before depreciation (EBITDA) amounted to MSEK 44 (35).
- Loan agreements totalling approximately MSEK 280 were signed for the Bohult, Skogaby and Stjärnarp wind farms.



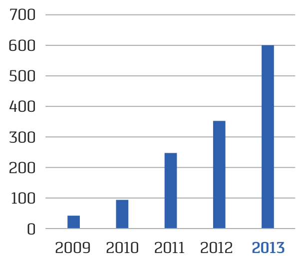
QUARTER 3

- Total power production was 103 GWh, with 49 GWh comprising production from the Company's co-owned farms.
- Net sales amounted to MSEK 41 (41) and average income from Own wind power operations amounted to SEK 476 per MWh for electricity and SEK 284 per MWh for electricity certificates.
- Operating profit before depreciation (EBITDA) amounted to MSEK 25 (28).
- Production began in the Skogaby and Stjärnarp farms.
- A total of 13.9 MW was leased to other operators.

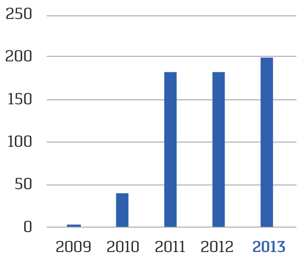
QUARTER 4

- Total power production was 236 GWh, with 112 GWh comprising production from the Company's co-owned farms.
- Net sales amounted to MSEK 87 (63) and average income from Own wind power operations amounted to SEK 403 per MWh for electricity and SEK 301 per MWh for electricity certificates.
- Operating profit before depreciation (EBITDA) amounted to MSEK 72 (56).
- A total of 34.5 MW was leased to other operators.

PRODUCTION, GWh

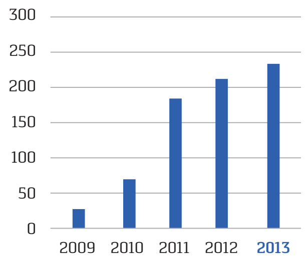


EBITDA, OPERATING PROFIT BEFORE DEPRECIATION, MSEK



AVERAGE PRICE, SEK/MWh

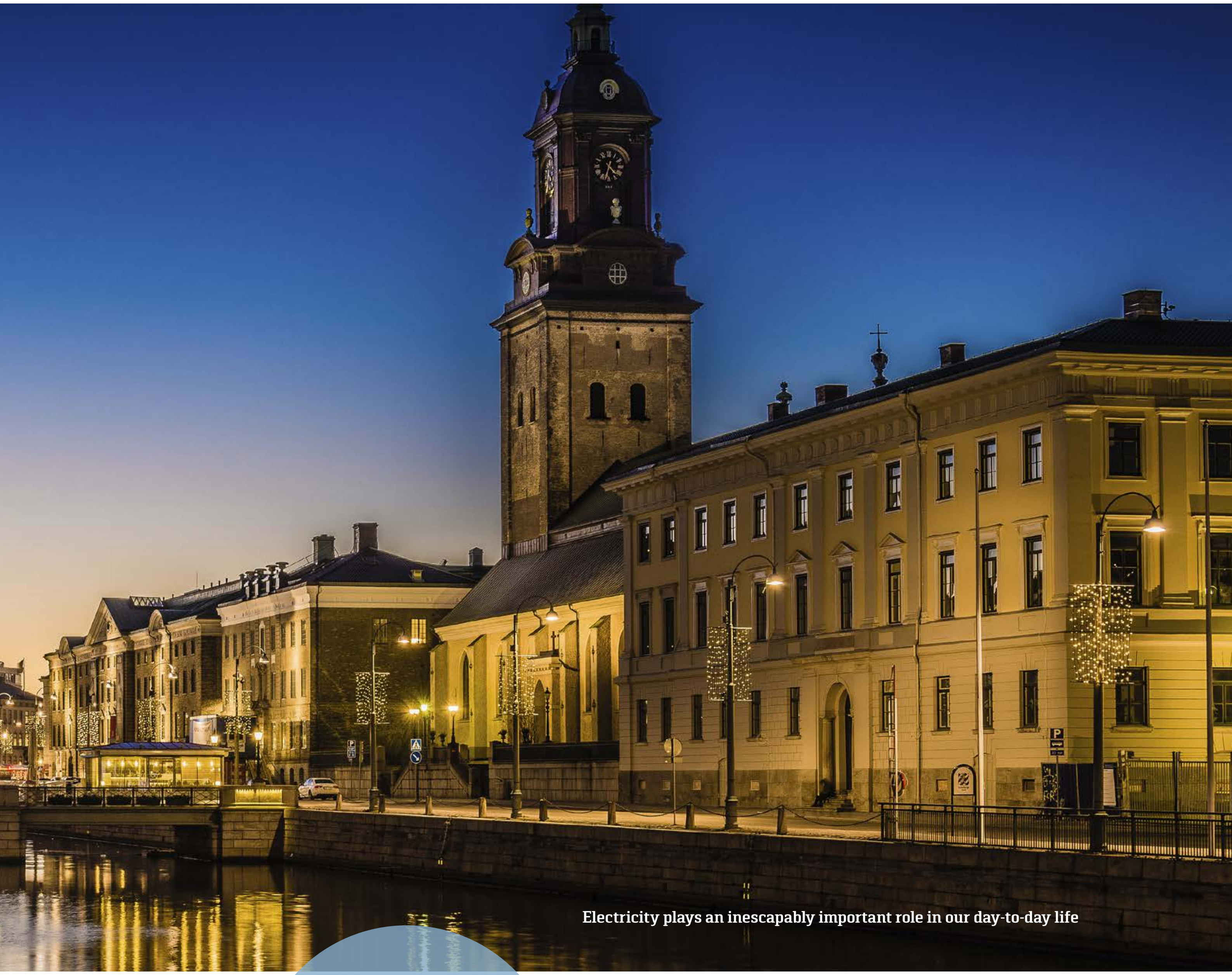
NET SALES, MSEK



Arise in brief

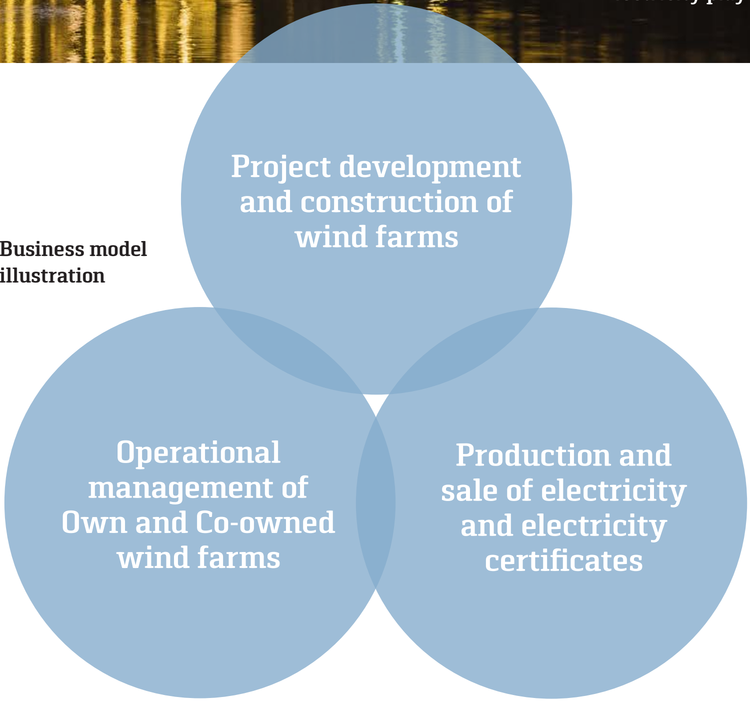
Arise is one of the leading operators on the Nordic wind power market. Since the start in 2007, the Company has constructed 368 MW of onshore wind power, of which 266MW remains in the ownership of the Company. In addition, the Company has a comprehensive project portfolio of approximately 1,000 MW at various locations in Sweden, as well as on-going evaluations of several projects in Norway. In Scotland, final negotiations are underway with land owners regarding project areas in good wind locations, together amounting to a total of approximately 150 MW.

Arise's operations are fully integrated, which implies that the Company has control over the entire value chain - from prospecting and permit management to the construction and operation of the turbines, as well as the sale of renewable energy. Systems for analysis and follow-up, systematic processes and the Company's extensive experience in wind power development allow us to ensure a high availability and electricity production in our own and co-owned wind farms. Our industrial approach is contributing to a rapid and cost-effective transition to a long-term, sustainable energy



Electricity plays an inescapably important role in our day-to-day life

Business model illustration



system in Sweden and other countries where we operate. The goal is to have 1,000 MW of onshore wind power constructed and under management by 2017, of which 500 MW will remain in the ownership of the Company.

The construction and management of wind farms for external parties leads to higher resource utilisation for the Company's organisation, as well as increased capital efficiency and profitability.

Despite considerable decreases in electricity and electricity certificate prices over the past few years, Arise has succeeded in achieving a return on capital employed of 9.2 % in its Own wind power operations segment and 8.4 % in its Co-owned wind power operations segment during 2013. This falls slightly below the goal of 10 % but is, given the development of the market

price, an acceptable outcome. The ambition is also to achieve a higher return at Group level through development fees in those cases where projects or operational farms are divested, as well as through service income for administrative services.

VISION

Arise is to be one of Sweden's leading land-based wind power companies in terms of both size and competence, and in this way contributes to the global shift towards a sustainable society. The Company is to actively contribute to the development and consolidation of the emerging wind power market in Sweden, Norway and other selected markets.

GOAL

Arise is to have 1,000 MW of onshore wind power constructed and under management by 2017, of which 500 MW will remain in the ownership of the Company. A minimum 10 % return on capital employed provides the framework for investment decisions on new projects.

BUSINESS CONCEPT

Arise's business concept is to manage its own and co-owned onshore wind turbines, to sell electricity generated from these turbines, as well to sell wind power projects, both operational and ready for construction. The Company is to have control over the entire value chain: from prospecting and permit management to the financing, construction and operation of the turbines, as well as the sale of renewable energy, all under the security provided by long-term ownership.

CORE VALUES

Reliable • We deliver • One step ahead


Board of Directors
CEO
Holding company wind power
Company-owned and joint venture wind power
Central functions
IR, M&A, Marketing, Finance, Accounting
COO
Arise Service AB
R&D
Arise Elnät AB
Project Development Construction
Arise Kran AB
Purchase Administration

Message from the CEO

Thanks to strong winds at the end of the year, a total of 599 GWh of electricity was produced in 2013, representing an increase of 70 % compared with the previous year. The production increase was mainly attributable to the fact that the Jädraås farm (272 GWh) was fully operational from the month of May. The average income for hedged Own wind power operations was particularly pleasing, the total of SEK 704 per MWh being approximately 34 % above the market price for the same period. During the year, the investment in the Jädraås project (203 MW) was completed and two smaller farms (13 MW) in the south of Sweden were constructed and subsequently commissioned. All of these projects were completed according to plan and somewhat below the investment budget.

STRATEGIC FOCUS

Our focus during the year was on increasing income and decreasing the Company's fixed costs. Each turbine at wind farms in operation has been fine-tuned to enhance its efficiency, which has led to increased production, while costs for contracted consultants have also been reduced and a certain number of excess personnel have had their employment terminated. We will begin to see the effects of these cost saving measures during 2014 and beyond. A number of wind farms have also been leased to other operators, which results in higher income than the selling of electricity production at the prevailing market price. Contacts have been established with investors in Sweden and abroad who have exhibited an interest in owning Swedish wind power assets. The aim of these contacts is to offer ownership participations in both farms already in operation and new farms, and to free up capital for the Company's future expansion. The total income level has, however, been too low during the year to allow for the initiation of new construction projects. Pending the improvement of income levels, a number of new, efficient wind power projects have been planned and prepared.

PROPOSED REVISION OF THE ELECTRICITY CERTIFICATE SYSTEM

Many operators have held off on making new investment decisions until the Swedish and Norwegian authorities have announced the full implications of the revision of the electricity certificate system.

The news that operators had been waiting for finally came in February 2014. The authorities' announcement recommended an increased quota obligation in Sweden, while the Norwegian quota obligation was decreased slightly. The reasoning for the proposed changes was that electricity consumption in Sweden has been lower than expected, while consumption in Norway has been higher. As the consumption of electricity certificates is directly linked to the consumption of electricity, fewer certificates than planned have been consumed, which has led to an excess in certificates, with low certificate prices as a result. The proposed revision will be effective from 1 January 2016 and will imply a decrease in surplus and an increase in electricity certificate prices. The authorities anticipate that the proposed adjustment will lead to a certificate price between SEK 200 and 400 per MWh. A price at the mid-point of the interval (SEK 300 per MWh), with the current electricity price (approximately EUR 33 per MWh per term SE III and IV), would suffice to give rise to an increase in wind power development in Sweden and Norway.

THE PRICE DEVELOPMENT OF ELECTRICITY PRODUCED BY WIND POWER

Technological development in wind power has seen significant advances over the past 3 to 4 years, with larger rotors, higher towers and more efficient turbines. This development, together with a weaker EUR/SEK exchange rate and relatively low prices on raw materials, has resulted in the investment cost per produced kWh decreasing by as much as 20 to 25 %. The technological development appears to have matured, and the current focus is on finding efficient projects with good wind conditions, uncomplicated access to the electricity grid and, generally, positive conditions for construction. It should be possible to further decrease the investment costs per produced kWh in some of our best-performing wind power projects but, for the majority of the projects, the cost has levelled out. Arise focuses solely on the most efficient projects in our project portfolio and has approximately 1,000 MW of new wind power under construction in Sweden, where the conditions are especially particularly well-suited to wind power efficiency.

OUTLOOK FOR 2014

Electricity production is expected to total approximately 700,000 MWh, given a normal wind year. Electricity production is hedged at approximately 77 %, at an average income of approximately SEK 412 per MWh, while certificate income is hedged at approximately 43 %, at an average income of SEK 173 per MWh. In other words, the Company is very well positioned to benefit from the expected increase in electricity certificate prices, while electricity income is secured through higher hedging levels. The stated hedging levels refer to the total of both Own and Co-owned wind power operations. The Company's ambition is to liberate a certain portion of capital invested in wind farms in operation, and to reinvest this in new farms where a greater kWh and a higher return are generated per invested SEK.

Halmstad, March 2014
Peter Nygren
CEO Arise

Message from the Chairman of the Board

My involvement in Arise began when the founders of the Company sought contact with me in the summer of 2007. I liked their business concept of investing in environmentally friendly wind energy and we began a conversation about exactly how this concept could be realised. I said "yes" to a Board being elected and agreed to become its Chairman

The construction of wind farms quickly got underway. The operations are capital intensive and the Board and management decided, therefore, on an IPO on the "Main Market". The offering was successful. I myself have always believed strongly in our business concept and became one of the largest private owners of our company and I own well over 1% of the Company.

The Company subsequently expanded thanks to its accomplished management team, but the relative scarcity of capital demanded that measures be taken. We decided – and succeeded – to attract a significant co-investor in the form of the English fund Platina Partners LLP, in order to secure the resources to build one of Europe's largest onshore wind farms –Jädraås Wind Farm. The project was completed on time and well within budget. This demonstrated the management's skills in engineering and construction.

Declining electricity prices and increasing capital requirements led to a reassessment of our strategy. As Chairman, I led the discussions, which resulted in a new phase for Arise – that is, the emphasis on our skills in constructing and managing wind farms and greatly reducing our working capital. We would seek new owners for our farms and commit to managing and maintaining them on behalf of the new owner. By doing so, we allow these owners to reap the rewards of ownership without the necessity of establishing their own organisation for the management of the farm. We ensure the smooth running of the wind farms when the new owners do not want to do this themselves. We already have the will and capacity to work according to this model.

Now, as I am leaving Arise and my position as Chairman of the Board, I wish the Company every success. The new strategy should significantly increase the return on capital, whereby profitability should steadily increase - and hopefully at a rapid pace.

An increased proportion of green energy is, in my opinion, an important component of a strong society.

Halmstad, March 2014
Pehr G Gyllenhammar

Market...

Assembly in Stjärnarp wind farm

...and external environment

Households consume electricity every day

MARKET CONDITIONS

Sweden and Norway have a common support system and expansion targets for renewable power. The two countries also have, fundamentally, the same electricity price. The countries are, however, divided into different electricity price zones where the price of electricity may differ on any given date. Sweden has four different price zones. Electricity prices are normally higher in the southern part of the country and lower in the north. The variation is due to greater consumption in the southern part of the country, while production is centred in the north. Norway is divided into six price zones where the price varies depending on the availability of hydro-electric power.

As both the support system and pricing is equal in the two countries, Arise has defined its domestic market as Sweden and Norway. Wind power development is also undertaken in Scotland.

Although the income side is the same for a wind power project in Sweden or Norway, the two countries differ in regard to the other conditions to be considered in the establishment of wind farms. Generally speaking, the wind potential along the Norwegian west coast is good and, in many cases, better than in Swedish projects. On the other hand, access to the electrical grid is better in Sweden. A wind power project in either country is subjected to increased property tax. In Sweden, the tax is defined and determined centrally, while in Norway it is determined locally and varies between municipalities. The Norwegian property tax is normally substantially higher than the Swedish.

Another difference is the cost of labour for service technicians and construction workers, where Norwegian projects generally incur higher construction and service costs.

Projects in the north, in both Sweden and Norway, can expect reduced availability due to ice build-up on the blades and equipment. Such problems rarely affect projects in southern Sweden or projects on the Norwegian west coast, where the Gulf Stream prevents ice formation.

The input cost of power also shows a geographical variation. It is, generally, cheaper to input power at locations where there is a higher level of consumption, and more expensive at locations far from consumption centres.

To achieve the same returns in two similar projects, it is therefore necessary that:

- The average wind levels in a project in northern Sweden are higher than in a corresponding project in the southern part of the country
- A Norwegian project, as a rule, has higher average wind levels than a similar project in Sweden

Considering the implications of these two requirements, Arise's conclusion is that the expansion of wind power over the next two years will be most advantageously undertaken in Sweden.

WIND POWER DEVELOPMENT IN SWEDEN

During 2013, Sweden's nearly 2,700 wind turbines produced around 9.7 TWh of electricity. This represents nearly 7 % of Sweden's total electricity consumption, which is an increase of about 30 % over the preceding year. Wind power development has been rapid and helps to keep down electricity prices in Sweden, something that benefits both consumers and industries. Wind turbines are becoming more efficient and can now truly compete with all other new forms of power production. The expansion of wind power in Sweden has, however, temporarily slowed down. Admittedly, approximately 350 wind turbines were erected in 2013, while the installed output increased by about 800 MW but few new investment decisions were taken. The main reasons for this are low electricity prices and uncertainty regarding changes in the certificate system. *(Source. Elcertifikatregistret 2013)*

The proposal which has been presented, with regard to the revision of the electricity certificate system, will likely lead to rising certificate prices and a renewed willingness to invest among wind power companies. If the proposal comes into force, it will apply from 1 January 2016, but we consider it highly likely that the price of electricity will already begin to move in a positive direction during the current year.

WIND POWER DEVELOPMENT IN NORWAY

As mentioned earlier, the wind potential on the Norwegian west coast is good. However, the wind power market is still in its infancy. The strengthening of the electrical grid is ongoing and the number of wind farms with permits is slowly increasing. All in all, it will probably take another year or two before we begin to see an appreciable expansion of wind power in Norway.

WIND POWER DEVELOPMENT IN SCOTLAND

Our experience is that the wind conditions along the west coast of Scotland are excellent, often surpassing even the best Norwegian projects. The income per produced MWh is stable and significantly higher than the amount received in Sweden and Norway, which, in addition, varies hour by hour.

The combination of good wind conditions and a stable, high level of income makes the Scottish market particularly interesting to Arise.

For the past few years, Arise has been working the Scottish market with the aim of securing land for a handful of potential wind farms. The work has been successful and final negoations are underway with land owners regarding project areas in good wind locations, together amounting to a total of approximately 150 MW new wind power. The process of applying for permits usually takes three to four years to complete, meaning that, in a best case scenario, the construction of the new farms can begin in 2017.

OPERATORS ON THE SWEDISH MARKET

The development of wind power in Sweden began in earnest in 2007/2008. At that time, there was a large number of wind power companies with ambitious expansion plans. The focus was primarily on signing lease agreements for land at supposedly good wind sites. With the exception of the major energy companies and municipally-owned utilities, the majority of the operators lacked the significant financial resources required for the construction of a wind farm. The focus was instead on planning, applying for permits and gathering wind measurements, with the hope of subsequently raising funding for proposed projects, or selling these projects prior to the start of construction. The financial crisis in autumn 2008, followed by economic stagnation in Europe, led to reduced energy consumption and an overall decline in energy prices, which also applied to electric power. An increasing surplus of certificates meant that the certificate prices fell sharply in 2011 and 2012. As income declined, profitability decreased in planned projects and it became increasingly difficult to attract the required equity. It also became more difficult to divest construction-ready projects. Many wind power planners, without alternative cash flows, experienced hard times. The operators remaining in the market are now mainly wind power planners with extensive industry experience, municipal corporations, major energy companies and independent companies with their own wind power in operations and/or strong balance sheets. The table to the left shows the production capacity of the ten largest wind power operators in Sweden as of 31 December 2013. The table illustrates that these ten companies represent more than half of all installed capacity in Sweden. In terms of energy production, the companies account for even more, as the new farms have a higher utilisation rate than older wind farms. In other words, new wind turbines produce more energy per installed MW than older turbines. For further information, refer to the "Technical Development" on page 20.

Operators on the Swedish market

OWNER	MW [1]	%
Arise	**266**	**10.1**
Stena	222	8.4
Vattenfall	204	7.8
Statkraft/SCA	167	6.3
HG Capital	151	5.7
Skellefteå Kraft	120	4.6
Wallenstam	117	4.4
Svevind	116	4.4
Platina Partners	102	3.9
Rabbalshede Kraft	89	3.4
Total	**1 554**	**59.1**
Total Sweden, 31 december 2013 [2]	2 631	100.0

[1] Operational 31 Dec 2013 according to owner's website

[2] Operational 31 Dec 2013 with output > 50 kW according to the Energy Agency

Wind farms in operation in Sweden

OWNER	PARK	MW [1]
Arise/Platina Partners Ltd	**Jädraås**	**202**
Vattenfall	Lillgrund	110
Statkraft/SCA	Mörttjärnsberget	107
Stena Renewable	Lämnhult	96
HG Capital	Havsnäs	95
Svevind	Gabrielsberget	92
Vattenfall	Storåtliden	80
Jämtkraft/Skanska	Siska	78
Skellefteå Energi/Fortum	Bleiken I + II	75
Statkraft/SCA	Stamåsen	60
Total		**995**
Total Sweden, 31 december 2013 [2]		2 631

[1] Operational 31 Dec 2013 according to owner's website

[2] Operational 31 Dec 2013 with output > 50 kW according to owner's website

WIND FARMS IN OPERATION IN SWEDEN

As a rule, the economy of a project is better the more wind turbines that can be installed within that project. This is due to economies of scale in everything from purchasing and project management to service and maintenance in the wind farm. Access roads and electrical connections to the grid can be spread across more wind turbines and the overall cost per kWh decreases. Interest in building large, connected farms has, therefore, increased. The following table lists the ten largest projects in Sweden. All are onshore except Lillgrund, which is an offshore farm located in the strait between Malmö and Copenhagen. The table to the left illustrates that these ten projects account for approximately 38 % of Sweden's total installed capacity.

WIND FARMS IN OPERATION IN NORWAY

As per the end of the previous year, approximately 800 MW of wind power was in operation in Norway, with expected annual production of around 2 TWh.

TECHNOLOGICAL DEVELOPMENT

Technological development has progressed very positively over the last 3 to 4 years, with increasingly larger rotors, taller towers and more efficient turbines. This development, together with a lower EUR/SEK exchange rate and the relatively low prices for raw materials, has resulted in the investment cost per produced kWh decreasing by as much as 20 to 25 %. The technological development appears to have matured, and the current focus is on finding efficient projects with good wind conditions, uncomplicated access to the electricity grid and, generally, positive conditions for construction. It should be possible to further decrease the investment costs per produced kWh in some of our best-performing wind power projects but, for the majority of the projects, the cost has levelled out.

Arise focuses exclusively on the best projects in our wind power portfolio, meaning that our concentration is on the best 800 MW of the total 1,000 MW in the portfolio.

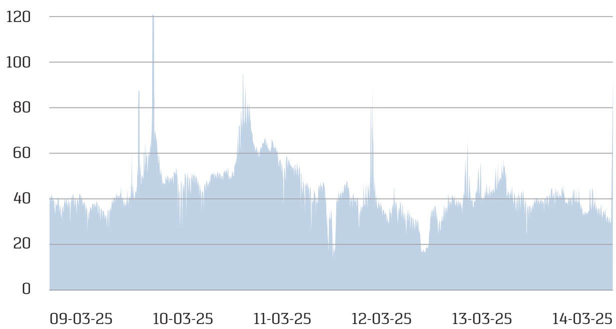
COST DEVELOPMENT OF NEW POWER

The cost of alternative means of producing electricity, such as nuclear power, has been clarified following the British government's decision to offer power companies approximately SEK 1,000 per MWh (100 öre per kWh) for the construction of new nuclear power. Compared to onshore wind power, this cost is very high. Swedish onshore wind turbines can, at present, be erected at a price that is 35 – 40 % lower than the British, and probably also Swedish, new nuclear power.

DEVELOPMENT OF ELECTRICITY PRICES

The electricity price zone, NordPool, consists of the Nordic countries (DK, SWE, NO and FIN) and the Baltic countries. The base price, called the system price, is the same throughout NordPool and represents a mix of the prices in the various countries. The price variation in the different price zones is added to the system price. This supplement is known as the "contract for difference (cfd)" and is described in more detail below. The spot price of electricity (Euro/MWh) for the period 25 March 2009 – 25 March 2014 is illustrated below.

ELECTRICITY PRICES, EUR/MWh



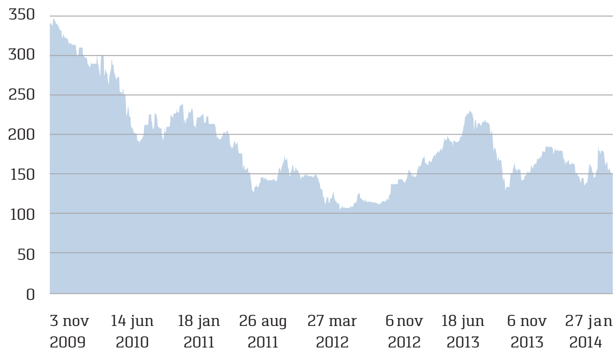
DEVELOPMENT OF ELECTRICITY CERTIFICATE PRICES

The expansion of renewable power in Sweden and Norway is supported by a cost-effective electricity certificate system shared by both countries. The additional cost for Swedish electricity consumers is low, about 4 to 5 öre per kWh including VAT. In countries with state-supported systems, such as Italy and Germany, the cost for supporting the development of wind and solar power is eight to ten times higher. *(Source: Control station for the electricity certificate system 2015)*

The electricity certificate system is designed to promote the countries' expansion targets for renewable energy. This is accomplished by means of the system governing demand for certificates through a so-called quota obligation – electricity consumers are required to purchase certificates corresponding to a certain proportion of their electricity sales or use. By changing the quota obligation, the Swedish and Norwegian Energy Agencies can control the price of certificates at "checkpoints" every five years. The next checkpoint will take place in 2016. Electricity-intensive industries in Sweden are not subject to a quota obligation and are not, therefore, required to purchase electricity certificates. Industry can, instead, take advantage of low electricity prices arising as a result of the on-going expansion of renewable energy. Many of these companies produce electricity certificates themselves, thereby providing an extra source of income.

The spot price of electricity certificates (SEK/MWh) for the period November 2009 – March 2014 are illustrated below.

ELECTRICITY CERTIFICATE PRICES, SEK/MWh



ARISE'S PRICE HEDGING

Arise's view on prices is that the price of electricity will continue to be volatile, while the price of electricity certificates will probably rise from current levels, assuming that the proposed increase of the quota obligation in 2016 comes into force. The overall market price of electricity and electricity certificates will, thereby, facilitate a profitable expansion of good wind power projects. As the price cycles of electricity and electricity certificates do not correlate, for various reasons, this implies that a well-balanced hedging policy is crucial to ensuring good profitability. Since 2009, Arise has achieved average prices over the prevailing market prices. In 2013, Arise's realised prices for electricity and electricity certificates amounted, together, to SEK 704 per MWh, which is substantially higher than the market price for the same period, which was approximately SEK 527 per MWh. For the Own wind power segment, Arise has hedged (including leases) a portion of the production during the next few years at a total income well over the prevailing market prices: Refer to the table on next page. Production from the Jädraås project within the Co-owned wind power segment is hedged on a rolling five-year basis, in accordance with conditions stipulated by the bank.

OTHER SOURCES OF INCOME

In addition to income from the sale of generated electricity and electricity certificates, Arise also has other sources of income, as described below.

Contract for difference (cfd)

Sweden is divided into four zones, with the most northern zone having the lowest price and the most southern zone having the highest price. The cfd price reflects the differen-

PRICE HEDGING AS OF 31 DECEMBER 2013

Price hedging Own wind power operations (approx. 430 GWh/year)	2014	2015	2016
Hedged electricity production, GWh	245	44	–
Hedged electricity certificate production, GWh	75	88	60
Weighted average price incl. CFD for hedged electricity production, SEK/MWh [1]	430	466	–
Weighted average price for hedged electricity certificate production, SEK/MWh	224	203	200

Price hedging Co-owned wind power operations (approx. 285 GWh/year, Arise´s part)	2014	2015	2016
Hedged electricity production, GWh	177	177	177
Hedged electricity certificate production, GWh	226	226	226
Weighted average price incl. CFD for hedged electricity production, SEK/MWh [1]	402	404	407
Weighted average price for hedged electricity certificate production, SEK/MWh	156	162	179

[1] Exchange rate, SEK/EUR 8.85

At the beginning of January, three further farms were leased out, meaning that hedged electricity production during 2014 amounts to 360 GWh, at a weighted average price of SEK 417 per MWh. The corresponding figures for 2015 are 51 GWh and SEK 465 per MWh.

ce between the system price and the price that applies in each price zone, and is received as income in addition to the system price.

Guarantee of Origin

A proof of the origin of electricity is issued for all energy generated from renewable sources in Sweden, known as a "guarantee of origin". One MWh produces one guarantee of origin (GoO) that can be sold to electricity consumers who would like to support the expansion of renewable energy in Sweden. One GoO has a value of about SEK 5 per MWh if it is sold to Swedish consumers, while the value is higher if it is exported. Arise has also registered all of its facilities in the English system and can choose in which market the guarantee of origin is sold.

Management fees

In conjunction with the sale of a wind power project, or parts thereof, a management agreement is often signed. The agreement entails that the seller ensures that service, operation and maintenance are undertaken properly and that all other administration required in the wind farm is taken care of. Arise has signed a management agreement for the Jädraås wind farm that provides income of MSEK 3 per year. The income is fixed and does not vary with fluctuations in wind levels or electricity prices. Arise's strategy is to sign management agreements for all divested wind farms.

Development fees

In conjunction with the sale of wind farms in operation, as well as farms for which construction can begin, a so-called development fee is paid. Regarding Jädraås, where Arise divested approximately fifty percent (102 MW) of the wind farm (203 MW), a development fee of approximately MEUR 10.8 has been charged to the buyer and/or project. The fee varies depending on the profitability of the project.

THE INVESTMENT CLIMATE

Interest has come from both Sweden and abroad regarding long-term investments in Swedish wind power. The announcement made recently by the authorities concerning the revision of the electricity certificate system was positive, and means that a boost to the rate of expansion is likely to be seen in the near future.

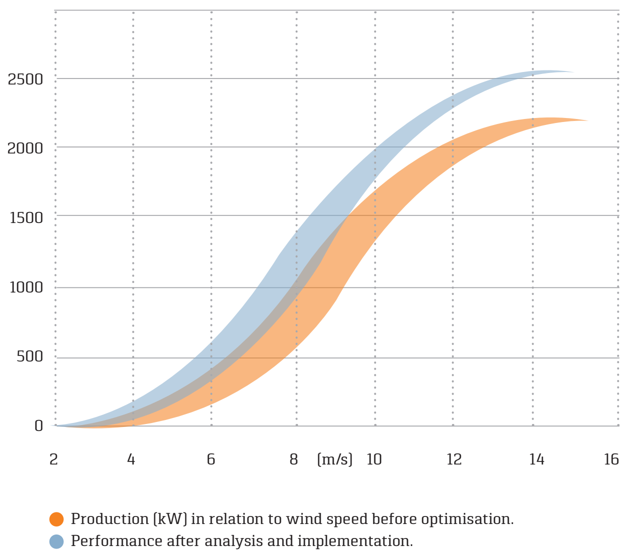
Management and optimisation

The Company manages 146 turbines (366 MW), an investment of approximately SEK 5.5 billion, including 33 turbines (102 MW) owned by other operators. The turbines are expected to produce almost 1 TWh per year over a 25-year period. It is obviously of immense importance that turbines produce optimally and that their service life stretches to a minimum of 25 years. A successful hedging strategy is also a prerequisite for achieving the expected return and for stabilising income.

The fact that, for three years (2011 to 2013), the Company has exceeded the market price for electricity and electricity certificates during 11 of 12 quarters is clear proof that the Company's hedging strategy has been successful.

Jonas Eriksson, Energy Engineer
Peter Blomqvist, Director of Research & Development
Fredrik Osbeck, Energy Engineer

PRODUCTION IMPROVEMENT, KW



In order to increase the service life of wind turbines and to facilitate maintenance work, each wind turbine is equipped with a vibration sensor on vulnerable components such as larger bearings, the gear box and generator, as well as a monitoring system that records the turbine's condition and production in real time. If a component displays increased vibration, this is an indication that either something is wrong or that the component has started to deteriorate. This, combined with statistics from a large number of turbines of the same type, guarantees that we know when a component should be replaced, not too late and not too early. The data collected ensures that maintenance work can be carried out in a planned and controlled manner.

Thanks to the Company's active and detailed work on operational matters, it has been possible to identify potential improvements to both availability and production. The monitoring system collects around 200 signals from each turbine, data that can be analysed and compared with the expected outcome and data from other turbines of the same type. The turbines are supplied with a default setting that may not always be optimal for the turbine's position in a group of wind turbines or for a particular terrain. As a rule, analysis and recalibration is needed, both to achieve optimum production and to reduce the wear on each turbine. Such analyses and optimisations have been undertaken on 10 of the Company's farms, resulting in an average production increase of approximately 3.5 % (range 1.5 to 8 %), and more such optimisation remains to be carried out. Analytical work on the remaining farms is underway, including Jädraås, and we expect the same good results with these farms. Assuming an average income of SEK 600 per MWh and a production increase of 3.5 % on the entire managed holdings (1 TWh), this corresponds to a value of more than MSEK 10 per year. The value during the turbines' expected service life (25 years) is, in other words, significant and directly decisive in terms of achieving the expected returns.

An example of how production has improved in one of our farms, Brunsmo (12.5 MW) can be seen to the left, where the performance increase could be implemented after the installation of so-called serrations (noise reduction measure). The orange curve indicates output (kW) relative to windspeed prior to installation, while the blue curve indicates performance following analysis and implementation. The difference is around 2 GWh per year, or about MSEK 1.2 per year, given an average price of SEK 600 per MWh. The increase in production implies that the profitability of the farm (Rtot) increased by approximately 1 % and that return on equity (RE) almost doubled.

Own wind power operations

	Consumption/ Production	Number
HOUSEHOLD ELECTRICITY	5,000 kWh/year	119,800 households
ELECTRIC CAR	0.24 kWh/km*	166,388 cars
32" PLASMA TV	539 kWh/year	1,111,317 TVs
ENERGY EFFICIENT FRIDGE	200 kWh/year	2,995,000 fridges
COMPUTER WITH MONITOR	350 kWh/year	1,711,428 computers

*15,000 km/year

The Segment Own wind power operations includes 12 wind farms totalling 152 MW. Production during a normal year from these farms, for a full 12 months of operation, is estimated to total around 383 GWh. All of the farms are situated in southern Sweden, located on both the east and west coasts

In 2013, Arise generated 327.6 GWh (326.1 GWh) from the Own wind power operations segment, which was approximately 7.5 % below budget. At the beginning of the year, we had approximately 139 MW in operation, and at year-end approximately 152 MW in operation. Full operation of all 152 MW started in November 2013. The main reason for the modest increase in output in 2013 compared with 2012 was that that the wind year, in terms of wind energy, was about 95 % (104 %) of the average since 2002, according to the Danish Wind Index. In addition, availability was slightly lower due to storms and to the fact that the Skogaby and Stjärnarp farms were in the midst of being taken over.

During the first half of 2014, we expect that the Bohult farm will be commissioned in its entirety. In total, we will then have approximately 165 MW in operation in the segment, with an estimated normal annual production of about 430 GWh. Additional farms can be both built and sold over the next few years. Within the segment, project development work continues to develop cost-effective farms. For example, the most recent farms are equipped with somewhat smaller turbines, in terms of output, but with larger rotor blades, thus leading to better utilisation of wind resources and a larger number of full load hours.

Efforts to optimise production in wind farms in operation have continued during the year. It is estimated that production has been increased by 3,5 % through various initiatives - even more in certain farms. To date, initiatives have primarily been aimed at ensuring that the turbines produce according to plan. The next step in the optimisation process is to further optimise the farms to try to exceed planned production. Optimisation projects are conducted in close cooperation between those responsible for electricity production and our wind engineers, supported by real time production monitoring systems.

Examples of optimisation projects include output upgrades, software improvements and improved control systems. A good knowledge base and system support are key parameters for the detection of anomalies, the implementation of improvements and the development of measures to increase production.

As regards the operation of the turbines, our service company has taken over the service responsibility for two additional farms. In total, Arise has now assumed the service responsibility for the Oxhult, Råbelöv, Blekhem, Gettnabo and Idhult farms. The farms are divided between two service teams, one based in southeast Sweden and one based in southwest Sweden. The aim is to achieve more efficient service and operations and to improve cost benefits.

WHAT CAN WE POWER WITH OUR ANNUAL PRODUCTION OF WIND-GENERATED ELECTRICITY?

In 2013, we produced 599,000,000 kilowatt hours through both Co-owned and Own wind power operations.
599 000 000 kilowatt hours.

Own wind power operations in figures ,MSEK	2013	2012
Income	233	210
Operating expenses	-50	-46
Operating profit before depreciation (EBITDA)	183	164
Operating profit (EBIT)	100	80
Profit before tax	40	16
Income, SEK / MWh	704	645
Expenses, SEK / MWh	152	141
Average capital employed	1 986	1 907
Return on capital employed	9,2 %	8,6 %

- Own wind power operations generated total income of MSEK 233 (210) and an EBITDA of MSEK 183 (164), an increase of 11 % to income and 11 % to EBITDA compared with 2012.
- Operating expenses amounted to SEK 152 (141) per MWh, an increase of 8 % which can largely be explained by higher costs related to internal programs for performance improvements to turbines.
- Depreciation and net financial income amounted to MSEK -83 (-85) and MSEK -61 (-64), respectively, i.e. similar figures to 2012.
- As a result of a higher average income, profit before tax increased to MSEK 40 (16).

Co-owned wind power operations

The Co-owned wind power operations segment includes the Jädraås project, which Arise co-owns to 50 %, together with Platina Partners. The project is comprised of 66 wind turbines with an output of 3.1 MW each, totalling 203 MW. The estimated normal production over a full year of operation amounts to 570 GWh.

The Jädraås project began production in the fourth quarter of 2012. In commercial terms, the farm was fully taken over from the supplier as of June 2013. Electricity production in 2013 amounted to 543 GWh, of which Arise's share amounted to 272 GWh (25.3). The fact that production was approximately 6 % higher than the budgeted amount is mainly attributable to the wind energy content, which was higher than normal in the second half of the year. In particular, production in December was very strong. Availability during the year was over 98 %, which was about 1.5 % higher than the budgeted 96.5 %.

The profit generated by the Jädraås project for the year was approximately 20 % over budget thanks to good production and lower costs.

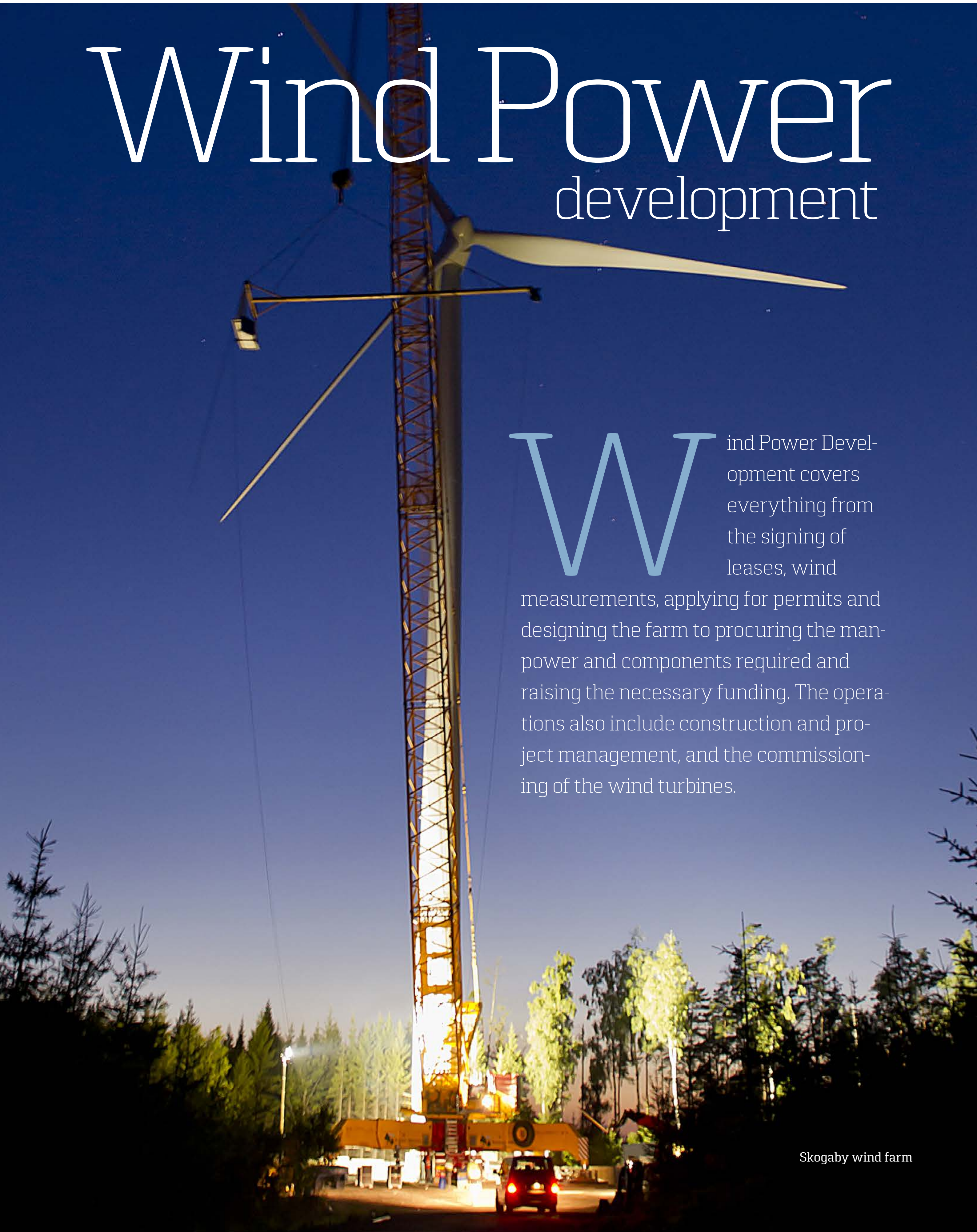
After successfully constructing and commissioning the project, Arise took over the operational management of the project in 2013.

Co-owned wind power operations in figures, MSEK	2013	2012
Income	141	13
Operating expenses	26	2
Operating profit before depreciation (EBITDA)	115	11
Operating profit (EBIT)	72	11
Profit before tax	37	11
Income, SEK / MWh	518	531
Expenses, SEK / MWh	96	96
Average capital employed	1 366	–
Return on capital employed	8,4 %	–

- All figures in the segment reporting for Co-owned wind power operations refer to Arise's share of 50 % in the Jädraås project. Only Arise's share of profits after tax in the project is reported in the Company's accounts.
- Co-owned wind power operations generated total income of MSEK 141 (13) and an EBITDA of MSEK 115 (11). The large increases in both income and EBITDA are due to the fact that the project was taken over from June 2013.
- Average income was SEK 518 (531) per MWh, with SEK 342 (332) per MWh for electricity and SEK 176 (198) per MWh for electricity certificates. The Company's hedging took effect in September, but the majority of the electricity and electricity certificates produced during the year were sold at the spot price.
- Operating expenses amounted to SEK 96 (96) per MWh, which is the same as during the previous year.
- Depreciation and net financial income amounted to MSEK -43 (-) and MSEK -35 (-), respectively. Profit before tax was MSEK 37 (11).

Wind Power development

Wind Power Development covers everything from the signing of leases, wind measurements, applying for permits and designing the farm to procuring the manpower and components required and raising the necessary funding. The operations also include construction and project management, and the commissioning of the wind turbines.



Skogaby wind farm

Our project portfolio of over 1,000 MW consists of a large number of projects in southern Sweden and a handful of larger projects in northern Sweden. The advantages of locating projects in the south include access to a robust grid, lower input costs, lower transport costs, the ability to build year round and fewer problems with snow and ice. In Norrland, however, economies of scale in large projects provide good economic conditions - along with a greater opportunity to build especially tall turbines, and thus to reach the greater windspeeds offered at higher altitudes. A broad geographic spread also reduces wind risk, as, at any given time, it is almost always windy somewhere in Sweden, which ensures continuous production and cash flow.

During the year, we further focused our activities on the most profitable projects and the projects that are most likely to reach the permits received phase.

During the year, we have been successful in our project development work and we have been able to expand the portfolio with four additional projects in the "Projects received/acquired" category. These are: Brotorp, 14 turbines (42 MW), Skruvshult, 5 turbines (15 MW), Treriksröset, 10 turbines (30 MW) and Ryssbol, 6 turbines (12 MW), a total of 35 turbines and 99 MW.

Construction of the Jädraås project, with a total output of 203 MW, was completed during the year and the farm is now fully operational, showing positive operating results. During the year, we started, and completed, the construction of the Stjärnarp and Skogaby wind farms. Both of these projects have progressed as planned, and were completed well within budget and ahead of schedule. During the year, we also started the construction of the Bohult project, scheduled to be commissioned in spring 2014.

The low prices of electricity and electricity certificates prevailing during the year implied that no additional construction projects were started. This has given us additional time to invest in the detailed planning of the Company's other projects in the "Permits received/acquired" category, meaning that construction on these projects can start as soon as the other conditions for construction are in place. Consequently, we have a large number of wind power sites for which planning is complete and construction can start as soon as required.

For a few projects, we have also conducted preliminary procurements, where only the signatures on the construction contracts are lacking. As large parts of our portfolio have reached a desired maturity, we have been able to reduce our workforce for project development and, in doing so, also reduce the Company's costs for this activity.

In order to further improve our competitiveness within the field of wind power construction, we have taken the step to streamline our own project management resources, with the intention to, instead, purchase these services separately for each individual project. This also ties in with our plans for increased establishment in northern Sweden, which means a greater geographical spread of projects and, consequently, increased rationality in the use of local project management for construction projects. However, we have taken pains to maintain a strong knowledge base in the role as principal and purchaser of all aspects of the projects. In order to strengthen our procurement work, we have also introduced a new position in our organisation, a Procurement Manager.

Efforts to galvanise our position in Norway have continued, in that our contracted projects have progressed through the permit application process, and negotiations have been conducted on the acquisition of additional projects. Our activities in Scotland have also intensified during the year, and our plan to establish ourselves in that country remains.

Wind Power Development in figures, MSEK	**2013**	**2012**
Income	57	50
Operating expenses & capitalised work on own account	-62	-46
Operating profit before depreciation (EBITDA)	-4	3
Operating profit (EBIT)	-15	-34
Profit before tax	-40	-46

- Wind Power Development generated total income of MSEK 57 (50) and an EBITDA of MSEK -4 (3).
- The increase in sales is attributable to the fact that development fees received were MSEK 20 higher than during the previous year, while other items such as income from crane leasing, project management, and other items were MSEK 11 higher in 2012.
- Operating expenses increased to MSEK -82 (-65), excluding capitalised work on own account, due to higher personnel costs in the form of severance pay and bonuses in 2013.
- Depreciation/amortisation and write-downs decreased to MSEK -11 (-37), as a provision regarding the Company's development portfolio was reported in 2012 in an amount of MSEK -24.
- Net financial income declined to MSEK -24 (-13), due to the fact that the interest expenses for the bond issued in 2012 impacted all 12 months of 2013, while interest income on cash and bank balances declined compared with 2012 due to a lower cash balance.
- All in all, this implies that profit before tax increased from MSEK -46 to MSEK -40.

Sustainability

Our operations are sustainable – environmentally, socially and economically

Wind power was introduced to Sweden in the 1980s, but it is only in recent years that it has become an energy source to be reckoned with. Public opinion has turned and more people regard the expansion of wind power in a positive light. One important reason for this is a deeper understanding of the negative consequences of non-renewable energy sources. Global developments, such as the Fukushima disaster in Japan and Germany's decision to phase out nuclear power by 2022, have also impacted public opinion.

WIND POWER'S ENVIRONMENTAL IMPACT

Many of our most common energy sources create extensive pollution through their extraction (coal mining and oil spills), utilisation (greenhouse gases and heavy metals) and disposal (nuclear waste and slag heaps). Wind power is not associated with any of these problems. The energy and material impact a wind turbine causes is offset after only about six months of operation, and emissions during operation are completely neutral for the environment, except for a limited local impact which can be categorised in five main areas:

Noise: The noise of the wind turbines blades and generator can be disturbing for residents within a radius of one kilometre.

Shadows: The shade extended by the blades can also be disturbing. If wind turbines shade less than eight hours per year at the nearest residence, this risk is considered acceptable.

The landscape: Wind turbines can be visible in the landscape from very long distances. In sensitive areas with far-reaching views and many valuable landscape features (churches, archipelagos, etc.), special restrictions apply on the siting of wind turbines.

Flora and fauna: Plant and animal species local to a site must be identified and taken into account when planning a project. Groundwater may also be affected, so specific geological surveys may be necessary.

Cultural heritage and archaeology: Remains of ancient settlements may be uncovered at a planned construction site. If this happens, the turbine must be located elsewhere or, if in the pre-installation phase, the findings must be excavated.

ECONOMIC SUSTAINABILITY

Our shareholders have made an active choice to finance a business supporting the development of a sustainable society. This development can, with the conditions provided by the Arise business model, be combined with creating value and returns for our shareholders. Wind power involves no harmful emissions to the environment in terms of greenhouse gases, toxins or other pollution, whether during extraction, use or disposal. The risk of costly decommissioning is limited in comparison with many other energy sources. It can easily be calculated and provisions for the decommissioning work are often made with the County Administrative Board. For many other energy sources this is not the case. For example, the decommissioning cost for nuclear power is often both unknown and substantial.

FINANCIAL INCENTIVES FOR RENEWABLE ELECTRICITY PRODUCTION

The certificate system provides extra income to producers of energy from renewable sources. Our view is that this income, over time, with income from electricity, creates good profitability and returns for shareholders, provided that the investments and operations are undertaken efficiently, which is assured by the Arise business model.

RISK DIVERSIFICATION THROUGH SEPARATE BUSINESS UNITS

A wind farm may contain anything from three to one hundred wind turbines. Financing consists, on average, of 30–40 percent equity and 60–70 percent bank financing. In order to spread risk, the Company's operations are divided into separate business units, known as wind farm companies, each of which consists of a specified number of turbines. Such companies can serve as collateral for a bank loan. As the turbines

"Arise's vision is to be one of Sweden's leading on-shore wind power companies, and in this way contribute to the global shift to a sustainable society."

in the wind farm companies are located in different parts of the country, this also provides a geographical risk spread.

SOCIAL SUSTAINABILITY

ARISE IN SOCIETY

Sensitivity to society's demands and desires is one of Arise's core values. Extensive, continuous discussions are undertaken with both municipalities and citizens in those areas where new wind farms are planned. This dialogue is not broken off as soon as the permits are issued, but continues even after the wind farm has been constructed.

AN EMPLOYER AT THE FOREFRONT

A safe and secure working environment is a strategic matter, as clearly stated in our Health and Safety Policy. The goal is to create a physically, mentally and socially healthy and stimulating workplace. Feeling motivated at work is essential for good health, and our goal is to be an employer and workplace at the forefront of employee care. Ethics and morals are another extremely important issue, and Arise must always behave and act in a credible, decent and beneficial manner.

Equality: Arise recruits and promotes based exclusively on competence, meaning that gender, age, ethnicity, religion, disability, sexual orientation and other factors are not taken into consideration in recruitment. This is highlighted in both the Arise Equality Policy and in the Code of Conduct. There is, currently, an imbalance in terms of gender, age and ethnicity, which is being actively addressed. Other important guidelines include equal opportunities to develop skills, the ability to combine work and family, and that sexual harassment, or any other type of harassment, is unacceptable.

Human rights: Arise's land and construction contractors are mainly located in Sweden, but these companies sometimes utilise sub-contractors from other countries. Our wind turbines are manufactured on a global market, which implies that parts may come from Asia, the USA or Europe. As Arise is a small company, resources are not sufficient to carry out inspections of working conditions other than on Arise's sites and projects. Consequently, we have chosen to work exclusively with large, well known and established brands and companies that have been active for a long time in the Swedish and international markets. Our Code of Conduct clearly states that child labour or work under duress or threat of violence is unacceptable, and freedom of association and the right to collective bargaining and agreements must be respected.

Job satisfaction and work environment: Regular employee surveys have been undertaken with the help of an external consultant, which also provides a comparison with other

companies. Arise has achieved a high ranking in both absolute and relative terms. Our employees are happy, feel needed and enjoy their work. Employee development interviews are conducted at least once annually according to established templates, plus there is a follow-up dialogue. The manager and employee review the template together before meeting and prepare for their discussion. Employee benefits include a wellness program in the form of contributions from the employer towards the purchase of health benefits, such as gym membership or participation in other physical activities.

Health and Safety: Contractors may not commence any work without a Work Environment Officer on site. They must also have established a Safety Plan and a Quality Plan. A certain number of Arise's construction managers, project managers and service technicians are on site during operations, and the same strict rules apply to these individuals. Special rules apply to physical work on a wind turbine.

Ethics and morals: Operations undertaken in municipalities are based on the accumulated confidence that Arise has built up. Maintaining a high standard of business ethics is as important as conducting business in compliance with legislation and regulations, as highlighted in our Code of Conduct. A trustworthy and correct manner will be maintained at all times, both during more technical work and as regards to general behaviour. We require honesty and integrity in all of the Group's operations and expect the same from our customers, suppliers and partners. Impartiality must characterise all business relationships, and conflicts of interest are to be avoided. Strict restrictions are enforced regarding

gifts and rewards and bribery is not accepted. Other areas highlighted in the Code of Conduct include political neutrality and the reporting of financial transactions in accordance with generally accepted accounting principles.

ENVIRONMENTAL SUSTAINABILITY

The Group's Code of Conduct emphasises that products and processes must be designed to utilise energy and raw materials efficiently and to minimise waste and residue material over the lifetime of the product. Wind power operations are subject to permit and reporting requirements according to the regulations of the Swedish Environmental Code. Legislation in this field and the supervisory agencies with which we work govern the operations, and we apply a valuation framework which is stricter than the general norm. The environmental impact of the Company can be divided into the following areas: planning and construction of new wind farms, continuous environmental impact during operation and maintenance, decommissioning, and a limited impact as a result of administrative activities.

PROSPECTING PHASE

A wind farm is a large-scale project requiring extensive preparation, discussions, meetings and analyses. Before the actual permit application process is even started, we build up an impression of the area through contacts with municipalities and landowners and, also, contact is often made with the public through consultations. Following this, a referral is circulated to approximately 30 different government agencies to ask for their feedback. In order to ensure minimal environmental impact, a thorough inventory is conducted of birds, bats, cultural heritage and archaeology,

as well as of habitats, plants and places of natural value. Information and an invitation to a briefing are sent out to local residents, and an overall environmental impact assessment is then made based on the comments received. Maps of the planned turbine locations, noise and shadow disturbance calculations and illustrations of how the turbines will be perceived within their surroundings are also produced. An alternative report is always drawn up in which the advisability of building on the current site is evaluated. If the environmental impact assessment shows any species that are crucial to biodiversity, that there are specially protected bird species such as eagles or owls or sensitive habitats such as swamp forests and oak forests, the turbine is moved. Sufficient distance from dwellings is also maintained. The decision from the Municipality or the County Administrative Board stipulates how the wind farm is to be designed so that any disturbance to the environment does not breach legislation, and any disturbances must be reported annually in an environmental report.

CONSTRUCTION PHASE

It takes energy to build a wind turbine. Roads have to be constructed and materials have to be transported. A general rule is that it takes around six months for a wind turbine to produce the amount of energy required for the turbine's life cycle, i.e. constructing the wind turbine and, ultimately, dismantling and removing it. A turbine's service life is an average of 25 years, resulting in many years of energy production during which it generates a surplus. Other environmental factors include potential emissions and transportation. These include oil for lubrication of the turbine's moving parts, the use of chemicals in conjunction with preparing the land and construction work carried out by external contractors, as well as fuel for vehicles. All oil is stored in collision-proof sealed containers, where any leaked oil remains in the container. The precautionary principle is applied, which implies that materials and methods that may cause environmental or health risks are not used when suitable alternatives are available. Suppliers are not required to be environmentally certified; however, they must provide detailed reports on how they intend to ensure that they do not cause any harm to the environment. The supplier complies with this requirement by completing a Control Plan specifying the products used, how they should be used and stored, and the procedures in place to alert emergency services and inform the municipality if any hazardous materials have been spilled.

OPERATIONAL PHASE

Renewable electricity is produced without the production of dust, carbon dioxide or other emissions to the air, water or soil. Hydraulic oils and transmission fluids are used in the generator and gear box in a closed system, and no oils are stored at the wind farm during the operational phase. Oil is changed, on average, every three years and is then disposed of as hazardous waste. Transformers also use transformer oil and a coolant that is protected according to the same principles as in the wind turbines.

DISMANTLING PHASE

When the turbine is decommissioned after about 25 years, all of the components are recycled and only non-hazardous concrete foundations are left on the site. Arise has committed itself to restore the land to its original condition at the end of the turbine's service life at all wind farm sites.

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Director's Report

The Board of Directors and the CEO of Arise AB (publ), Corporate Identity Number 556274-6726, hereby present the annual report and consolidated financial statements for the financial year 1 January – 31 December 2013.

THE GROUP

Operations

Arise AB is the Parent Company of the Arise Group, which includes, largely, a number of wholly-owned subsidiaries usually named "Arise Wind Farm" followed by a number. These companies own and manage the farms where the wind turbines are located. Arise Elnät AB, Arise Service AB (name changed in 2014 to Arise Drift och Förvaltning AB), Arise JV AB and Arise Kran AB were established in earlier years. Since 2011, an associated company, Sirocco Wind Holding AB, is also included in the Group, which Arise AB co-owns with Sydvästanvind AB, which is, in turn, controlled by the English company, Platina Partners LLP. Sirocco Wind Holding AB owns the Jädraåsen project, which is formally managed by both Jädraås Vindkraft AB and Hällåsen Kraft AB.

The commissioning of the Jädraås project, with 66 3.1 MW turbines began in October 2012 with a successive takeover of turbines taking place since that time until the spring of 2013.

The Parent Company undertakes project planning for suitable wind locations, applies for permission to build turbines, assists in the procurement of financing, key components and contracts, plans suitable acquisitions of projects or companies and administers and manages the sale of electricity and electricity certificates on behalf of the Group companies.

The subsidiary, Arise Wind Farm 1 AB, manages the electricity producing wind farms with 12 turbines in Oxhult outside Laholm, 5 turbines in Råbelöv outside Kristianstad, 5 turbines in Brunsmo outside Karlskrona and 7 turbines in the farm Kåphult located in the close vicinity of Oxhult farm.

The subsidiary Arise Wind Farm 3 AB manages the wind farm Fröslida, near Hylte, which includes 9 turbines.

The subsidiary Arise Wind Farm 4 AB manages the wind farm, Idhult, outside Mönsterås, which includes 8 turbines.

The subsidiary Arise Wind Farm 5 AB manages the wind farm, Gettnabo, outside Torsås, which includes 6 wind turbines.

The subsidiary Arise Wind Farm 6 AB manages the wind farms, Blekhem, outside Västervik and Södra Kärra, outside Askersund. Both farms include 6 turbines.

The subsidiary Arise Wind Farm 16 AB manages the wind farm, Skäppentorp, outside Mönsterås. The farm consists of one turbine identical to the turbines being erected in Jädraås.

The subsidiary Arise Wind Farm 17 AB manages the wind farm, Skogaby, outside Laholm. The farm consists of 4 turbines. The farm was commissioned during the autumn of 2013 and the takeover took place in December of the same year.

The subsidiary Arise Wind Farm 18 AB manages the wind farm, Stjärnarp, outside Halmstad. The farm consists of 3 turbines. The farm was commissioned during the autumn and the takeover took place in December 2013.

The subsidiary Arise Elnät AB focuses on consulting on electricity with responsibility for electrical contracts relating to the Group's wind power construction work. This responsibility includes, amongst other things, the management of applications for concessions to build transmission networks used to transmit electricity produced in the wind farms to the overlying electricity networks.

Arise Service AB manages the service operations and is responsible for the operation, servicing and maintenance of the Group's own and co-owned wind turbines. The subsidiary has service and maintenance contracts for the farms Oxhult, Råbelöv, Idhult, Gettnabo and Blekhem.

The subsidiary Arise Kran AB manages the lifting of turbines and the Company's crane is also leased to other external customers. The crane has been leased out for the majority of the year.

The subsidiary Arise JV AB manages and offers partnership opportunities to investors in major wind farms planned by Arise.

All Group operations are conducted in Sweden.

Summary of events

An option agreement has been signed for the acquisition of a project in Norway (130 MW) which is in the permits pending stage. An agreement has also been signed regarding the right to lease land along the Scottish west coast and to apply for a permit to construct a major wind farm (approximately 100 MW) at that location.

Construction began on 25.4 MW during the year (four turbines at Skogaby, three at Stjärnarp and eight at Bohult), of which 12.6 MW at Skogaby and Stjärnarp was commissioned.

Price hedging has been undertaken in the form of the leasing out of 59 MW of the Company's total of 253 MW in operation.

An agreement has been made with Platina Partners for Arise to assume the main responsibility for managing the wind farm Jädraås, 203 MW.

In accordance with the resolution by the Annual General Meeting, the Company's business name was changed from Arise Windpower AB (publ) to Arise AB (publ).

Net sales and income

Net sales are attributable to the production of electricity in Own wind power and consist of income for sold electricity and sold and earned electricity certificates for actual electricity produced. During the year, several wind farms were leased out and the rental income pertaining to this production is also included in net sales. When calculating average income for electricity and electricity certificates, rental income is included and is reported as a hedge of income rate risk on the electricity and electricity certificates. The wind energy content during the year was approximately 5 % lower than average during recent years, according to Danish wind power statistics (the Danish wind power statistics have been adjusted and currently contain wind data from 2002 onwards). Production from Own (including leased out) and Co-owned wind power operations during the year amounted to 599 GWh (351), an increase of 70 %, of which the production from Own wind power operations amounted to 328 GWh (326).

Net sales during the year amounted to MSEK 231 (210), an increase of 10 %, and other operating income amounted to MSEK 49 (38), of which the development fee for Jädraås contributed MSEK 27 (7). This implies that total income amounted to MSEK 280 (248), an increase of 13 %.

Operating profit before depreciation (EBITDA) amounted to MSEK 195 (177). This result was impacted by capitalised work on own account amounting to MSEK 20 (19), personnel costs amounted to MSEK -55 (-46) and other external expenses totalled MSEK -66 (-53). The Company's share of associated companies' profit amounted to MSEK 16 (9) and refers, in its entirety, to the 50 % ownership of the Jädraås project. This income statement item is reported net, i.e. after tax.

Operating profit (EBIT) was MSEK 101 (54), including depreciation and provision for parts of the development projects of MSEK -94 (-122). Net financial income was MSEK -69 (-76) and profit/loss before tax amounted to MSEK 32 (-22). Net profit/loss was MSEK 29 (-16), which corresponds to earnings per share of SEK 0.86 (-0.47), both before and after dilution.

Comprehensive income amounted to MSEK 90 (-90) after cash flow hedges for electricity, interest and currencies increased comprehensive income by MSEK 62 (-74).

Investments and depreciation/amortisation

Net investments in property, plant and equipment during the year amounted to MSEK 292 (77), and the entire amount of the investment refers to wind farm expansion. Investments in financial fixed assets regarding the Jädraås project amounted to MSEK 0 (99).

Cash flow

Cash flow from operating activities before changes in working capital amounted to MSEK 185 (116). Changes in working capital increased cash flow by MSEK 28 (53). Investments in property, plant and equipment and financial fixed assets amounted to MSEK -292 (-176), as a result of which cash flow after investments amounted to MSEK -78 (-6). Current and non-current interest-bearing liabilities increased by MSEK 27 (304) and net interest payments decreased cash flow by MSEK -94 (-81), payments to blocked accounts totalled MSEK -3 (-12), after which cash flow for the year amounted to MSEK -150 (204).

Financing and liquidity

Interest-bearing net liabilities amounted to MSEK 1,438 (1,265). At the end of the period, the equity/assets ratio was 37.7 % (35.9).

Cash and cash equivalents amounted to MSEK 191 (341). In addition, non-utilised credits amounted to MSEK 112 (0) at the end of the period.

Taxes

Due to the fact that Arise has only Swedish subsidiaries, tax has been calculated according to the Swedish tax rate, corresponding to 22 %.

Research and development

The Group conducts internal development work both in order to increase knowledge of wind patterns in varying environments, as well as to improve the measurement and analysis of individual farms and turbines.

Employees

During the year, the average number of employees in the Group amounted to 39 (39). The total number of employees at year-end was 31 (44). Additional information on the number of employees and salaries, remuneration and terms of employment is provided in Note 4 to the Group's financial statements.

PARENT COMPANY

During the year, the Parent Company has executed the major work with the project planning of suitable wind locations, signing of leases, producing consequence analyses, zoning plans and building permits, undertaking procurements and managing the Group's trading activities with regards to electricity and certificates, and providing administrative services.

The Parent Company manages the Group's production plans and electricity hedges in accordance with the established financial policy. Some, but not all, of the subsidiary electricity producers sell their generated electricity to the Parent Company at agreed prices. A similar arrangement can be found in the sub-group, Arise Wind Farm 2 AB, in which Arise Wind Farm 3 AB, Arise Wind Farm 5 AB, Arise Wind Farm 6 AB, and Arise Wind Farm 21 AB primarily sell their production to their parent company. This arrangement is also found in the sub-group, Arise Wind HoldCo 4 AB with subsidiaries Arise Wind Farm 17 AB and Arise Wind Farm 18 AB. The Parent Company, Arise (as well as, Arise Wind Farm 2 and Arise Wind HoldCo 4), subsequently sells on the electricity to customers based on bilateral agreements or on the spot market.

The leasing of wind farms to external customers takes place via the Parent Company which, in its turn, rents farms from the respective Group companies.

The Parent Company's total income during the year amounted to MSEK 310 (236) and purchasing costs, rental of wind power facilities, personnel, other external costs and capitalised work on own account totalled MSEK -319 (-263), whereby operating profit before depreciation (EBITDA) amounted to MSEK -9 (-27). Depreciation of property, plant and equipment, including a provision for parts of development projects, amounted to MSEK -2 (-28), whereby operating profit (EBIT) amounted to MSEK -12 (-55). Net financial income was MSEK -19 (-14), a Group contribution of MSEK -5 (-1) has been provided and net profit/loss after tax amounted to MSEK 1 (-57). The Parent Company's net investments, including shareholder loans to subsidiaries and associates, amounted to MSEK 104 (128).

During the year, the average number of employees was 23 (24) and at the end of the year the Parent Company had 15 (26) employees. Additional information on the number of employees, salaries, remuneration and terms of employment is provided in Note 4 to the Group's financial statements, pages 58 – 60.

ENVIRONMENTAL IMPACT

The Group's core business is to produce electricity without releasing CO_2, dust or other emissions into the air, water or ground. Operations include building and construction work, in conjunction with the production of new wind farms and related electrical systems, complying with the regulations for such operations.

The Group's handling of oils, chemicals and fuels is limited to oils used for lubricating the mechanical parts of the wind turbines, for necessary usage by external contractors for ground and construction work and also for providing fuel to suppliers and the vehicles owned by the Group. The operations of the wind farms result in a direct impact on the environment in the form of noise, shadows and changes to the landscape.

Legal requirements

In owning and operating wind farms and electrical plants, the Group is required to hold all the necessary permits and also execute necessary notifications, according to the Swedish Environmental Code. The Group has all of the permits required to conduct the current operations.

RISKS AND UNCERTAINTIES

Arise classifies risks as external risks (political, economic cycle, environmental and competition risks), financial risks (energy price, certificate price, currency, interest rate, financing, capital, liquidity and credit risks) and operational risks (operations, operating expenses, contracts, disputes, insurance and other risk management).

External risks

According to Arise's assessment, the demand for wind produced electricity will remain high for the foreseeable future. The Swedish Government's climate and energy policy has a stated target that, by the year 2020, a minimum of 50 per cent of total energy consumption in Sweden is to be generated from renewable energy sources. In order to achieve this target, a national planning framework for wind power has been implemented, implying output of 30 TWh by the year 2020, of which 20 TWh will be generated by onshore wind farms and 10 TWh will be generated by offshore turbines. The total output from wind power in Sweden for 2013 was approximately 9.7 TWh (7), *(according to the Electricity Certificate Register 2013).*

Sensitivity to market fluctuations is mainly associated with the possibility of finding access to equity and debt financing, where a weaker financial market may complicate the raising of capital.

Arise's income depends on the amount of electricity generated by the installed wind turbines which, in turn, is dependent on the wind speed during the period in question at the locations concerned, and the availability of the wind farms. Wind speed varies between seasons and also between individual years. By establishing a portfolio of projects in various geographical locations and by performing extensive wind measurements prior to making decisions regarding investments, the risk of fluctuation in the production volumes is reduced. Unfavourable weather conditions and climate change may, however, have a negative impact on electricity production which, in turn, would affect the Company's income.

In terms of competition, Arise is one of few players in the market able to provide landowners with a complete concept of wind farm construction, including network connections, large-scale procurement of turbines and access to a wheeled crane with the capacity to lift all turbines on the market up to the size bracket of just over 3 MW. An industrial perspective, combined with the Company's own control over the expansion of the operations, are some of the most important prerequisites for the Group's future competitiveness.

Financial risks

Energy price risk arises due to fluctuations in the price of electricity quoted on the market place, Nord Pool. The Group manages this risk by hedging a certain portion of planned production. The electricity certificate risks are handled in a similar manner. The current market prices of electricity and electricity certificates during 2013 and the beginning 2014 provide an indication of the risk of value deterioration in existing investments. There is uncertainty as to future price development. The Swedish Energy Agency's statement in February 2014 regarding the future revaluation of the quota obligation for electricity certificates is expected to have a positive effect on electricity certificate prices.

Currency risk in the Group primarily arises due to purchases of turbines and sale of electricity on the Nord Pool, both usually priced in EUR. The hedging of wind power investments in foreign currencies takes the form of forward cover entered into in conjunction with the investment decision or through the purchase of currency which is deposited in an account. The interest rate risk has been managed by binding the interest rates of raised loans, to a large extent, to fixed interest rates through swap interest rate agreements.

Liquidity risk refers to the risk that Arise will be unable to meet its financial commitments as a result of insufficient liquidity and/or difficulties in raising new loans. Arise is to maintain financial preparedness by holding a liquidity reserve, comprising cash and cash equivalents and non-utilised granted credit, corresponding to a minimum of MSEK 100.

For more information, please refer to Note 11 in the consolidated financial statements, on pages 63–69.

Operational risks

The risk assessment of significant consequences from a complete shutdown of all of the Company's wind turbines, as a result of simultaneous technical failures, is deemed to be low. This is partly due to the farms' geographical spread and is also due to the fact that different manufacturers have been used, currently Vestas and GE. The risk is reduced as the Company continues to expand its production capacity in additional locations. The company has implemented a complete maintenance system for all wind turbines including, for example, qualified vibration measurement in all key components of each turbine, complete component registration and systems for logging errors and corrective measures in the turbines. This reduces the dependency on the wind turbine suppliers and will, in the long-term, lead to an increase in availability. According to Arise's assessment, there are no disputes with a potentially significant impact on the Group's financial position. The Group's insurance

cover includes business interruption insurance, liability insurance, product insurance, wealth insurance and limited coverage for environmental damage.

According to Arise's assessment, operational risks are reduced by the size of the Group as well as the composition of Group management, comprising of employees with profound insight into, as well as continuous and close contact with, the operations.

THE WORK OF THE BOARD/CORPORATE GOVERNANCE REPORT

Information regarding corporate governance and the work undertaken by the Board during the year is provided in the Corporate Governance Report on pages 85–88. This report and other information regarding corporate governance in Arise are available on Arise's website, www.arise.se.

The Articles of Association do not include any provisions regarding the appointment or dismissal of Board members or regarding changes to the Articles of Association.

DISCLOSURE REGARDING THE COMPANY'S SHARES

Total number of shares, votes, dividends and new shares

On 31 December 2013, there was a total of 33,428,070 shares outstanding. Shareholders have the right to vote for all the shares they own or represent. All shares entitle the holder to equal dividends.

As of 31 December 2013, the existing warrant programmes entitled the right to subscribe to an equivalent of 1,268,500 shares which, when fully exercised, will result in a dilution of 3.7 %. However, one of the warrant agreements contains conditions that, according to management's assessment, imply that a maximum of 536,000 shares could be subscribed for (Note 17), implying a dilution effect of 1.6 %.

The Company holds 54,194 own shares with a quotient value of SEK 0.08 per share, at a remuneration of SEK 27.56 per share.

Authorisation

At the Annual General Meeting held on 2 May 2013, the Board was authorised to resolve on issues of shares, with or without deviation from shareholders' preferential rights, with the caveat that such issues may not result in the Company's share capital exceeding the maximum permitted under the provisions of the Articles of Association.

Transferability

There are no restrictions regarding the transfer of shares stipulated in the Articles of Association or applicable legislation. Furthermore, the Company is not aware of any agreements between shareholders that would restrict the transfer of shares.

Shareholders

Information on the Company's shareholders is provided on page 89. The Company has one shareholder with a direct or indirect participation representing more than 10 % of the votes, which is Johan Claesson with companies.

AGREEMENTS WITH CLAUSES CONCERNING CHANGES IN OWNERSHIP

With a change in ownership implying a "Change of Control" or if Arise is de-listed from Nasdaq OMX Stockhom, the clause in the Bond Agreement applies, which implies that the bond holder has the right to claim redemption of the bonds including accrued interest.

Except for this agreement, the Group has no other substantial agreements which could be terminated on the basis of changes in ownership. There are no agreements between the Company and members of the Board or employees regulating compensation if such individuals give notice of termination, are dismissed without a valid reason or if their employment or contract ceases as a result of a public takeover bid.

CODE OF CONDUCT

Arise strives to conduct operations in compliance with legal requirements and business ethics. The Company's Code of Conduct emphasises the principles governing the Group's relationship with employees, business partners and other stakeholders. The Code is to be complied with by both employees and the Board of Directors. Suppliers, resellers, consultants and other business partners are also expected to follow the Code of Conduct.

The Code of Conduct stipulates that bribes are not allowed, that the Company is to be restrictive in terms of giving/receiving gifts and that all business transactions are to be clearly stated in the Company's financial statements, which are to be prepared in accordance with generally accepted accounting principles in an honest, relevant and comprehensible manner.

Arise takes a neutral position regarding political issues. Neither the Group's name, nor its assets, may be used for the promotion of political parties or in the interests of political candidates.

The Code of Conduct also governs the Company's work towards a sustainable society, stipulating that the Group's products and processes are to be designed in a manner effectively utilising energy and resources, as well as minimising waste and residual products beyond the product's useful lifetime.

Arise recruits and treats its employees in a manner ensuring that there is no discrimination on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political belief, origin, etc. The Group encourages diversity on all levels. Neither child labour, nor work under duress, is tolerated. Freedom of association and the right to collective bargaining and agreements is respected.

GUIDELINES REGARDING REMUNERATION TO SENIOR EXECUTIVES

The Company's guidelines regarding remuneration to senior executives were adopted at the Annual General Meeting held on 2 May 2013, and apply until the next Annual General Meeting. Salaries and other employment conditions are to be at such a level that the Group can always attract and retain competent senior executives.

Fixed salary

Senior executives shall be offered a fixed, market-based salary, based on the individual's responsibilities and performance. Salaries are to be determined on a calendar year basis, with a salary review to take place on 1 January each year.

Variable remuneration

Each senior executive can, from time to time, be offered variable remuneration. Such variable remuneration is to be specified in the employment agreement for the respective senior executive. The Company's maximum costs for variable remuneration to senior executives, including social security contributions, are reported at the Company's Annual General Meeting. Variable remuneration is to be based on pre-determined and quantifiable criteria, such as construction projects initiated, sales and results, and on the basis of certain personal goals. Senior executives have, during 2013, received variable remuneration at a maximum amount equivalent to four monthly salaries. The Remuneration Committee proposes and evaluates the variable goals for senior executives each financial year. The Remuneration Committee's evaluation is reported to the Board of Directors.

Certain senior executives are included in share-based warrant programmes in Arise, which are described in the annual report, with the complete proposals being reported at the Annual General Meeting. Each year, the Remuneration Committee and the Board of Directors are to evaluate whether further share-based warrant programmes are to be proposed to the Annual General Meeting.

Pension commitments

In addition to the pension arrangements agreed upon on the basis of collective agreements or other agreements, senior executives can be entitled to individually arranged pension solutions. Senior executives are able to refrain from salaries and variable remuneration in exchange for increased pension savings, provided there is no change in the cost incurred by the Company.

Termination of employment and severance pay

For senior executives, the notice period of termination of employment is six months when initiated by the employee and a maximum of twelve months when initiated by the Company, except for one senior executive who has a 24 month notice period when termination of employment is initiated by the Company, of which the last twelve months can be settled against other employment. Other than the payment of the executive's normal salary during the termination period, no severance pay is applicable.

For 2014, largely similar guidelines regarding remuneration to senior executives are proposed. A further description of the guidelines is found on the Company's website under Corporate Governance.

EVENTS AFTER BALANCE SHEET DATE

The first turbines at Bohultparken were commissioned at the end of January. The farm has eight GE turbines, each with an output of 1.6 MW. Full production is expected to be achieved during May 2014.

Furthermore, three wind farms (Oxhult, Kåphult and Råbelöv, with a total of 51.5 MW) were leased out, in their entirety, in January for a period of one year.

Employees in Arise have been offered a three-year warrant programme with synthetic warrants and, of a total of 278,000 warrants, 235,000 have been subscribed for. The total cost attributable to the offered programme is estimated to amount to a maximum of approximately MSEK 9.4, based on a maximum payment of SEK 40 per warrant. As the warrants are synthetic and no shares are issued, the programme does not imply any dilution effect. Of these warrants, 140,000 have been issued to senior executives, with a maximum cost of MSEK 5.6. This programme is subject to the approval of the Annual General Meeting in May 2014.

OUTLOOK FOR 2014

The Company will continue to work on broadening its service offering, streamlining its operations and ensuring the opportunities for continued expansion. According to the Company's assessment, the opportunities to further strengthen its position in the Nordic market are good.

The Company's long-term goal is to have constructed and manage 1,000 MW by 2017, of which it will own 500 MW. Including the Bohult farm, which is currently under construction, the Company manages 368 MW, of which it owns 266 MW. Electricity production from this 266 MW is assessed to exceed 700 GWh on an annual basis, which corresponds to approximately 7.2 % of all wind power produced in Sweden in 2013.

APPROPRIATION OF PROFITS

The Annual General Meeting has the following profits at its disposal:

Parent Company	SEK
Accumulated deficit from previous years	-102,235
Share premium reserve, non-restricted equity	1,367,021
Net profit for the year	1,288
Total unappropriated earnings	**1,266,074**

The Board of Directors and the Chief Executive Officer propose to the Annual General Meeting that the earnings be appropriated as follows:

To be carried forward	**1,266,074**

For more information regarding the results and financial position of the Group and the Parent Company, refer to the income statements, balance sheets, cash flow reports and additional notes below.

Consolidated income statement

Amounts in MSEK	Note	2013	2012
Net sales		231	210
Other operating income		49	38
Total income	2	**280**	**248**
Capitalised work on own account	2	20	19
Personnel costs	4	-55	-46
Other external expenses	5	-66	-53
Share of associated companies' profit	10	16	9
Operating profit before depreciation (EBITDA)		**195**	**177**
Depreciation of property, plant and equipment	9	-94	-122
Operating profit (EBIT)		**101**	**54**
Financial income	6	23	16
Financial expenses	6	-92	-93
Profit/loss before tax		**32**	**-22**
Income tax	7	-4	6
Net profit/loss for the year		**29**	**-16**
Earnings per share (SEK)			
Before dilution		0.86	-0.47
After dilution		0.86	-0.47
Number of shares at the beginning of the year		33,428,070	33,428,070
Number of shares at the year-end		33,428,070	33,428,070

Earnings per share before dilution are calculated by dividing net profit/loss for the year by the number of shares. The average number of outstanding shares applied in calculating earnings per share before dilution amounted to 33,373,876 shares (2012: 33,400,973 shares). The Company has issued warrants that could result in dilution, but no dilution is reported when the average share price for the year is less than the average subscription price of the warrants.

Consolidated statement of comprehensive income

Amounts in MSEK	2013	2012
Net profit/loss for the year	**29**	**-16**
Other comprehensive income		
Items which can be reclassified in the income statement		
Cash flow hedges	32	-5
Translation differences	13	-17
Share of associated companies' Other comprehensive income	33	-65
Income tax attributable to components of Other comprehensive income	-17	12
Other comprehensive income for the year, net after tax	**62**	**-74**
Total comprehensive income for the year	90	-90

Comprehensive income is 100 % attributable to the shareholders of the Parent Company.

Consolidated balance sheet

Amounts in MSEK	Note	2013	2012
ASSETS			
Fixed assets			
Property, plant and equipment	9	2,360	2,162
Participations in associated companies	10	69	69
Receivables from associated companies	22	369	373
Deferred tax assets	7	43	63
Other financial fixed assets	12	89	86
Total fixed assets		**2,930**	**2,753**
Current assets			
Inventories	13	27	23
Accounts receivable	15	16	6
Receivables from associated companies	22	37	–
Other current receivables	11, 14	34	22
Prepaid expenses and accrued income	16	59	62
Cash and cash equivalents		191	341
Total current assets		**364**	**454**
TOTAL ASSETS		**3,294**	**3,207**
EQUITY			
Share capital	17	3	3
Other contributed capital		1,320	1,322
Hedging reserve		-107	-169
Retained earnings/accumulated deficit		24	-4
Total equity		**1,240**	**1,152**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	18	1,610	1,583
Provisions	19	22	20
Total non-current liabilities		**1,632**	**1,603**
Current liabilities			
Current interest-bearing liabilities	18	107	107
Accounts payable		42	26
Other liabilities	11	230	291
Accrued expenses and deferred income	20	42	28
Total current liabilities		**422**	**452**
TOTAL EQUITY AND LIABILITIES		**3,294**	**3,207**
Pledged assets	21	2,698	2,663
Contingent liabilities	21	None	None

Consolidated cash flow statement

Amounts in MSEK	Note	2013	2012
Operating activities			
Operating profit (EBIT)		101	54
Adjustment for non-cash items	8	85	62
Tax paid		-1	-1
Cash flow from operating activities before changes in working capital		**185**	**116**
Cash flow from changes in working capital			
Increase (-) / decrease (+) in inventories		-4	1
Increase in operating assets		-36	-17
Increase in operating liabilities		68	69
Cash flow from operating activities		**213**	**170**
Investing activities			
Investments in property, plant and equipment		-292	-84
Government grants		–	7
Investments in associated companies		–	0
Investments in other financial fixed assets		–	-99
Cash flow from investing activities		**-292**	**-176**
Financing activities			
Increase in interest-bearing liabilities		27	304
Deposits, blocked accounts		-3	-12
Interest paid		-96	-87
Interest received		2	6
Cash flow from financing activities		**-71**	**210**
Cash flow for the year		**-150**	**204**
Cash and cash equivalents at beginning of year		341	137
Cash and cash equivalents at year-end		191	341
Interest-bearing liabilities at year-end		1,717	1,690
Blocked cash at year-end		-88	-85
Interest-bearing net liabilities		**1,438**	**1,265**

Statement of changes in equity for the group

Amounts in MSEK	Share capital	Other contributed capital	Hedging reserve	Retained earnings/accumulated deficit	Total equity
Opening balance as of 1 Jan 2012	**3**	**1,324**	**-95**	**12**	**1,243**
Net profit/loss for the year				-16	-16
Other comprehensive income for the year			-74		-74
Total comprehensive income			**-74**	**-16**	**-90**
Acquisition of own shares		-2			-2
Total transactions with shareholders, recognised directly in equity		**-2**			**-2**
Closing balance as of 31 Dec 2012	**3**	**1,322**	**-169**	**-4**	**1,152**
Opening balance as of 1 Jan 2013	**3**	**1,322**	**-169**	**-4**	**1,152**
Net profit/loss for the year				29	29
Other comprehensive income for the year			62		62
Total comprehensive income			**-107**	**24**	**90**
Adjustment in value of issued warrants		-2			-2
Total transactions with shareholders, recognised directly in equity		**-2**			**-2**
Closing balance as of 31 Dec 2013	**3**	**1,320**	**-107**	**24**	**1,240**

DEFINITIONS, KEY PERFORMANCE INDICATORS

EBITDA margin
Operating profit before depreciation (EBITDA) in relation to net sales.

Operating margin
Operating profit (EBIT) as a percentage of net sales.

Return on capital employed
Rolling 12-month operating profit before depreciation (EBITDA) related to quarterly average of capital employed for the period. In the segment reporting, this KPI is calculated as an average of the corresponding values at the beginning and end of the period.

Return on equity
Rolling 12-month net profit/loss related to the quarterly average equity for the period.

Equity per share
Shareholders' equity divided by the average number of shares.

Interest-bearing net liabilities
Interest-bearing liabilities less cash and blocked accounts.

Interest coverage ratio
Profit/loss before tax plus financial expenses as a percentage of financial expenses.

Debt/equity ratio
Interest-bearing net liabilities as a percentage to equity.

Equity / assets ratio
Equity in as a percentage of total assets.

Capital employed
Shareholders' equity plus interest-bearing net liabilities.

Notes to the consolidated financial statements

NOTE 1 • ACCOUNTING PRINCIPLES

ACCOUNTING PRINCIPLES FOR THE GROUP

1. General information

Arise AB (publ), Corporate Identity Number 556274-6726, is a limited liability company registered in Sweden, and its shares are listed on the Nasdaq OMX. The Company's registered office is located in Halmstad. The Company's and its subsidiaries' primary operations are described in the administration report in this annual report. The consolidated financial statements for the financial year ending on 31 December 2013 were approved by the Board of Directors on 27 March 2014, and will be presented to the Annual General Meeting for adoption on 6 May 2014.

2. Summary of important accounting principles

Arise prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as approved by the EU Commission for application in the EU. The Group also applies recommendation RFR 1, Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, which specifies the additional disclosures to IFRS as required according to the regulations of the Swedish Annual Accounts Act.

The Group's reporting currency and the Parent Company's functional currency is the Swedish krona (SEK). Unless otherwise stated, all amounts are stated in millions of SEK (MSEK). In the consolidated financial statements, items have been valued at acquisition cost, with the exception of financial instruments, which have been valued at fair value. The applied accounting principles deemed significant to the Group are described below.

New and amended standards applied by the Group

The standards applied by the Group for the first time for the financial year commencing 1 January 2013, and which are deemed to have a significant impact on the Group, are presented below.

Amendments have been introduced to IAS 1 "Presentation of Financial Statements", as regards the reporting of Other comprehensive income. The most significant change to the amended IAS 1 is the requirement that the items reported under "Other comprehensive income" be classified according to two categories. This classification is based on whether or not the items can be reclassified to an item in the income statement (reclassification adjustments).

IFRS 13 "Fair Value Measurement" aims at more consequent and less complex valuations at fair value by providing an exact definition and a common source in IFRS for valuations at fair value and associated disclosures. The standard provides guidance on valuations at fair value for all types of assets and liabilities, both financial and non-financial. The requirements do not extend the area of application for when fair value should be applied, but provide guidance regarding the manner in which fair value should be applied in areas where other IFRS already require, or allow, valuation at fair value.

Amendment to IAS 36 "Impairment of Assets" addressing disclosure requirements regarding the recoverable amount of non-financial assets. The amendment removes the disclosure requirement for the recoverable amount of cash generating units which had been introduced in IAS 36 on the issuance of IFRS 13. The amendment is not obligatory for the Group until 1 January 2014, but the Group has chosen to apply the amendment from 1 January 2013.

New standards and interpretations not yet adopted by the Group

A number of new standards and changes in interpretations and current standards came into effect for financial years beginning after 1 January 2013, and have not been applied in the preparation of these financial statements. None of these standards or interpretations are expected to have any material effect on the consolidated financial statements, with the exception of the following:

IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included in the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group intends to adopt IFRS 10 for the financial year beginning 1 January 2014 and has not yet assessed the full impact on the financial statements.

IFRS 11 "Joint Arrangements" focuses on the rights and obligations incumbent on entities jointly controlling an arrangement, rather than on the legal form of the arrangement. There are two types of joint arrangements, joint operations and joint ventures. A joint operation is an arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. Joint operations are accounted for according to the party's relative share of jointly controlled assets, liabilities, income and expenses. A joint venture is an arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity accounting method, as the option to account for joint ventures using proportionate consolidation has been removed.

IFRS 12 "Disclosures of Interests in Other Entities" includes disclosure requirements for subsidiaries, joint arrangements, associated companies and "structured entities" which have not been consolidated. The Group intends to apply IFRS 12 for the financial year beginning on 1 January 2014 and is yet to assess the full effect on the financial statements.

IFRS 9 "Financial instruments" addresses the classification, valuation and recognition of financial assets and liabilities. IFRS 9 was issued in November 2010 for financial assets and in October 2011 for financial liabilities and replaces those parts of IAS 39 related to the classification and valuation of financial instruments. IFRS 9 requires financial assets to be classified into two different categories: fair value or at amortised cost. Classification is determined at initial recognition based on the Company's business model and the characteristics of the contractual cash flows. For financial liabilities, there are no major changes compared with IAS 39. The most significant change in IFRS 9 relates to liabilities that are designated at fair value. For these, the portion of the change in fair value that is attributable to own credit risk should be reported in Other comprehensive income, instead of earnings, unless this results in inconsistency in the financial statements (accounting mismatch). The Group has not yet assessed the effects of this standard, but will evaluate the effects of the remaining phases of IFRS 9 when they have been completed by the IASB.

IFRIC 21 "Levies" provides guidance on the reporting of an obligation to pay tax or fees which are not income tax. The interpretation sets out the criteria for the identification of an obligating event triggering an obligation, to pay the tax or fees and provides guidance as to when a liability should be recognised. The Group is not currently exposed to any significant taxes or fees that are not income taxes and, thus, this interpretation has no material impact on the Group.

None of the other IFRS or IFRIC interpretations yet to enter into force are expected to have any significant impact on the Group.

Consolidated financial statements

Subsidiaries

Subsidiaries are those companies in which the Group, directly or indirectly, holds more than 50 % of the votes or, in any other manner, exercises a controlling influence. Subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the Group and deconsolidated as of the date on which control is relinquished.

Subsidiaries are reported in accordance with the purchase method. The acquired identifiable assets, liabilities and contingent liabilities are valued at fair value as of the acquisition date. Any surplus, comprised of the difference between the consideration paid for the acquired holding and the sum of fair values of the acquired identifiable assets and liabilities, is reported as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the income statement.

Acquisition-related costs are expensed as they arise. Intra-Group transactions, balance sheet items and income and expenses from transactions between Group companies are eliminated. Gains and losses arising from intra-Group transactions, reported as assets, are also eliminated. Accounting principles for subsidiaries have, if appropriate, been changed in order to guarantee a consistent application of the Group's principles.

Associated companies

Associated companies are those companies in which the Group has a significant influence but not a controlling influence, which, in principle, applies to a holding amounting to between 20% and 50% of the votes. Holdings in associated companies are reported according to this method. In accordance with the equity method, investments are initially valued at acquisition cost, after which the reported value is increased or decreased to reflect the Group's share of the profits or losses in the associated company after acquisition date. The reported values of holdings in associated companies reported by the Group also include any goodwill and other surplus values identified in the acquisition.

If the participating interest in an associated company decreases but the holding continues to be defined as an associated company, only a proportional amount of the profit or loss which was previously reported in Other comprehensive income is reclassified in the income statement.

The Group's share of the profit arising after the acquisition is reported in the income statement, and its share of the changes in Other comprehensive income after acquisition is reported in Other comprehensive income, with a corresponding change in the holding's reported value. When the Group's share in the losses of an associated company amounts to, or exceeds, its holding in the associated company, including any receivables without collateral, the Group does not report further losses unless it has assumed legal or informal obligations, or has made payments on behalf of the associated company.

At the end of each reporting period, the Group assesses whether there is objective proof for impairment regarding investments in associated companies. In such cases, the Group calculates the impairment as the difference between the recoverable amount of the associated company and the reported value, and reports the amount in Share of associated companies' profit in the income statement.

Leases

In the consolidated financial statements, leases are classified either as financial or operating leases. Contracts in which the economic benefits associated with the commitment have, in all material aspects, been transferred to the lessee, are reported as financial leases. Other contracts are reported as operating leases and are expensed on a straight-line basis over the term of the lease.

Financial leases

The amount of each lease payment is divided between the repayment of the liability and financial expenses. The corresponding payment commitments, after deduction for financial expenses, are included in the balance sheet items Non-current interest-bearing liabilities and Current interest-bearing liabilities. Interest on the financial expenses is reported in the income statement, allocated over the lease term so that fixed interest on the liability for the period is also reported in that period. Fixed assets held in accordance with financial lease agreements are depreciated over the asset's useful life or lease term, whichever is the shorter.

Operating leases

The Group signs lease agreements with land owners for periods of 30 years or more for the construction of wind turbines. Lease agreements regarding land are defined as operating leases. Lease payments for operating lease agreements are expensed systematically over the term of the lease.

Transactions and balance sheet items in foreign currencies

In each entity, transactions in foreign currencies are reported on the basis of the entity's functional currency, in accordance with the exchange rate applicable on transaction date. Monetary assets and liabilities in foreign currencies are translated at the closing rate, and the exchange rate differences arising are included in profit/loss for the period. Exchange rate differences on operating receivables and operating liabilities are reported in operating profit, whilst exchange rate differences on financial receivables and liabilities are reported in net financial income.

Realised gains and losses on derivative contract entered into for hedging purposes are reported in the income statement items in which the hedged transactions are reported.

Income

Income is recognised in the income statement when the significant risks and benefits associated with the sale have been transferred to the purchaser. Income is not reported if it is likely that the economic benefits will not accrue to the Group. Income is reported at the fair value of the amount which has been received, or is expected to be received, with deduction for discounts granted.

Net sales include the sales of generated electricity, earned and sold electricity certificates and realisations of electricity and currency derivatives attributable to hedged production. In addition, net sales include income from leased production facilities. When calculating average income for electricity and electricity certificates, rental income is included and is reported as a hedge of income rate risk on the electricity and electricity certificates.

Other operating income comprises development fees, income from crane leasing, project management and administrative services and other minor items (Note 2).

Income from sales of generated electricity is recognised during the period in which the delivery was made at the spot price applying, forward price or other contractually agreed upon price. Income relating to electricity certificates is recognised at the applicable spot price, forward price or other contractually agreed upon price for the period in which the electricity certificate is earned, which is the period in which the electricity is produced.

Income from electricity and electricity certificates is reported in net sales for the segment Wind power operations, from the date of commissioning. Income from the rental of wind power facilities is reported in the period in which the electricity is produced.

Earned electricity certificates are reported under inventories in the balance sheet when they are registered in the Energy Agency's account, and as accrued income for any periods during which they have been earned but not yet registered.

Government grants

Government grants are reported at fair value when there exists reasonable assurance that the grants will be received and the Group will fulfil the conditions attached to the grant.

Income from government grants is reported in the income statement in the period in which the expense covered by the grant is reported. Government grants received for investments in fixed assets are recognised in the balance sheet by reducing the reported total investment amount.

No government grants have been received during 2013.

Employee benefits

Employee benefits in the form of salaries, holiday pay, paid sick leave, etc., and pensions are reported as they are earned. With regard to pension commitments, the Group has only defined contribution pension plans which primarily include retirement pension, disability pension and family pension.

Premiums are paid regularly during the year by each Group company, to independent legal entities, normally insurance companies. The size of the premium is based on the salary level and, other than pension payments, the Group has no obligation to pay further benefits. The expenses are charged to the Group's profit at the same time as the benefits are earned, which normally coincides with the time at which the premiums are paid. Regarding benefits to senior executives, please refer to the administration report on page 37.

Share-based payment

The Group has a number of share-based payment plans, in which settlement is provided in the form of shares and where the Company receives services from employees as compensation for the Group's equity instruments (warrants).

The fair value of the services provided by employees, which entitles these employees to be allocated warrants, is recognised as an expense. The total amount to be recognised is based on the fair value of the allocated warrants:

- including all market-based conditions (e.g. target share price),
- excluding the potential impact of terms of service for employees and non-market-based terms for vesting (e.g. profitability, sales targets, the employee remaining in the service of the Company for a set period of time), and
- including the impact of conditions which are not terms for vesting (e.g. requirements that employees save).

Non-market-based terms for vesting are considered when estimating the number of warrants expected to be vested. The total expense is distributed over the vesting period, which is the period during which all of the stated terms for vesting are to be fulfilled.

At can happen that employees provide services prior to the allocation date and, in such cases, the fair value of these services is estimated. This allows for an expense to be recognised, distributed over the period from the point in time at which the employees begin to provide services to the allocation date.

At the end of each reporting period, the Group re-assesses its estimates of the number of warrants expected to be vested, based on the non-market-based terms for vesting. Any possible deviations from the original estimates arising from the re-assessment are reported in the income statement, and a corresponding adjustment is reported in equity.

When the warrants are exercised, the Company issues new shares. Payments received, after deductions for any directly-attributable transaction costs, are credited to share capital (quotient value) and other contributed capital.

The social security contributions attributable to the allocation of share warrants are considered integral to the allocation, and the expense is treated as a share-based payment settled in cash.

Tax

Tax expenses or tax income for the period comprises current tax and deferred tax. Current tax is based on the year's taxable income. The year's taxable income varies from the year's reported profit as an adjustment has been made for non-taxable and non-deductible items. Deferred tax is tax attributable to taxable or deductible temporary differences which incur, or reduce, tax in the future.

Deferred tax is calculated, applying the balance sheet method, on the basis of temporary differences between the reported values and taxable values of assets and liabilities. The amounts are calculated based on the manner in which the temporary differences are expected to be settled and by applying the tax rates and tax regulations agreed or announced on balance sheet date.

Deferred tax assets attributable to fiscal losses and deductible temporary differences are reported only to the extent that it is likely that future fiscal surpluses will be available, against which temporary differences and loss carry-forwards can be offset.

Deferred tax is reported as an income or expense in the income statement, apart from those cases in which it refers to transactions reported in Other comprehensive income or in equity, in which case any tax effects are also reported in Other comprehensive income or equity, respectively.

Deferred tax assets and tax liabilities are offset when they refer to income tax levied by the same tax authority, or when the Group intends to settle the tax as a net amount.

Property, plant and equipment

Property, plant and equipment are reported at acquisition cost less accumulated depreciation and impairment. The acquisition cost includes expenditure which is directly attributable to the acquisition of the asset, and also includes the transfer of the outcomes of approved cash flow hedges on purchases of property, plant and equipment in foreign currencies from equity. The cost for wind turbines also includes, in contrast to the cost for other investments, normal expenses for calibration and commissioning. Interest expenses attributable to construction and assembly are included in the acquisition cost. All expenses for continuous new investments are capitalised.

In conjunction with the permit for the construction of wind turbines, the Group commits to restore land to its original condition after the end of the turbines' useful life. The estimated expense for this restoration is provided for in the Group's financial statements and is included in the acquisition cost for the wind turbines.

Subsequent expenditure increases the asset's reported value or is reported as a separate component only when it is likely that the future economic benefits associated with the asset will accrue to the Group, and the cost of the asset can be reliably estimated. All other forms of repair and maintenance are reported as expenses in the income statement in the period in which they arise.

Land is assumed to have an indefinite useful life and is, therefore, not depreciated. The value of wind turbines is depreciated on a straight-line basis down to a maximum of the turbine's estimated residual value and during the asset's expected useful life. The depreciation of wind turbines is initiated in conjunction with the takeover from the supplier. For the calculation of depreciation according to plan, the following useful lives are applied:

– Buildings 20 years
– Wind turbines and foundations 25 years
– Other equipment 3–5 years

Impairment

At each reporting date, the Group's assets' useful lives are reviewed and are tested for impairment. In such cases, the asset's recoverable amounts are calculated.

The recoverable amount is the higher of the asset's value in use and net realisable value. The value in use comprises the present value of all incoming and outgoing payments attributable to the asset during the period in which it is expected to be utilised in the operations, plus the present value of the net realisable value at the end of the asset's useful life. If the calculated recoverable amount is less than the reported value, the asset is impaired to its recoverable amount.

A previous impairment is reversed when a change has occurred in the assumptions applied in determining of the asset's recoverable amount when the impairment was undertaken, and when such change implies that the impairment is no longer deemed to be necessary. Reversals of previous impairments are assessed individually and reported in the income statement.

Financial assets and liabilities

Classification

Financial assets can be categorised in the following categories: financial assets valued at fair value through profit or loss, loans and receivables, investments held to maturity, and financial assets available for sale. The classification depends on the intention for which the financial asset was acquired. Management determines the classification of the financial assets upon initial recognition. The only category held by the Company is loans and receivables.

Loans and receivables

Loans and receivables are financial assets which are not derivatives, which have determined, or determinable, payments and which are not quoted on an active market. These items are included in current assets, with the exception of items maturing later than 12 months after balance sheet date, which are classified as fixed assets. The Group's loans and receivables comprise "Receivables from associated companies", "Accounts receivable", "Other receivables" and "Cash and cash equivalents" in the balance sheet.

Loans and receivables are reported after acquisition date at amortised cost, applying the effective interest method, less any reserve for increase in value.

A financial asset or a financial liability is reported in the balance sheet when Arise becomes a party to the instrument's contractual terms and conditions. A financial asset is derecognised from the balance sheet when the rights of the agreement are realised, expire or the Company loses control over them. A financial liability is derecognised from the balance sheet when the obligations in the agreement are fulfilled or extinguished in a different manner. When settlement accounting is applied, acquisitions and sales of financial assets are reported on the transaction date, which is the date on which the Company commits to acquire, or sell, the asset, except for cases in which the Company acquires, or sells, listed securities. On each reporting date, Arise assesses whether there are objective indicators suggesting that a financial asset or a group of financial assets needs to be impaired.

Calculation of the fair value of financial instruments

Official market prices as at balance sheet date are applied in determining the fair value of long-term derivatives. The market values of other financial assets and financial liabilities are calculated through generally accepted methods, such as the discounting of future cash flows, on the basis of the listed market rates for each maturity. Translation to SEK is made applying the quoted exchange rate on balance sheet date.

Netting of financial assets and liabilities

Financial assets and liabilities are offset and reported in a net amount in the balance sheet when there is a legal right of offset and when the intention is to settle the items at a net amount or to simultaneously realise the asset and settle the liability.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, which are valued at fair value.

Derivatives

Derivative instruments are reported in the balance sheet on the contract date and are reported at fair value, both upon initial recognition and in subsequent revaluations. The method for reporting the gain or loss arising in conjunction with a revaluation is dependent on whether the derivative is identified as a hedging instrument and, if this is the case, the nature of the item being hedged. The Group identifies certain derivatives as one of the following:
(a) hedging of fair value regarding a reported asset or liability, or a binding commitment (fair value hedge) **(b)** hedging of a particular risk associated with a reported asset or liability, or a transaction which is forecasted as highly likely to take place (cash flow hedge), or **(c)** hedging of a net investment in operations outside Sweden (hedging of net investments)

The valuation of hedging instruments for electricity prices, currencies and interest rates is based on observable data. For derivatives where hedge accounting is not applied and for derivatives included in a fair value hedge, any changes in value are reported in the income statement. In cash flow hedging, changes in value are reported in Other comprehensive income and are reported separately in specific categories within equity until the hedged item is reported in the income statement. Any gains or losses on hedging instruments attributable to the effective portion of hedging are reported in Other comprehensive income and are reported separately in equity under Hedging reserve. Any gains or losses attributable to the ineffective portions of hedging are reported in the income statement; electricity and currencies in operating profit and interest derivatives in net financial income.

When transactions are made, the Group documents the relationship between the hedging instrument and the hedged item, as well as the Group's objectives for risk management and risk management's strategy regarding hedging. The Group also documents its assessment, both when the hedging is initiated and on an on-going basis, to determine if the derivatives utilised in hedge transactions are effective in terms of counteracting changes in the fair value of, or cash flows attributable to, the hedged items.

Hedges of net investments in operations with a functional currency different from the Group's are reported in the same manner as cash flow hedges. The portion of the gain or loss on a hedging instrument which is deemed to be an effective hedge is reported in Other comprehensive income. The gain or loss attributable to the ineffective portion of the hedge is reported in the income statement. Accumulated gains or losses in equity are reported in the income statement when the operations are divested, either in part or in full.

Information on the fair value of various derivatives utilised for hedging purposes can be found in Note 11.

Borrowing

Liabilities to credit institutions and credit facilities are categorised as "Other financial liabilities" and are initially reported at fair value, net after transaction costs. Borrowing is, thereafter, reported at amortised cost, whereby directly attributable expenses, such as arrangement fees, are distributed over the loan's maturity using the effective interest method. Non-current liabilities have an expected maturity longer than one year whilst current liabilities have a maturity shorter than one year.

Borrowing expenses

The Group capitalises borrowing expenses directly attributable to the purchase, construction or production of an asset taking a significant time to finalise for use, as part of the acquisition cost of the asset (Note 9).

Accounts payable

Accounts payable are obligations to pay for products or services which have been acquired from suppliers in the course of the operations. Accounts payable are classified as current liabilities if they fall due within one year or earlier. If not, they are recognised as non-current liabilities.

Accounts payable are initially recognised at fair value and, thereafter, at amortised cost, applying the effective interest method.

Inventories

Inventories are valued at the lower of acquisition cost and net realisable value. The net realisable value is equivalent to the listed value on a specific exchange for electricity certificates, or is equivalent to another value, should another form of contract have been concluded. The cost for inventories is calculated by applying the first in, first out method (FIFO).

Segment reporting

Operating segments are reported in a manner which is consistent with the internal reporting, which for Arise means Own wind power operations, Co-owned wind power operations and Other wind power development.

Provisions

Provisions for restoration, restructuring costs and legal requirements are reported when the Group has a legal or informal obligation as a result of events which have occurred, when it is probable that an outflow of resources will be required to settle the obligation, and when the amount has been reliably estimated. Provisions for restructuring include expenses for the cancellation of lease agreements and for compensation for withdrawals from agreements. No provision is made for future operating losses.

If a number of similar obligations exist, the probability of whether an outflow of resources will be required is assessed for the group of obligations as a whole. A provision is reported even if the probability that an outflow of resources will be required for an individual item in such a group is deemed to be negligible.

Provisions are valued at the present value of the amount expected to be required to settle the obligation. In calculating the present value, a discount rate before tax is applied which reflects an actual market assessment of the time value of money and the risks associated with the provision. The increase in the provision which is attributable to the passage of time is reported as an interest expense.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are to be classified as liabilities; however, this is not applicable to Arise.

Transaction costs which can be directly attributed to the issuance of new ordinary shares or bonds are reported, net after tax, in equity, as deductions from the capital received from the issue.

When a Group company purchases the Parent Company's shares (repurchase of own shares), the paid purchase price, including any directly attributable transaction costs (net after tax), reduces retained earnings, until the shares are withdrawn or sold. If these ordinary shares are, at a later date, sold, the received amount (net after any directly attributable transaction costs and tax effects) is reported in retained earnings.

3. Significant estimates and assumptions

In preparing financial statements in accordance with IFRS and generally accepted accounting principles, estimates and assumptions are made about the future, which affect balance sheet and income statement items. These judgments are based on past experience and the various assumptions which the management and the Board regard as reasonable under the prevailing circumstances. In cases in which it is not possible to determine the reported value of assets and liabilities on the basis of information from other sources, the valuations are based on such estimates and assessments. If other assumptions are made or other conditions arise, the actual outcome may differ from these assessments.

Impairment testing for property, plant and equipment

The Group has significant values reported in the balance sheet relating to property, plant and equipment in the form of wind farms and wind power projects. The book values of these are tested for impairment in accordance with the accounting principles described in Note 1, Accounting Principles. The recoverable amounts of wind farms and wind power projects, which are deemed to comprise cash generating units, have been determined by calculating the value in use for wind farms in operation or expected value in use for to project portfolio. These calculations require the use of estimates of future cash flows and assumptions regarding the required return and choice of discount rate. A decline in the price development of electricity and electricity certificates was noted in 2013, although this is not deemed to be permanent by the Board of Directors and Company management, when seen from the perspective of the assets' useful lives. The Board of Director's and Company management's assumption regarding the future price development of electricity and electricity certificates is based on price forecasts produced by external experts. Future price assumptions relating to electricity and electricity certificates and the discount rate are the factors with the most influence in a sensitivity analysis. The price development is dependent on, among other things, future political decisions regarding the quota value of certificates, and the development of electricity prices in general, as well as the impact of the Group's price hedging. The discount rate depends on the underlying interest rate levels, risk factors and the availability of financing. Should the prevailing price levels of electricity and electricity certificates remain unchanged, or should the anticipated future price development not be realised, while, at the same time, the chosen discount rate remains unchanged, then the estimated value in use will also decrease. This could have a significant impact on Arise's results and financial position.

Valuation of loss carry-forwards

Deferred tax assets attributable to loss carry-forwards reported in the Group amount to MSEK 26 (26), see Note 7. The reported value of these tax assets has been assessed at year-end and it has been deemed likely that these losses will be offset against any surpluses in future taxation. The tax assets refer to Swedish loss carry-forwards, which can be utilised for an indefinite period. The Group's operations, in the form of wind farms in operation, are expected to generate significant surpluses over the next few years. For this reason, Arise believes that factors exist confirming that it will be possible to offset the loss carry-forwards against future taxable surpluses.

Useful lives of wind turbines

The useful life of a wind turbine has been estimated to amount to approximately 25 years and this estimation provides the basis for the investment calculation. In cases where the useful life is less than 25 years, Arise's profit and cash flow could be adversely affected.

Framework agreements with suppliers – cancellation fees

The Company has concluded framework agreements for the purchase of wind turbines, which include clauses on cancellation fees to apply under certain circumstances. On the basis of actual purchase plans and forecasts, Company management assesses that no fees will be payable (Notes 9 and 21).

Restoration costs

In certain projects, there are requirements on the restoration of land after the expiration of the project. The expenses for the dismantling of wind turbines and the restoring of the land around wind turbines have been estimated at MSEK 22 (20) for turbines in operation, for which a provision has been made in the financial statements (Note 19) and included in the depreciable amount.

NOTE 2 • INCOME

Net sales include the sale of generated electricity, earned and sold electricity certificates, as well as gains and losses on electricity and currency derivatives attributable to the hedged production. In addition, net sales includes income from leased production, whereby the portions attributable to electricity and certificates have been included in the calculation of Key Performance Indicators, amounting to MSEK 24 for income from electricity and MSEK 12 for income from electricity certificates.

	2013	2012
Electricity	112	127
Electricity certificates	83	83
Rental income	36	–
Net sales	**231**	**210**

Realised gains and losses on derivatives have affected net sales positively by MSEK 12 (21).

Electricity production in Own wind power operations (including leased operations) amounted to 327.6 (326.1) GWh. Average income for electricity was SEK 414 (390) per MWh and for electricity certificates was SEK 290 (255) per MWh, i.e. an average income per produced MWh of SEK 704 (645) per MWh.

The following items are included in Other operating income:

	2013	2012
Income from crane leasing	7	11
Development fees	27	7
Project management and administrative services	8	13
Other items	7	7
Other operating income	**49**	**38**

Capitalised work on own account refers to internal work capitalised on the Group's wind power projects.

NOTE 3 • SEGMENT REPORTING

The Group's internal reporting system is based on the return and profitability of the wind farms built and in operation, for which reason Own wind power operations form the primary basis of segment reporting. Associated companies, which, for accounting purposes, are not consolidated and currently only consist of the Jädraås project, are illustrated in the segment Co-owned wind power operations as if these operations were consolidated. Other activities in the Group aim to develop wind farms, for which reason these activities have been categorised as Wind power development. Transfer prices between the various segments are determined on the basis of the "arm's length" principle, that is, between parties who are independent, well informed and who have an interest in the transactions being undertaken. Segment income, earnings and assets include directly attributable items and items which can be allocated to segments in a reasonable and reliable manner.

		Own wind power operations		Co-owned wind power operations		Wind power development		Eliminations		Group	
(MSEK)		**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Net sales, external		231	210	141	13	–	–	-141	-13	231	210
Net sales, internal		–	–	–	–	11	12	-11	-12	–	–
Other operating income	Note a	2	–	–	–	47	38	–	–	49	38
Total income		**233**	**210**	**141**	**13**	**57**	**50**	**-151**	**-25**	**280**	**248**
Capitalised work on own account		–	–	–	–	20	19	–	–	20	19
Operating expenses		-50	-46	-26	-2	-82	-65	37	14	-121	-99
Share of associated companies' profit		–	–	–	–	–	–	16	9	16	9
Operating profit before depreciation (EBITDA)		**183**	**164**	**115**	**11**	**-4**	**3**	**-99**	**-2**	**195**	**177**
Depreciation/amortisation and impairment		-83	-85	-43	–	-11	-37	43	0	-94	-122
Operating profit (EBIT)		**100**	**80**	**72**	**11**	**-15**	**-34**	**-56**	**-2**	**101**	**54**
Financial income	Note b	3	4	1	–	20	12	1	0	23	16
Financial expenses	Note b	-64	-68	-36	–	-44	-25	-52	0	-92	-93
Profit/loss before tax (EBT)		**40**	**16**	**37**	**11**	**-40**	**-46**	**-4**	**-2**	**32**	**-22**
Assets		**2,370**	**2,190**	**1,587**	**1,571**	**924**	**1,017**	**-1,587**	**-1,571**	**3,294**	**3,207**
– of which participations in associated companies		–	–	–	–	69	69	–	–	69	69
– of which receivables from associated companies		–	–	–	–	406	373	–	–	406	373
– of which purchases of fixed assets [1]		7	14	–	–	292	145	-5	–	294	159

[1] Purchases of fixed assets other than financial instruments and deferred tax assets

	Own wind power operations		Co-owned wind power operations		Wind power development		Eliminations		Group	
Note a – Other operating income										
Income from crane leasing	–	–	–	–	7	11	–	–	7	11
Development fees	–	–	–	–	27	7	–	–	27	7
Project management and administrative services	–	–	–	–	10	13	–	–	10	13
Other items	2	0	–	–	3	7	–	–	5	7
Total	**2**	**0**	**–**	**–**	**47**	**38**	**–**	**–**	**49**	**38**
Note b – Net financial income										
Total net financial income	-67	-64	-52	–	-2	-13	52	–	-69	-76
Less interest expenses on shareholder loans	6	–	17	–	-23	–	–	–	–	–
Net financial income excl. shareholder loans	**-61**	**-64**	**-35**	**–**	**-25**	**-13**	**52**	**–**	**-69**	**-76**

Internal interest expenses on shareholder loans are not reported in the segments Own wind power operations and Co-owned wind power operations. The corresponding item has been eliminated from the Wind Power Development segment.

All operations are conducted in Sweden. Eliminations comprise of the sale of leases for the developed land areas, hiring of measurement equipment, consulting services primarily consisting of licensing and planning work, and re-invoiced administrative expenses.

NOTE 4 • PERSONNEL

Average number of employees	2013			2012		
	Women	Men	Total	Women	Men	Total
Parent Company	7	16	23	7	17	24
Subsidiaries	1	15	16	1	14	15
Group total	**8**	**31**	**39**	**8**	**31**	**39**

Salaries and other remuneration	Board and CEO	of which variable remuneration	Other employees	Board and CEO	of which variable remuneration	Other employees
Parent Company	4.6	0.2	18.9	4.3	–	14.8
Subsidiaries [1]	4.2	0.7	8.0	3.5	–	6.1
Group total	**8.8**	**0.9**	**26.9**	**7.8**	**–**	**20.9**

Salaries and other remuneration	Salaries and remuneration	Social security contributions	of which pension costs	Salaries and remuneration	Social security contributions	of which pension costs
Parent Company	23.6	12.4	4.6	19.2	10.2	4.3
Subsidiaries	12.2	6.6	2.3	9.6	5.4	2.1
Group total	**35.8**	**19.0**	**6.9**	**28.8**	**15.6**	**6.4**

[1] In addition to the reported salaries and remuneration, consulting fees of MSEK 0.1 (0.1) have been paid to three Board members in subsidiaries.

2013

Remuneration to the Board of Directors, CEO and senior executives

	Director's fee	Salary	Variable remuneration	Other benefits	Pension Costs
Pehr G Gyllenhammar, Chairman	1.0				
Birger von Hall	0.5				
Joachim Gahm	0.7				
Maud Olofsson	0.3				
Total remuneration to the Board of Directors	**2.5**				
Peter Nygren, CEO		2.0	0.2	0.1	0.6
Other senior executives (6 individuals)		7.3	2.0	0.3	2.6
Total remuneration to CEO and senior executives		**9.3**	**2.2**	**0.4**	**3.2**

2012

Remuneration to the Board of Directors, CEO and senior executives

	Director's fee	Salary	Variable remuneration	Other benefits	Pension Costs
Pehr G Gyllenhammar, Chairman	1.0				
Birger von Hall	0.4				
Joachim Gahm	0.6				
Maud Olofsson	0.4				
Total remuneration to the Board of Directors	**2.3**		–		
Peter Nygren, CEO		1.9	–	0.1	0,6
Other senior executives (6 individuals)		6.0	–	0,3	1,6
Total remuneration to CEO and senior executives		**7.9**		**0.4**	**2.2**

Basic salary / Director's fees

The Chairman and Members of the Board are paid a Director's fee in accordance with the resolution of the Annual General Meeting. Those Board Members who are employees of the Company have received no remuneration or benefits other than those relating to their employment. Remuneration to the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pensions. Senior executives refers to the group of six individuals who, together with the CEO, formed the Group management in 2013.

Variable remuneration

All employees are covered by a collective remuneration programme which is linked to the quantitative objectives set out within the Group. This programme has been supplemented with individual remuneration programmes based on individual goals. Goal attainment for 2013 was achieved to a certain extent and variable remuneration of MSEK 4.1 (–) was paid in the form of salaries and pensions. No other payments or payments with a dilution effect have been made.

Other benefits

Other benefits primarily refer to company cars.

Pension

The retirement age for the CEO and other senior executives is 65. The pension contribution to the CEO is 35 % of the pensionable salary and follows the defined contribution plan. Other senior executives also have defined contribution pension plans and, for 2013, the pension premium averaged 27 % (26) of the base salary. Variable remuneration solutions do not form the basis for any pension payments for the CEO or for the senior executives. All pensions are vested, meaning that they are not conditional upon future employment.

Financial instruments

Refer to Note 17 for information regarding the warrant programme for employees.

Severance pay

Between the Company and the CEO, a period of notice of 6 months has been agreed upon. Notice periods on behalf of the Company to other senior executives are typically between 6 and 24 months. During the notice period, normal salary is paid. No severance payments to the CEO or other senior executives are paid.

Preparatory work and decision-making process

During the year, the Remuneration Committee provided the Board with recommendations on principles for remuneration to senior executives. The recommendations included any salary increases and the criteria for evaluation of variable remuneration. The Board discussed the Committee's proposals and made a recommendation on the remuneration policy, which was also approved by the Annual General Meeting.

Remuneration to the CEO for the financial year 2013 was determined by the Chairman of the Board in accordance with the recommendations of the Remuneration Committee, as approved by the Annual General Meeting. Remuneration to other senior executives was determined by the CEO after consultation with the Remuneration Committee, within the framework of the remuneration policy.

In 2013, the Remuneration Committee included Maud Olofsson, (Chairman), Joachim Gahm and Birger von Hall. The Committee is convened when required, but at least twice a year to prepare proposals on remuneration to the CEO and to accept, or reject, the proposal for the remuneration and conditions for the senior executives who report directly to the CEO. Furthermore, the Committee establishes principles for determining the salaries and conditions of employment for senior executives, which are submitted to the Annual General Meeting for approval. The Remuneration Committee shall make recommendations on the remuneration, terms and principles of the Board which will, consequently, decide on these matters. The Committee met on three occasions in 2013.

Sick leave in the Group, %	2013	2012
Total sick leave	0.4	0.6
Short-term sick leave	0.4	0.6
Long-term sick leave	0.0	0.0
Sick leave for men	0.3	0.4
Sick leave for women	0.7	1.3
Sick leave, employees aged under 30	0.3	0.2
Sick leave, employees aged 30–49	0.6	1.0
Sick leave, employees aged 50 or above	0.4	0

The total sick leave is stated as a percentage of the employees' regular working hours. Long-term sick leave refers to sick leave for a continuous period of 60 days or more.

Gender distribution among senior executives

	2013				2012			
	Women		Men		Women		Men	
	No. of	%	No. of	%	No. of	%	No. of	%
Board of Directors	1	20	4	80	1	20	4	80
Group management	0	0	7	100	0	0	7	100

Peter Nygren is both a Board Member and CEO. In the table above, he is a member of both the Board of Directors and Group Management.

NOTE 5 • EXTERNAL EXPENSES

Auditing fees	2013	2012
Öhrlings PricewaterhouseCoopers		
Audit assignment	1.3	1.1
Audit activities other than the audit assignment	0.3	0.4
Tax consultancy services	0.1	0.3
Other services	0.4	0.4
Total	**2.1**	**2.2**

NOTE 6 • FINANCIAL INCOME AND EXPENSES

	2013	2012
Interest income	23	16
Foreign exchange gains	0	0
Total financial income	**23**	**16**
Interest expenses	-91	-92
Foreign exchange losses	-1	-1
Total financial income	**-92**	**-93**

NOTE 7 • TAX

Tax on profit for the year	2013	2012
Deferred tax	-4	6
Reported tax	**-4**	**6**

Deferred tax	2013	2012
Attributable to unutilised loss carry-forward [1]	26	26
Derivatives valued at fair value	29	47
Fixed assets	-12	-10
Total recognised deferred tax	**43**	**63**

Reconciliation of reported tax in the Group	2013	2012
Profit/loss before tax	32	-22
Tax, 22%	-7	5
Tax effect of:		
Associated companies' profit	4	2
Effect of change in tax rate to 22%	-	-7
Correction of tax expense for prior years	-	1
Other additional and removed items	-1	5
Reported tax on profit for the year	**-4**	**6**

Change in deferred tax	2013	2012
Opening value, net	63	45
Reported deferred tax on net profit/loss for the year	-4	6
Tax items recognised directly in equity [2]	-16	12
Closing value, net	**43**	**63**

1) The Group's total tax loss carry-forward amounts to MSEK 113 (117), of which MSEK 37 (37) is blocked from utilisation until the tax assessment year 2016. The fiscal deficit is expected to be utilised, in its entirety, against future taxable profits.

2) Tax items recognised directly in Other comprehensive income refer to the Group's hedging reserve attributable to interest, electricity and forward currency contracts, as well as to tax effects of costs attributable to new share issues.

NOTE 8 • ADDITIONAL DISCLOSURES ON CASH FLOW STATEMENT

Cash and cash equivalents comprise cash and bank balances.

Adjustment for non-cash items	2013	2012
Depreciation and impairment of property, plant and equipment	94	122
Unpaid purchase consideration, Solberg	–	-81
Items attributable to participations in associated companies	-7	23
Repurchase of own shares	–	-2
Impairment of proceeds from warrants	-2	–
Total	**85**	**62**

NOTE 9 • PROPERTY, PLANT AND EQUIPMENT

	Buildings and land [1]		Wind power, foundations and electrical installations		Equipment, tools, fixtures and fittings		Advances and construction in progress [2]		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Opening acquisition cost	3	3	2,071	2,057	83	80	252	110	2,409	2,250
Purchases/investments [3]	0	0	1	14	1	4	292	141	294	159
Sales/disposals	–	–	–	–	–1	0	–2	–	–3	0
Reclassifications	–	–	39	–	1	–	–41	–	–	–
Closing acquisition cost	**3**	**3**	**2,111**	**2,071**	**85**	**83**	**501**	**252**	**2,700**	**2,409**
Opening accumulated depreciation and impairment at beginning of the year	0	0	–191	–105	–29	–17	–27	–	–247	–123
Depreciation for the year	0	0	–84	–86	–12	–12	2	–26	–94	–123
Sales/disposals	–	–	0	–	0	–	0	–	0	–
Closing accumulated depreciation and impairment	**0**	**0**	**–274**	**–191**	**–41**	**–29**	**–25**	**–27**	**–340**	**–247**
Closing residual value according to plan [2]	**3**	**3**	**1,837**	**1,881**	**44**	**54**	**476**	**225**	**2,360**	**2,162**

[1] Land and buildings includes land with a book value of MSEK 1 (1). The tax assessment value of the Group's properties is MSEK 2 (2), of which MSEK 1 (1) refers to the tax assessment value of land.

[2] Constructions in progress include advance payments regarding property, plant and equipment of MSEK 0 (19).

[3] Investments for the year include capitalised interest of MSEK 1 (16) calculated at an average interest rate of 3.0 % (4.4).

The framework agreement signed previously with GE Energy has been replaced by a new framework agreement resulting in a contractual commitment to purchase a certain number of wind turbines during 2014. If these commitments are not met, the Company can become liable for costs in an amount of MSEK 21 (21) in 2014. The Company intends to enter into new agreements with suppliers on an on-going basis in the context of the continued expansion of the operations to take place up to and including 2017.

Financial lease agreements

The Group leases a crane and a truck under non-cancellable leases, where the lease term amounts to 8 years. In addition, company cars under cancellable leases are leased with lease periods of 3 years. The residual value is included in financial lease agreements and amounts to MSEK 35 (43).

Operating leases

The Company has entered into operating leases, primarily leases of land associated with the construction of wind turbines, with minimum lease payments as described below. The cost of operating leases amounted to MSEK 17 (16), of which variable fees amounted to MSEK 14 (13) and minimum leasing fees amounted to MSEK 3 (3).

	2013	2012
Within 1 year	3	3
In 2 to 5 years	12	12
In 6 to 20 years	33	36
Total	**48**	**51**

Costs for land leases are based on the minimum lease payments for wind turbines in operation or under construction, and on contracts for which all necessary permits for the construction of wind turbines have been obtained. Minimum lease fees are indexed and adjusted in arrears according to the actual changes to the CPI, which can imply either an increase or a decrease to the fees. The amounts stated in the table are based on an unchanged index. In addition, there are variable fees dependent on the income from electricity produced.

NOTE 10 • PARTICIPATIONS IN ASSOCIATED COMPANIES

	2013	2012
Opening book value	69	84
Acquisitions	–	0
Share of associated companies' profit	16	9
Elimination of internal transactions	-16	-24
Closing book value	**69**	**69**

The Group's share of associated companies' profit and its share of assets and liabilities are as follows (MEUR):

Sirocco Wind Holding AB	2013	2012
Country of registration and currency	Sweden, EUR	Sweden, EUR
Assets	358.6	360.4
Liabilities	234.9	247.3
Income	32.5	3.1
Profit/loss after tax	3.9	2.0
Participating interest, %	50	50

Liabilities include only external liabilities, not shareholder loans to the owners.

NOT 11 • FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The most significant financial risks to which the Group is exposed include energy price risk, currency risk, interest rate risk, financing risk, capital risk and credit risk.

The overall goal of the Group's financial risk management is to identify and control the Group's financial risks. Risk management is centralised in the Parent Company's finance function. All financial risks that exist or arise in the Group's subsidiaries are managed by the central finance function.

Electricity price risk

The most significant risk and the risk that has the largest impact on the Group's profit or loss is the electricity price risk. This risk arises in cases in which prices for sold electricity have not been hedged, which means that changes in prices in the energy market have a direct impact on the Group's operating profit or loss. The purpose of the Group's price hedging strategy is to mitigate the risk of fluctuations in the Group's profit or loss through price hedging.

Electricity prices in the energy market fluctuate over time, and the Group strives to ensure that the price of delivered electricity is, at the time of delivery, hedged to some extent. In 2012, there was a review of the financial policy and a division was made between wind power projects to be built in the future, where the Company has its own resources to finance the equity portion (Portfolio A), and projects of finished and taken-over wind farms (Portfolio B).

Portfolio A *can* be hedged in a falling five-year limit to a maximum of 60 %. Hedging of price risk can, therefore, take place up to 5 years before the delivery of the same amount of electricity takes place. No lower limit has been established, as the Company has determined that it should not be forced to undertake a low level of, and unfavourable, hedging as regards this portfolio.

For portfolio B, hedging *must* be undertaken at a minimum of 30 % and a maximum of 75 %, where the lower time limit is 3 years and the upper limit is 10 years on a rolling basis. Price hedging is, at any moment in time, to be within a specified hedging channel, but a transitional period of 24 months (end of 2014) to transfer the hedges from portfolio A to portfolio B has been deemed reasonable. The remaining volume which is not hedged is sold at variable prices.

Prices can be hedged bilaterally, through physical delivery contracts with major consumers of electricity and financially by purchasing electricity derivatives on the Nordic power exchange (Nord Pool), from the bank (e.g. DNB), or through other counterparty trading in financial hedges (e.g. Axpo). Since 2013, price hedging has also taken place through the leasing out of wind farms.

If the price of electricity to be delivered is hedged before the production capacity concerned has become operational, a volume risk arises, that is, the risk of non-delivery or delays in the delivery. The same risk may also arise in cases in which production, due to weak winds or no wind and/or disruptions in production, falls below fixed delivery undertakings provided for in bilateral contracts. Consequently, additional electricity has to be purchased on Nord Pool at the prevailing market price, which may be higher than the selling price in the fixed delivery contract. The Group strives to hedge electricity prices from facilities that have yet to be put into operation; on the first hand, through bilateral contracts, which limits the volume risk; on the second hand, through financial hedging on Nord Pool, provided that this results in higher income. However, financial hedging of electricity prices from facilities that have yet to be put into operation is not to exceed 25 % of the planned annual output. The remaining portion, up to the target price hedging level, is hedged through bilateral contracts.

Price hedging through various types of financial derivatives must be performed in a manner meeting the requirements for hedge accounting according to IAS 39. Derivatives are reported at market value in the balance sheet and unrealised changes in value are recognised in the balance sheet and in the hedging reserve in equity. When the hedged position is recognised in the income statement, the result from the derivatives transaction is transferred from equity to the income statement to meet the result from the hedged position.

Price hedging via Nord Pool is generally undertaken in the Nordic price area, at the so-called system price, as compared with actual production and delivery, which are conducted in the areas in which the wind farms are actually located. In conjunction with price hedging on Nord Pool, the Group strives to ensure that the price area risk is also eliminated through trading in CFDs (Contracts For Difference).

Regarding issues related to electricity, the Group cooperates with Scandem which, in addition to providing assistance on energy trading and other electricity issues, also manages the Group's need for balancing energy. This need arises on occasions in which the actual physical delivery of electricity deviates from the forecasted delivery. The difference, positive or negative, is handled by Scandem as so-called balancing energy. Through the joint storage of electricity with Scandem's other customers, a lower balancing energy cost is generally achieved than if Arise itself had handled this.

Electricity certificate price risk

Electricity certificates differ from electricity prices, primarily because certificates can be saved and stored. The certificates are recognised in conjunction with the production of the corresponding electricity and are obtained physically from the Swedish Energy Agency in the month following the calendar month in which they are earned. This means that the physical delivery of electricity certificates must take place at a date later than both the earning date and certificate date. Electricity certificate price risk arises in cases where certificate sales are not hedged and changes in the certificate market will, thus, have a direct impact on the Group's operating profit.

Price hedges of certificates can only be made bilaterally through the subscription of physical supply contracts with large electricity users. The majority of the deliveries of the certificates are usually made in conjunction with the annual reconciliation in March that coincides with the annual declaration date for companies requiring certificates. The hedging period for one calendar year runs, therefore, from April to March. A certain proportion of certificates must be retained to build up a "contingency stock" of certificates, ensuring delivery in accordance with the hedging agreements in place until March of the following calendar year. Sales can only be made of certificates held beyond this "contingency stock". Since 2013, price hedging has also been carried out in the form of the leasing out of wind farms.

Even within the certificates market, prices vary over time and the Group's aim is for certificates to be price hedged according to the same principles as electricity, as described above. The remaining volume which is not hedged can be sold at the variable spot market price on SKM's (Swedish Kraftmäkling) marketplace. Since certificates can be stocked, there is a price risk in respect of the stock certificates that are not hedged and which are continuously sold, known as the "Spot stock".

Currency risk

The Group's currency risk exposure arises primarily in conjunction with the sale of electricity on the Nord Pool power market (transaction exposure), the purchase of wind turbines and the translation of balance sheet items in foreign currency (translation exposure). The majority of these transactions are made in EUR. Wind turbine investments in foreign currencies are hedged by entering into futures contracts at the time of the investment decision or by purchasing currency deposited on an account.

Transaction exposure

Currency exposure on sales arises when electricity is sold in EUR on Nord Pool or via a bank. Sales of electricity and electricity certificates and bilateral sales contracts signed directly with the end users of electrical energy are, however, normally denominated in SEK and, therefore, do not give rise to any currency exposure. If a bilateral agreement is signed in EUR, a foreign exchange risk exposure occurs.

The Company's policy is that the daily supply of electricity is not hedged. The reason for this is that the production varies with wind conditions on a day-to-day or hour-to-hour basis, and is, thus, difficult to predict. By contrast, the electricity that is hedged financially in EUR should also be price-hedged. Hedging can be undertaken as a monthly or quarterly hedged amount. The Company's policy is, therefore, that spot sales of electricity in EUR can neither be price hedged or currency hedged. Since the Company also has on-going payments in EUR for, among other things, service costs for turbine suppliers, a natural hedge of EUR flow can be achieved. Any excess liquidity in EUR shall continuously be sold.

The Group uses currency futures to manage currency risk exposure and applies hedge accounting for contracted future payment flows and the translation of financial assets and liabilities. Arise's net foreign currency flow refers almost exclusively to EUR. Exchange rate differences on operating liabilities are booked along with the investment. The result from currency futures held for hedging purposes is recognised in net sales. Exchange rate differences on financial liabilities and receivables are recognised in net financial income.

Translation exposure

Financial and other operations-related assets and liabilities in foreign currencies arise almost exclusively in conjunction with the purchase of wind turbines and other electrical installations, which are normally hedged using currency futures. Currency exposure arose in conjunction with the investment in the Jädraås project, as the reporting currency of the associated company is EUR. This exposure has been partly addressed as the new farms that have been built during 2013 were financed through bank loans in EUR. Other items are not significant and are not currency-hedged.

Interest rate risk

Interest rate risk is defined as the risk of a decrease in profit caused by a change in market interest rates. The Group's financial policy provides guidelines for fixed interest rates (duration). The objective of managing interest rate risk is to reduce the negative effects of market interest rate changes. The Group seeks a balance between cost-effective borrowing and risk exposure to counteract any a negative impact on earnings, in conjunction with a sudden, major change in interest rates. Hedging of interest rate periods occurs through interest rate swaps (and previously also through interest rate caps), which include portions of long-term borrowings, see Note 18.

Sensitivity Analysis

A change in any of the variables below has an impact on profit/loss before tax for 2013 (in MSEK) as follows:

Variable	Change	Impact on profit/loss before tax
Production	10%	+/- 17
Electricity price	10%	+/- 11
Electricity certificate price	10%	+/- 8
Interest expense	1 pp	+/- 11
Investment expense	10%	+/- 3
EUR/SEK investments	10%	+/- 2
EUR/SEK electricity prices	10%	+/- 7

Interest-bearing and non-interest-bearing financial assets and liabilities

	2013			2012		
	Interest-bearing		Non-interest bearing	Interest-bearing		Non-interest bearing
	Fixed rate	Variable rate		Fixed rate	Variable rate	
Current receivables	37		50			28
Non-current receivables	369		43	373		63
Blocked liquid assets		88			85	
Cash and cash equivalents		191			341	
Current liabilities		-107	-272		-107	-317
Non-current liabilities	-1,304	-306		-1,315	-268	
Total	**-898**	**-134**	**-179**	**-942**	**51**	**-226**

Capital risk

The Group's objective regarding the capital structure is to safeguard the ability to continue operations in order to provide returns for shareholders and benefits for other stakeholders, and to ensure that the capital structure is optimal with respect to the cost of capital. Examples of measures that the Group can take to adjust the capital structure include the issuance of new shares, the issuance of corporate bonds or the sale of assets. See also information about the dividend policy and the target equity/assets ratio on page 89. The Group's target equity/assets ratio is 25 %, whereas the outcome at 31 December 2013 was 37.7 % (35.9).

Financing risk

Financing risk is defined as the risk of being unable to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining financing. The Group's goal is to always have more than one lender who is willing to offer financing on market terms. The Group's policy states that liquidity amounting to MSEK 100 will always be available.

The Group's expansion plan calls for continued financing. Through new share issues, corporate bonds or other forms of capital injections, further loan financing is made possible, see Note 18.

Credit risk

Credit risk or counterparty risk is the risk of loss if counterparty fails to meet its obligations. The commercial credit risk includes customers' ability to pay and is handled by the central finance function through the careful monitoring of track records on payments and customers' financial reports, as well as through good communication. The Group's total credit risk is distributed across a small number of customers, which account for a relatively large share of the Group's accounts receivable. All customers have a high level of transparency, including the Nord Pool marketplace.

In periods during which the Company temporarily has excess liquidity, a certain portion of this liquidity may be invested in order to obtain a higher return. Excess liquidity may only be invested in assets with a low counterparty risk, approved by the Board of Directors. These are bank accounts (special savings, business or investment accounts), treasury bills or certificates if the counterparty has a credit rating of at least A3/A– from Moody's or Standard & Poor's credit ratings. Investments in complex financial products are not permitted even if they meet the credit rating criteria.

Fair value

In cases in which the fair value differs from the reported value, the fair value is disclosed in the associated note. All of the financial instruments valued at fair value belong to Level 2 in the fair value hierarchy. The different levels are defined as follows:

- Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1).
- Other observable data for the asset or liability than quoted prices included in Level 1, either directly (that is, as quoted prices) or indirectly (that is, derived from quoted prices) (Level 2).
- Data for the asset or liability which is not based on observable market data (that is, non-observable data) (Level 3).

Hedging reserve

The hedging reserve consists of interest, electricity and currency futures, as well as net investments in operations outside Sweden. According to the financial policy, a certain portion of the transaction exposure must be hedged through hedging of prices and exchange rates in future contracted payment flows using electricity and currency future contracts. Contracts have been concluded with maturities matching those of the underlying contracted orders and payment flows.

The table below presents the Group's outstanding derivative contracts as of 31 December.

	2013		2012	
Amounts in MSEK	**Reported value**	**Fair value**	**Reported value**	**Fair value**
Electricity futures	4	4	10	10
Currency futures, EUR/SEK	–	–	–	–
Currency futures, SEK/EUR	-1	-1	-1	-1
Interest rate swaps	-130	-130	-201	-201
Outstanding derivative contracts	**-126**	**-126**	**-192**	**-192**

The fair value is calculated on the basis of market-based quotations and generally accepted valuation techniques. Currency rate futures refer to sales and purchases of EUR for hedging of electricity sales and purchases of wind turbines respectively. For every position, there is a counter flow in SEK. The ineffective portion associated with cash flow hedges, reported in the income statement, constitutes a profit of MSEK 0 (1).

Electricity future contracts

The nominal amount of electricity futures outstanding totals MSEK 37 (74). The hedged, very probable forecasted transactions of electricity sales are expected to take place at varying points in time in the next three years. Gains and losses from electricity futures which are recognised in Other comprehensive income, and which are included in equity, are recognised in income statement in the period, or periods, in which the hedged transaction affects profit or loss.

Exchange rate future contracts

The nominal amount of exchange rate futures outstanding totals MSEK -9 (-16). The hedged, very probable forecasted transactions in foreign currencies are expected to take place at different points in time in the following two years. Gains and losses from exchange rate futures which are recognised in Other comprehensive income, and which are included in equity, are recognised in income statement in the period, or periods, in which the hedged transaction affects profit or loss.

Interest rate swaps and caps

The nominal amount of interest rate swaps and cap contracts outstanding totals MSEK 2,064 (2,371). The fixed interest rates fluctuate between 3.2 % and 7.1 % (3.2 and 7.1). The most significant variable interest rates are Stibor and Euribor. Gains and losses from interest rate swaps which are recognised in Other comprehensive income, and which are included in equity, are continuously transferred to financial expenses in the income statement, until the loans have been repaid.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

The tables below illustrate the classification of the financial instruments in the balance sheet in 2013 and 2012.

2013

Assets

	Derivatives valued at fair value	Loans and, accounts receivable	Total
Receivables from associated companies		369	369
Blocked cash		89	89
Current assets			
Receivables from associated companies		37	37
Accounts receivable		16	16
Other receivables	4	30	34
Cash and cash equivalents	-1	192	191
Total current assets	3	275	278
Total assets	**3**	**733**	**736**

Liabilities	Derivatives valued at fair value	Loans and accounts receivable	Total
Non-current interest-bearing liabilities		1,610	1,610
Current liabilities			
Current interest-bearing liabilities		107	107
Accounts payable		42	42
Other liabilities	130	100	230
Total current liabilities	130	249	379
Total liabilities	**130**	**1,859**	**1,989**

2012

Assets

	Derivatives valued at fair value	Loans receivable, and accounts receivable	Total
Receivables from associated companies		373	373
Blocked cash		86	86
Current assets			
Accounts receivable		6	6
Other receivables	4	18	22
Cash and cash equivalents	-1	342	341
Total current assets	3	366	369
Total assets	**3**	**826**	**828**

Liabilities	Derivatives valued at fair value	Other financial liabilities	Total
Non-current, interest-bearing liabilities		1,583	1,583
Current liabilities			
Current, interest-bearing liabilities		107	107
Accounts payable		26	26
Other liabilities	196	95	291
Total current liabilities	196	228	424
Total liabilities	**196**	**1,811**	**2,007**

Maturity structure of financial liabilities

The maturity structure of interest-bearing liabilities is presented in Note 18 Interest-bearing liabilities. Other financial liabilities, such as accounts payable, have contractual maturities of 1 – 60 days.

Capital management

Due to the decline in the price development for both electricity and electricity certificates, the Company has temporarily halted its expansion. However, the objective regarding the capital structure remains to secure the funds required to continue the expansion objectives stated in conjunction with the expanded business model introduced in autumn 2012, i.e. to have constructed and manage 1,000 MW by 2017, of which the Company will own 500 MW. As the Company and its operations are developed, the possibilities to improve the efficiency and diversification of the capital structure increase through various measures, such as issuance of shares, preference shares, corporate bonds, convertible instruments, disposal of wind turbines or farms, or other measures. The objective is to maintain an optimal capital structure in order to keep the cost of capital low, while at the same time maintaining the investment capacity required to secure the Company's expansion rate. Consequently, a trade-off needs to be made constantly between the cost of capital, financial risk, expected return and cash flow in the Company's investments. In the future, dividends and the possibility of repaying capital to shareholders will represent another possible method of adjusting the capital structure. The capital is assessed based on the equity/assets ratio, calculated as shareholders' equity divided by total assets. An equity/assets ratio exceeding 25 % is the target, and the equity/assets ratio as of 31 December 2013 amounted to 37.7 % (and as of 31 December 2012, to 35.9 %).

NOTE 12 • OTHER FINANCIAL FIXED ASSETS

	2013	2012
Deposited into blocked accounts	88	85
Other receivables	1	1
Total	**89**	**86**

NOTE 13 • INVENTORIES

	2013	2012
Electricity certificates	27	23
Total	**27**	**23**

Inventories are reported according to the principles described in Note 1.

NOTE 14 • OTHER CURRENT RECEIVABLES

	2013	2012
Derivatives	4	4
Current tax receivebles	3	2
Other receivables	27	16
Total	**34**	**22**

NOTE 15 • ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

	2013	2012
Accounts receivable	16	6
Provision for doubtful debts	–	–
Accounts receivable – net	16	6
Receivables from related parties (Note 22)	406	373
Other receivables (Note 12)	1	1
Other receivables (Note 14)	34	22
Less non-current portion	-369	-374
Current portion	**88**	**28**

As of the balance sheet date, MSEK 2 (1) referred to accounts receivable which were overdue but for which no impairment requirement was deemed to exist. Of this amount, MSEK 2 (-) remains unpaid due to a dispute between one of Arise's sub-contractors and its customers. The amount is secured with collateral in the form of credit insurance, for which reason no provision has been made. A maturity analysis of these receivables is provided below.

	2013	2012
Within 3 months	16	6
3–6 months	–	–
Total	**16**	**6**

NOTE 16 • PREPAID EXPENSES AND ACCRUED INCOME

	2013	2012
Accrued electricity and certificate income	28	29
Accrued interest income, associated companies	24	23
Other prepaid expenses	7	10
Total	**59**	**62**

NOTE 17 • SHARE CAPITAL

Number of registered shares in the Parent Company	2013	2012
Issued as of 1 January	33,428,070	33,428,070
New share issue	-	-
Issued as of 31 December	**33,428,070**	**33,428,070**

All shares have been fully paid. All shares entitle an equal right to the assets and profits of the Company. The shares' quotient value is SEK 0.08.

Warrants

Scope

In 2008, 2011 and 2013, warrants were issued for shares in Arise AB directed towards employees and external stakeholders, such as landowners and advisers.

	Employees	External stakeholders	Total
Warrants 2008, not exercised	–	192,500	
Warrants 2011	300,000	–	
Warrants 2013	6,000	–	
Entitle to subscribe for number of shares	**306,000**	**962,500**	**1,268,500**

Valuation

There are three different series of outstanding warrant programmes. The purchase price of the share warrants to employees (series 6 and 7) was based on the estimated market price at the time of each subscription by applying the Black & Scholes valuation model. Warrants to external stakeholders (series 5) have been allocated free of charge. Upon issuance, the warrants were valued using the Black & Scholes model and have been reported as part of the acquisition cost of the project portfolio.

	SERIES 5	SERIES 6	SERIES 7	TOTAL
Warrants 2008, not exercised	192,500	–	–	192,500
Warrants 2011	–	300,000	–	300,000
Warrants 2013	–	–	6,000	6,000
Entitle to subscribe for number of shares	962,500	300,000	6,000	1,268,500
Subscription price (SEK)	45	55	30	

Terms and conditions of subscription

A warrant entitles the holder to, in specified periods, subscribe for one or five shares in Arise AB at an issue price specified in the table above.

- The subscription period for series 5 is 1 Feb – 28 Feb each year from 2009 to 2015
- The subscription period for series 6 is 3 Mar – 15 Mar in 2014. No subscription of shares has been made during the subscription period.
- The subscription period for series 7 is 29 Feb – 11 Mar during year 2016

Exercise of warrants in series 5 is conditional upon the fulfilment of certain conditions regarding contracts, permits and construction of wind turbines.

Dilution

Assuming a full exercise of the allotted warrants, the dilution effect would amount to 2.8 % for both share capital and votes. According to management's assessment, the above conditions in series 5 would result in the exercise of warrants equivalent to no more than 536,000 shares, representing a dilution of 1.6 %.

NOTE 18 • INTEREST-BEARING LIABILITIES

The Group has signed credit agreements with banks, and the agreements include so-called negative clauses which provide the lender with the right to cancel the loans as a result of changes in Arise´s financial KPIs. These clauses, called covenants, reflect the requirements typical of the industry regarding solvency, a specified required relationship between earnings and interest paid, plus amortisation and specific provisions to be made into into a so-called debt reserve account. No covenants have been breached during the year.

The Group's credit lines totalled MSEK 2,036 (1,808) as of 31 December 2013, and are primarily used to fund the operations in the form of bank and bond loans. Interest payments are hedged through interest rate swaps (and previously also interest rate caps). At present, a number of contracts with an average fixed interest rate term of 3.1 (4.1) years are in place. The financing cost is based on the agreed fixed interest rate and agreed margin. The Group's average effective interest rate during the year amounted to 5.4 % (4.8).

Interest-bearing liabilities	2013	2012
Non-current portion	1,717	1,690
Current portion	-107	-107
Summa	**1,610**	**1,583**

Fair value of liabilities

The reported amounts and fair values of long-term borrowings are as follows:

	Reported value		Fair value	
	2013	2012	2013	2012
Bank loans	1,330	1,298	1,328	1,298
Bond loan	350	350	350	350
Financial leasing liabilities	37	42	37	42
Total	**1,717**	**1,690**	**1,715**	**1,690**

The fair values of short-term borrowings correspond to their reported values, as the discount effect is insignificant. The fair value is based on discounted cash flows incurring an interest rate base on the loan interest of between 3.0 % and 6.0 % (2012: 3.0 % – 6.0 %), implying Level 2 in the fair value hierarchy.

Maturity of the Group's financial liabilities, including estimated interest payments

Amounts in MSEK	Within 3 Months	3 Months –1 year	2–3 years	4–5 years	After 5 years	Total contracted cash flow
Bank loans*	37	146	740	181	336	1,440
Bond loan	12	13	361			386
Financial leasing liabilities	2	7	13	13	2	37
Accounts payable	42					42
Interest rate futures*						
Currency futures	9					9
Total	**102**	**166**	**1,114**	**194**	**338**	**1,914**

* When calculating the interest payments on bank loans, the effect of interest rate futures have been taken into account in determining the interest rate, based on circumstances at year-end.

The bond loan is listed on the Nasdaq OMX Stockholm and has a nominal value of MSEK 350. The loan incurs a variable interest of STIBOR (3 months) + 5.00 % and matures in March 2015.

Currency futures refer to the sales and the purchases of EUR to hedge electricity sales and purchases of wind turbines. There is a counter-flow in SEK for each position.

NOTE 19 • PROVISIONS

This item relates to a provision for restoration costs for wind turbines in operation.

NOTE 20 • ACCRUED EXPENSES AND DEFERRED INCOME

	2013	2012
Accrued financial costs	9	8
Accrued personnel-related expenses	17	11
Other accrued expenses	16	9
Total	**42**	**28**

NOTE 21 • PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	2013	2012
Pledged shares in subsidiaries	608	666
Collateral transfer of wind turbines, leases and operating agreements	2,055	1,954
Financial lease agreements	35	43
Total	**2,698**	**2,663**
Contingent liabilities	None	None

The Company has signed a framework agreement for the purchase of wind turbines containing a clause on cancellation fees under certain circumstances. Based on current purchasing plans and forecasts and according to management's assessment, no fees will be paid. For further information, please refer to Note 9.

NOTE 22 • RELATED-PARTY TRANSACTIONS

Arise AB owns Sirocco Wind Holding AB to 50 %, together with Sydvästanvind AB (50 %), which, in turn, is controlled by the British company, Platina Partners LLP.

Sirocco Wind Holding AB owns 100 % of the holding company, JVAB Holding AB, which, in turn, owns 100 % of Jädraås Vindkraft AB. Sirocco Wind Holding AB also owns 100 % of the holding company, HKAB Holding AB, which, in turn, owns 100 % of Hällåsen Kraft AB. Together, this group of companies form what has been called the "Jädraås project", of 66 wind turbines totalling 203 MW in Jädraås, outside of Gävle.

The following transactions with related parties have taken place	2013	2012
Project management and administrative services	4	19
Development fees	41	13
Total	**45**	32

Sales of project management and administrative services have been made at agreed fixed prices, based on market terms. No purchases of goods and services have been made.

Loans to related parties	2013	2012
Loans to associated companies:		
At the beginning of the year	373	285
Interest accrued from previous years	23	–
Exchange rate differences	11	-13
Loans paid out during the year	–	101
At year-end	**406**	**373**
Of which non-current portion:	369	373
Of which current portion	37	–

Non-current receivables from related parties in the form of shareholder loans to companies in the Sirocco Group have no maturity date. The fair value of these loans is based on discounted cash flows at a rate of approximately 6 %. The discount rate is equivalent to Euribor plus the applicable additional percentage from the credit assessment based on market value. Interest accrued on the balance sheet date amounted to MSEK 24 (23), which has been reported in net profit/loss for the year.

For remuneration to senior executives, see Note 4.

There are no assets or liabilities at year-end to report as a result of the sale and purchase of goods and services.

NOTE 23 • EVENTS AFTER THE BALANCE SHEET DATE

The first wind power turbines in the Bohult wind farm have been commissioned at the end of January. The farm consists of eight GE turbines, each with an output of 1.6 MW. Full production is expected to be reached during the month of May.

In January, another three wind farms (Oxhult, Kåphult and Råbelöv, totalling 51.5 MW) were leased out in their entirety for a period of one year.

Employees in Arise have been offered a three-year warrant programme with synthetic warrants and, of a total of 278,000 warrants, 235,000 have been subscribed for. The total cost attributable to the offered programme is estimated to amount to a maximum of approximately MSEK 9.4, based on a maximum payment of SEK 40 per warrant. As the warrants are synthetic and no shares are issued, the programme does not imply any dilution effect. Of these warrants, 140,000 have been issued to senior executives, with a maximum cost of MSEK 5.6. This programme is subject to the approval of the Annual General Meeting in May 2014.

Parent company income statement

Amounts in MSEK	NOTE	2013	2012
Sales of electricity and electricity certificates		187	190
Leasing of wind farms		32	–
Sales of services, own employees		13	20
Development fees		43	13
Other operating income		35	12
Total income	**2**	**310**	**236**
Capitalised work on own account		7	13
Purchases of electricity and electricity certificates		-211	-221
Rental of wind power facilities		-32	–
Personnel costs	3	-35	-30
Other external expenses	4	-48	-25
Operating profit before depreciation (EBITDA)		**-9**	**-27**
Depreciation of property, plant and equipment	7	-2	-28
Operating profit (EBIT)		**-12**	**-55**
Financial income	5	48	23
Financial expenses	5	-29	-38
Profit/loss after financial items		**7**	**-70**
Group contributions		-5	-1
Profit/loss before tax		**2**	**-71**
Income tax	6	-1	14
Net profit/loss for the year and comprehensive income		**1**	**-57**

Parent company balance sheet

Amounts in MSEK	NOTE	2013	2012
ASSETS			
Fixed assets			
Property, plant and equipment	7	90	80
Shares in subsidiaries	8	115	292
Receivables from Group companies		302	475
Participations in associated companies	9	89	89
Receivables from associated companies	9	372	372
Deferred tax assets	6	30	31
Other financial fixed assets	10	10	10
Total fixed assets		**1,008**	**1,348**
Current assets			
Inventories	11	16	16
Receivables from Group companies		476	70
Receivables from associated companies		34	–
Accounts receivable		19	0
Other current receivables		21	8
Prepaid expenses and accrued income	12	44	43
Cash and cash equivalents		85	242
Total current assets		**695**	**380**
TOTAL ASSETS		**1,703**	**1,728**
EQUITY			
Restricted equity			
Share capital		3	3
Statutory reserve		0	0
Non-restricted equity			
Share premium reserve		1,367	1,367
Accumulated deficit		-102	-46
Net profit/loss for the year		1	-57
Total equity		**1,269**	**1,267**
Non-current liabilities			
Bond issues		350	350
Total non-current liabilities		**350**	**350**
Current liabilities			
Liabilities to Group companies		-	86
Accounts payable		44	6
Other liabilities		19	4
Accrued expenses and deferred income	13	21	14
Total current liabilities		**84**	**110**
TOTAL EQUITY AND LIABILITIES		**1,703**	**1,728**
Pledged assets	15	98	259
Contingent liabilities	15	None	None

Parent company cash flow statement

Amounts in MSEK	NOTE	2013	2012
Operating activities			
Operating profit (EBIT)		-12	-55
Adjustment for non-cash items	14	-3	12
Tax paid		0	0
Cash flow from operating activities before changes in working capital		**-15**	**-43**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in inventories		0	-7
Increase (–)/decrease (+) in operating assets		-32	-61
Increase (+)/decrease (–) in operating liabilities		17	57
Cash flow from operating activities		**-30**	**-54**
Investing activities			
Investments in/sales of property, plant and equipment		-13	4
Government grants		-	8
Investments in subsidiaries		-57	-67
Investments in associated companies		0	0
Investments in other financial fixed assets		-34	-73
Cash flow from investing activities		**-104**	**-128**
Financing activities			
Bond issues		-	350
Interest paid		-25	-24
Interest received		1	4
Deposits, blocked accounts		0	-1
New share issues		0	-
Cash flow from financing activities		**-24**	**329**
Cash flow for the year		**-158**	**146**
Cash and cash equivalents at beginning of year		242	96
Cash and cash equivalents at year-end		85	242

Statement of changes in equity for the parent company

Belopp i mkr	Share capital	Statutory reserve	Share premium reserve	Accumulated losses	Total equity
Opening balance as of 1 Jan 2012	**3**	**0**	**1,368**	**-46**	**1,326**
Net profit/loss for the year and comprehensive income				-57	-57
Acquisition of own shares			-1		-1
Closing balance as of 31 Dec 2013	**3**	**0**	**1,367**	**-103**	**1,267**
Opening balance as of 1 Jan 2012	**3**	**0**	**1,367**	**-103**	**1,267**
Net profit/loss for the year and comprehensive income				1	1
Subscription warrants			0		–
Closing balance as of 31 Dec 2013	**3**	**0**	**1,367**	**-102**	**1,269**

Notes to the parent company's financial statements

NOTE 1 • ACCOUNTING PRINCIPLES

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, and the applicable pronouncements from the Swedish Financial Reporting Board. RFR 2 implies that, in its preparation of the annual accounts for the legal entity, the Parent Company applies all of the IFRS and interpretive statements approved by the EU, as far as possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, giving due consideration to the relationship between accounting and taxation. For the most part, the Parent Company applies the same principles as those outlined regarding the Group. The Parent Company applies the exemption rule in respect of IAS 39, implying that financial instruments are valued at acquisition cost. Other differences between the accounting principles of the Group and the Parent Company are described below.

Income

Income is reported in the income statement when the significant risks and benefits associated with the object of the sale have been transferred to the purchaser. Income is not reported if it is probable that the financial benefits will not accrue to the Parent Company. Income is reported at the fair value of the amount received, or expected to be received, after deductions for discounts.

Income arising from the sale of generated electricity is reported in the period in which delivery was made at the spot price, forward price or other agreed price. Income arising from electricity certificates is reported at the current spot price, forward price or other agreed price for the period in which the electricity certificate was earned, corresponding to the period in which the electricity was produced. Also included in income is income from leased production facilities. Earned electricity certificates are reported under inventories in the balance sheet when they are registered in the Energy Agency's account, and as accrued income for any periods during which they have been earned but not yet registered.

Income from accrued planning expenses and construction in progress which is charged to Wind Farm companies is reported net in the income statement.

Taxes

Tax legislation permits allocation to special reserves and funds which are reported separately in the Parent Company. This allows companies to appropriate and retain reported profits in the business, within certain limits, rather than being taxed immediately. The untaxed reserves are subject to taxation first when they are utilised. However, in the event that the business reports a loss, the untaxed reserves can be appropriated to cover the loss without being subject to tax.

Group contributions and shareholders' contributions

Group contributions and shareholders' contributions are recognised in accordance with RFR 2. Group contributions are reported as appropriations in the income statement and the tax effect, in accordance with IAS 12, is also reported in the income statement. Shareholders' contributions are reported as an increase in participations in subsidiaries.

NOTE 2 • NET SALES

Net sales are comprised of development fees, consulting costs invoiced internally within the Group, sales of generated electricity and electricity certificates, income from electricity sold but not yet generated, and the realisation of electricity and currency derivatives attributable to hedged production, as well as income from leased out production facilities. Results of financial derivatives are reported net at MSEK 7 (12).

NOTE 3 • PERSONNEL

For personnel information - see Note 4 of the consolidated financial statements.

NOTE 4 • AUDITING FEES

	2013	2012
Öhrlings PricewaterhouseCoopers		
Audit assignment	0.6	0.6
Audit activities other than the audit assignment	0.3	0.4
Tax consultancy	0.1	0.3
Other services	0.4	0.4
Total	**1.4**	**1.7**

NOTE 5 • FINANCIAL INCOME AND EXPENSES

	2013	2012
Dividends from subsidiaries	198	–
Impairment of shares in subsidiaries	-198	–
Interest income	37	23
Exchange gains	11	–
Total financial income	**48**	**23**
Interest expenses	-29	-24
Exchange losses	–	-14
Total financial expenses	**-29**	**-38**

NOTE 6 • TAXES

Tax on profit for the year	2013	2012
Deferred tax	-1	14
Reported tax	**-1**	**14**
Deferred tax		
Attributable to unutilised loss carry-forwards	30	31
Total recognised deferred tax	**30**	**31**
Change in deferred tax		
Opening value, net	31	17
Reported deferred tax on profit for the year	-1	14
Closing value, net	**30**	**31**

NOTE 7 • PROPERTY, PLANT AND EQUIPMENT

	Buildings and land [1]		Equipment, tools, fixtures and fittings		Advance payments and construction in progress [2]		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Opening acquisition cost	3	3	18	15	93	107	114	125
Purchases/investments	-	-	0	3	14	47	14	50
Sales/disposals			-	-	-2	-61	-2	-61
Closing acquisition cost	**3**	**3**	**18**	**18**	**105**	**93**	**126**	**114**
Opening accumulated depreciation and impairment	0	0	-10	-6	-24	-	-34	-6
Depreciation for the year	0	0	-3	-4	1	-24	-3	-28
Sales/disposals	-	-	0	0	-	-	0	0
Closing accumulated depreciation and impairment	**0**	**0**	**-13**	**-10**	**-23**	**-24**	**-36**	**-34**
Closing residual value according to plan	**3**	**3**	**5**	**8**	**81**	**69**	**90**	**80**

[1] Land and buildings includes land with a book value of MSEK 1 (1). The tax assessment value of the Parent Company's properties is MSEK 2 (2), of which MSEK 1 (1) represents the tax assessment value of land.

[2] Constructions in progress include advance payments regarding property, plant and equipment of MSEK 0 (19).

The framework agreement signed previously with GE Energy has been replaced by a new framework agreement resulting in a contractual commitment to purchase a certain number of wind turbines during 2014. If these commitments are not met, the Company can become liable for costs of up to MSEK 21 (21) in 2014. The Company intends to enter into new agreements with suppliers on a regular basis for the continued expansion to take place between the present day up to and including 2017.

NOTE 8 • SHARES IN SUBSIDIARIES

	2013	2012
Opening book value	292	700
Investments in subsidiaries	21	–
Impairment of shares	-198	–
Intra-Group transfers of subsidiaries	–	-408
Closing book value	**115**	**292**

PARENT COMPANY'S HOLDINGS

Name	Corporate Identity Number	Registered offices	Number of shares	Participating interest, %	Book value of holding	Equity
Arise Elnät AB	556747-2641	Halmstad	1,000	100	3	3
Arise Service AB	556756-2730	Halmstad	1,000	100	4	4
Arise Kran AB	556758-8966	Halmstad	1,000	100	7	7
Arise JV AB	556758-8891	Halmstad	1,000	100	3	0
Arise Wind Farm 2 AB	556758-9113	Halmstad	1,000	100	98	158
Arise Wind Farm 9 AB	556833-5813	Halmstad	500	100	0	0
Arise Wind HoldCo 1 AB	556869-2114	Halmstad	500	100	0	0
Arise Wind HoldCo 2 AB	556867-9913	Halmstad	500	100	0	0
Arise Wind HoldCo 3 AB	556867-9798	Halmstad	500	100	0	0
Arise Wind HoldCo 4 AB	556868-0069	Halmstad	500	100	0	0
Arise Wind HoldCo 5 AB	556867-9764	Halmstad	500	100	0	0
Arise Wind HoldCo 6 AB	556868-0051	Halmstad	500	100	0	0
Arise Wind HoldCo 7 AB	556867-9756	Halmstad	500	100	0	0
Arise Wind HoldCo 8 AB	556868-0010	Halmstad	500	100	0	0
Arise Wind HoldCo 9 AB	556758-8909	Halmstad	1,000	100	0	0
Total					**115**	**172**

NOTE 9 • PARTICIPATIONS IN ASSOCIATED COMPANIES

	2013	2012
Opening book value	89	–
Investments in associated companies	0	89
Closing book value	**89**	**89**

PARENT COMPANY'S HOLDINGS

Name	Corporate Identity Number	Registered offices	Number of shares	Participating interest, %	Book value of holding	Equity
Sirocco Wind Holding AB	556864-8058	Stockholm	6 000	50	89	83
– JVAB Holding AB	556864-2069	Stockholm	50 000	100	–	–
– Jädraås Vindkraft AB	556733-6481	Stockholm	1 000	100	–	–
– HKAB Holding AB	556864-2051	Stockholm	50 000	100	–	–
– Hällåsen Kraft AB	556864-2077	Stockholm	50 000	100	–	–
Total					**89**	**83**

All companies listed under Sirocco Wind Holding AB are wholly-owned by this company.

NOTE 10 • OTHER FINANCIAL FIXED ASSETS

	2013	2012
Blocked liquid assets	9	9
Other shares and participations	1	1
Closing book value	**10**	**10**

NOTE 11 • INVENTORIES

	2013	2012
Electricity certificates	16	16
Total	**16**	**16**

Inventories are reported according to the Group's accounting principles as described in Note 1.

NOTE 12 • PREPAID EXPENSES AND ACCRUED INCOME

	2013	2012
Accrued electricity and certificate income	15	13
Accrued interest income	24	23
Prepaid expenses	5	7
Total	**44**	**43**

NOTE 13 • ACCRUED EXPENSES AND DEFERRED INCOME

	2013	2012
Accrued personnel-related expenses	11	7
Accrued interest expenses	6	6
Other accrued expenses	4	1
Total	**21**	**14**

NOTE 14 • ADDITIONAL DISCLOSURES REGARDING CASH FLOW STATEMENT

Cash and cash equivalents are comprised of cash and bank balances.

Adjustment for non-cash items	2013	2012
Depreciation and impairment of property, plant and equipment	2	28
Exchange rate differences in foreign investment	–	-13
Repurchase of own shares	–	-2
Group contributions	-5	-1
Total	**-3**	**12**

NOTE 15 • PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	2013	2012
Shares in subsidiaries	98	259
Total	**98**	**259**
Contingent liabilities	–	–

The Company has signed a framework agreement for the purchase of wind turbines, which contains a clause covering cancellation fees under certain circumstances. Based on current purchasing plans and forecasts, management's assessment is that no fee will be paid. See Note 7.

NOTE 16 • RELATED-PARTY TRANSACTIONS

The following transactions with related parties have taken place during the year:

	2013	2012
Sales of goods and services to subsidiaries	43	77
Purchases of goods and services from subsidiaries	233	249
Transactions with other senior executives	–	–

The Parent Company's transfer of projects and charging of services to its subsidiaries amounted to MSEK 43 (77). Services sold refer primarily to consulting fees relating to permits and planning work and invoiced administrative expenses. The Parent Company's purchases of goods and services from subsidiaries amounted to MSEK 233 (249) and consist of electricity and electricity certificates, and the purchase of various consulting services.

No Board member or senior executive has been engaged, either directly or indirectly, in any business transactions between themselves and the Company which is, or was, unusual in character with respect to the terms and conditions applying. Remuneration to Board members and senior executives is presented in Note 4 to the consolidated financial statements.

For information regarding related-party transactions with the Sirocco Group, see Note 22 for the Group.

THE INCOME STATEMENTS AND BALANCE SHEETS WILL BE PRESENTED FOR ADOPTION AT THE ANNUAL GENERAL MEETING ON 6 MAY 2014.

The Board of Directors and Chief Executive Officer hereby certify that the annual accounts have been prepared in compliance with the Annual Accounts Act and RFR 1 and give a true and fair view of the Company's financial position and results, and that the Director's Report gives a true and fair view of the development of the Company's business, financial position and results, and describes significant risks and factors of uncertainty faced by the Company. The Board of Directors and Chief Executive Officer hereby certify that the consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and give a true and fair view of the Group's financial position and results, and that the Director's report for the Group gives a true and fair view of the Group's financial position and results and describes the significant risks and factors of uncertainty faced by the companies included in the Group.

Halmstad, 27 March 2014

Pehr G Gyllenhammar
Chairman

Birger von Hall
Board Member

Joachim Gahm
Board Member

Peter Nygren
Board Member and Chief Executive Officer

Maud Olofsson
Board Member

Our audit report was submitted on 27 March 2014
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

Auditor's report

To the Annual General Meeting of the shareholders in Arise AB (publ)
Corporate Identity Number 556274-6726

Report on the annual accounts and consolidated financial statements
We have audited the annual accounts and consolidated financial statements of Arise AB for the year 2013. The Company's annual accounts and the consolidated financial statements are included in the printed version of this document on pages 37–82.

Responsibilities of the Board of Directors and the CEO for the annual accounts and the consolidated financial statements
The Board of Directors and the CEO are responsible for the preparation and fair presentation of annual accounts in accordance with the Annual Accounts Act and for the preparation and fair presentation of consolidated financial statements in accordance with international accounting standards, IFRS, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
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 31 December 2013 and of its financial performance and cash flows for the year then ended, in accordance with the Annual Accounts Act, and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2013 and of its financial performance and cash flows for the year then ended, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual general meeting adopt the income statements and the balance sheets for the parent company and for the Group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated financial statements, we have also examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Arise AB for the year 2013.

Responsibilities of the Board of Directors and the CEO
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 CEO are responsible for administration under the Swedish Companies Act.

Auditor's responsibility

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

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

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinion

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

Gothenburg, 27 March 2014
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

Corporate governance report

Corporate Governance Report for the Group

Arise AB (publ) is a Swedish public limited liability company which is quoted on Nasdaq OMX Stockholm. Arise therefore applies the Swedish Code of Corporate Governance (the "Code"). This corporate governance report has been established in accordance with the provisions included in the Code, Chapter 6, Sections 6 – 9 of the Swedish Annual Accounts Act and Chapter 9, Section 31 of the Swedish Companies Act and refers to the financial year 2013. Arise's Articles of Association and other information regarding corporate governance in Arise is available on our website, www.arise.se.

Application of the Code

Corporate Governance in Arise complies with the Code and is, therefore, based on the principles stated in applicable legislation, listing agreements, guidelines and good practice. One noted deviation from the Code is that the Chairman of the Board has served as the Chairman of the Nomination Committee. The reason for this deviation is based on the Chairman's experience of similar assignments, as well as his other merits. The other deviation is that the Audit Committee is to be comprised of at least three Board members and according to point 7.3 of the Code while Arise's Audit Committee is comprised of two Board members. The reason for this is that the Nomination Committee and the Board have determined that the Audit Committee functions effectively with two Members. Other deviations from the Code are reported in the relevant sections of this Corporate Governance Report. In 2013, the Company did not contravene any regulations applied in the regulated market on which the Company's shares are quoted for trade, nor did it, in any other manner, breach good practice on the securities market.

Shareholders

According to Euroclear Sweden AB's shareholder register, Arise had approximately 3,158 shareholders on 31 December 2013. The Company has one shareholder with a direct or indirect participation representing more than 10 % of the votes, which is Johan Claesson with companies. Further information on major shareholders is also provided on Arise's website, www.arise.se.

Shares

The share capital in Arise as per 31 December 2013 amounted to SEK 2,674,245.60, distributed between 33,428,070 shares. All shares are of the same type and thus entitle the holder to the same rights to the Company's assets, profits and dividends.

Annual General Meeting

Arise's highest decision-making body is the Annual General Meeting of shareholders. Notice of the Annual General Meeting, or an extraordinary general meeting in which issues concerning changes in the Articles of Association are discussed, is given no earlier than six weeks and no later than four weeks before the meeting. All shareholders who are listed in the shareholder register, and who have announced their intention to participate before the registration period has elapsed, have the right to take part and vote in the meeting. The number of votes a shareholder is entitled to is not restricted. The shareholders who are unable to attend the meeting in person may be represented by proxies. The Company does not apply special arrangements with regard to the function of the Annual General Meeting, neither on the basis of regulations in the Articles of Association nor, to the extent they are known to the Company, shareholder agreements. Furthermore, the Articles of Association do not include specific regulations relating to changes in the Articles of Association. The most recent Annual General Meeting took place on 2 May 2013 in Halmstad. The Annual General Meeting resolved on a change to the Company's business name, on the issuance of subscription warrants, and authorised the Board to decide on the issuance and divestment of the Company's own shares. The minutes from the Annual General Meeting are available on Arise's website. The next Annual General Meeting will be held on 6 May 2014 in Halmstad. Shareholders wishing to add items to the agenda at the Annual General Meeting may send a written request to Arise AB (publ), Att: Chairman of the Board, Box 808, 301 18 Halmstad. The Board of Directors must receive such requests no later than seven weeks before the meeting, or at least in sufficient time so that the issue can be, if required, included in the notice of the meeting.

Nomination Committee

The Annual General Meeting on 22 May 2013 resolved to establish procedures for the appointment of a Nomination Committee prior to the next elections and for determinations of remuneration. According to the resolution, the Nomination Committee is to comprise five regular members, appointed by the Annual General Meeting 2013. The Nomination Committee prior to the Annual General Meeting 2014 consisted of Bengt Hellström (Third Swedish National Pension Fund), Joachim Gahm (founders, including family and companies (L Energy Holding & Ny Holding AB etc.)), Albert Hæggström (Länsförsäkringar), Peter van Berlekom (Nordea Fonder) and the Chairman of the Board of Directors, Pehr G Gyllenhammar. The majority of the Nomination Committee's members are independent in relation to the Company and management. No remuneration has been paid to the members of the Board for work in the Nomination Committee.

According to the Code, the Nomination Committee's duties include preparatory work on issues regarding appointments and remuneration prior to the following Annual General Meeting. Prior to the Annual General Meeting on 6 May 2014, the Nomination Committee has proposed the re-election of the members Joachim Gahm, Peter Nygren and Maud Olofsson, and the election of the new members Jon Brandsar and Peter Gyllenhammar. Furthermore, the Nomination Committee has proposed that Joachim Gahm be appointed the new Chairman of the Board. The Nomination Committee will present a description of their activities at the Annual General Meeting on 6 May 2014. Shareholders wishing to submit proposals to the Nomination Committee are requested to contact the Chairman of the Nomination Committee: Arise AB (publ), Att: Chairman of the Nomination Committee, Box 808, 301 18 Halmstad.

THE BOARD OF DIRECTORS

General information

The Board of Directors is responsible for the management of the Company, as well as its affairs and organisation. In accordance with the Articles of Association, the Board of Directors shall comprise at least three and no more than nine Board members. The Articles of Association do not include any specific regulations regarding the appointment or the dismissal of Board members. At the most recent Annual General Meeting, held on 2 May 2013, a Board was elected consisting of the members Pehr G Gyllenhammar (Chairman), Birger von Hall, Joachim Gahm, Maud Olofsson, and CEO Peter Nygren. No deputy Board members were appointed.

In accordance with the formal work plan for the Board of Directors, the Board is to hold at least six scheduled meetings between each Annual General Meeting. In the financial year 2013, the Board held nine meetings. Minutes were kept for each of them. The attendance at the meetings by the members is presented in the table below. During the financial year 2014, three meetings have taken place so far.

Descriptions of the members of the Board of Directors, including information on their other directorships, independence and relevant holdings of shares and warrants are provided on page 91. Remuneration and other benefits to the Board of Directors are described in Note 4, on page 58.

All members of the Board, appointed by a general meeting, have been independent in relation to the Company and the management (see also page 91), with the exception of Peter Nygren. All members of the Board are independent in relation to major shareholders. More information on the Board of Directors is provided on Arise's website, www.arise.se.

Attendance of the members of the Board 2013

	Meetings	Present	Attendance %
Pehr G Gyllenhammar, Chairman	9	8	89
Birger von Hall	9	9	100
Joachim Gahm	9	9	100
Peter Nygren	9	9	100
Maud Olofsson	9	9	100
Jon Brandsar	3	3	100

The work of the Board

The meetings of the Board of Directors are preferably to be held by physical attendance at Arise's head office. Additional meetings can, however, be conducted over the telephone. In 2013, many of the Board meetings took the form of a conference call for practical reasons. The Chairman of the Board leads and organises the work of the Board. Lawyer Jonas Frii has served as the Board's secretary.

Prior to each meeting, a proposed agenda is sent out, along with the documents which are to be addressed in the meeting. The proposed agenda is prepared by the CEO in consultation with the Chairman. Issues presented to the Board are for information, discussion or decision. Decisions are taken after discussions and after all members of the Board attending the meeting have had the opportunity to express their opinions. The Board's broad experience in various areas often results in a constructive and open discussion. During the year, no member of the Board expressed a reservation against any issue regarding which decisions were taken. Objections are recorded in the minutes. Open questions are followed up on a continuous basis. The Board has not established a division of responsibilities among its members, other than that which is provided in the rules for the Board and its committees. The formal work plan for the Board, which is to be reviewed on an annual basis, regulates the division of duties among the Chairman, the Board and its committees. The formal work plan stipulates, for example, the obligatory issues to be addressed at every regular meeting. The Board reviews its own work via an internal evaluation conducted under the leadership of the Chairman, covering the work of the Board as well as each of its members. The results of the evaluation have been made available to the Nomination Committee. The Board has also evaluated the work of the CEO.

Remuneration Committee

Up to the Annual General Meeting 2014, the Remuneration Committee comprises the Board members Maud Olofsson (Chairman), Birger von Hall and Joachim Gahm. The CEO normally submits matters to the Remuneration Committee, with the exception of issues dealing with his own salary or benefits. The Remuneration Committee convened three times during 2013. All members participated in all meetings. The Committee presents issues regarding remuneration and other terms of employment to the CEO and other senior executives, as well as issues regarding any variable remuneration programmes or share warrant programmes within the Group. All members of the Committee are independent in relation to Arise and its senior executives. The Committee's work is based on the decisions taken at the most recent Annual General Meeting, regarding the guidelines for remuneration to senior executives.

Audit Committee

Up to the Annual General Meeting 2014, the Audit Committee consists of the members of the Board, Birger von Hall (chairman) and Joachim Gahm. Issues addressed by the Committee are presented by the Company's CFO, Thomas Johansson. The Audit Committee held six meetings in 2013 and each meeting was attended by all members. The Audit Committee addresses matters concerning, for example, financial reporting, risks, governing documents, KPIs, accounting rules and internal control. The Audit Committee also maintains an on-going dialogue with the auditor. In addition, a specially established finance committee has prepared certain issues concerning the raising of capital and acquisitions.

Group management

Arise's Group management and the Group management's holdings of shares and warrants are described on page 92.

Appointment of auditors

At the Annual General Meeting 2013, Öhrlings PricewaterhouseCoopers AB was appointed as the auditor, with Authorised Public Accountant, Bror Frid, as Auditor-in-Charge for the period up to the next Annual General Meeting.

Internal control

The goal for the internal financial control in Arise is to establish an effective decision-making process in which requirements, objectives and limits are clearly defined. The Company and the management apply the internal control system to monitor the operations and the Group's financial position.

Control environment

The control environment forms the basis for internal control. Arise's control environment comprises, for example, sound core values, integrity, competence, leadership philosophy, organisational structure, responsibility and authorities. Arise's internal work plans, instructions, policies, guidelines and manuals provide guidance to the employees. In Arise, a clear division of roles and responsibilities for the effective management of the operational risks is ensured, for example, through formal work plans for the Board of Directors and committees, as well as through terms of reference to the CEO. In the day-to-day operations, the CEO is responsible for the system of internal controls required for the creation of a control environment for significant risks. In Arise, there are also guidelines and policies regarding financial governance and evaluation, communication issues and business ethics. All companies in the Group have the same reporting system, and the same chart of accounts.

The Board has appointed an Audit Committee, which is responsible for, among other things, ensuring that adopted policies for financial reporting and internal control are complied with. The CEO or CFO reports the results of their work on internal control to the Audit Committee. The results of the work of the Audit Committee in the form of observations, recommendations and proposals for decisions and measures are reported to the Board on an on-going basis.

Thus, Arise's internal control environment is based on the division of work between the Company organs, reporting to the Board of Directors, adopted policies and guidelines and on employees' compliance with the policies and guidelines.

Internal control regarding financial reporting

Internal control regarding financial reporting is part of the internal control within Arise and aims, for example, to provide reasonable assurance in the external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that the external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements for listed companies.

Risk assessment and control activities

On an on-going basis, Arise performs risk analyses in order to identify potential sources of errors in the financial reporting. Relevant procedures are documented so as to increase traceability in accounting as Arise expands. Normal control activities include reconciliation of accounts and supporting controls. The purpose of all control activities is to prevent, detect and correct any errors or deviations in financial statements. The most significant risks regarding financial reporting in the Group's activities and internal control are managed through control structures which are primarily based on reports on deviations from adopted goals or standards regarding, for example, currencies and hedging.

Follow-up

On an on-going basis, the Board of Directors evaluates the information provided by the management. In the activities of the Board of Directors and the Audit Committee, great importance is attached to the work on following up the effectiveness of internal control. The activities include, for example, ensuring that measures are taken regarding any proposals for actions arising in external audits.

Information and communication

The provision of correct information, both internally and externally, implies that all parts of the operations are able to exchange and report relevant and significant information about the business in an effective manner. In order to achieve this, Arise has issued policies and guidelines regarding the management of information in the financial processes, which has been communicated to the employees by the management group. Furthermore, for communication with external parties, there is a policy stating guidelines for the manner in which such communication is to take place. The ultimate purpose of the defined policies is to ensure that the disclosure requirements are complied with and that the investors receive the correct information in a timely fashion.

Internal audit

The size of the Company, in combination with the Audit Committee's work, and the fact that good control procedures have been prepared and applied, implies that the Board of Directors has not regarded it necessary to prepare a specific internal audit function. The issue of a specific internal audit function will, however, be addressed on an annual basis.

Activities in 2013

The focus during the year was on matters related to financing, investments and discussions regarding divestments.

Halmstad, 27 March 2014

Pehr G Gyllenhammar
Chairman

Birger von Hall
Board Member

Joachim Gahm
Board Member

Peter Nygren
Board Member and Chief Executive Officer

Maud Olofsson
Board Member

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for the Corporate Governance Report for the year 2013 on pages 85–88 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and, based on this reading and our knowledge of the Company and the Group, we believe we have a sufficient basis for our opinions. This implies that our statutory review of the Corporate Governance Report has a different direction and a significantly narrower scope than the direction and scope of an audit conducted according to International Standards on Auditing and generally accepted auditing standards in Sweden.

We conclude that a Corporate Governance Report has been prepared, and that its statutory content is in accordance with the annual accounts and the consolidated financial statements.

Gothenburg, 27 March 2014
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

Ownership structure

The share capital of Arise AB totals MSEK 2.7, distributed between 33,428,070 shares. Each share entitles the holder to one vote and all shares entitle the right to an equal portion of the Company's assets and profits.

Dividend policy and target equity/assets ratio

In conjunction with the issue of a bond in March 2012, the Company is contractually obliged to refrain from the payment of any dividend until after 31 March 2015. The financial policy states that the Group's equity/assets ratio is to exceed 25 %.

LARGEST SHAREHOLDERS

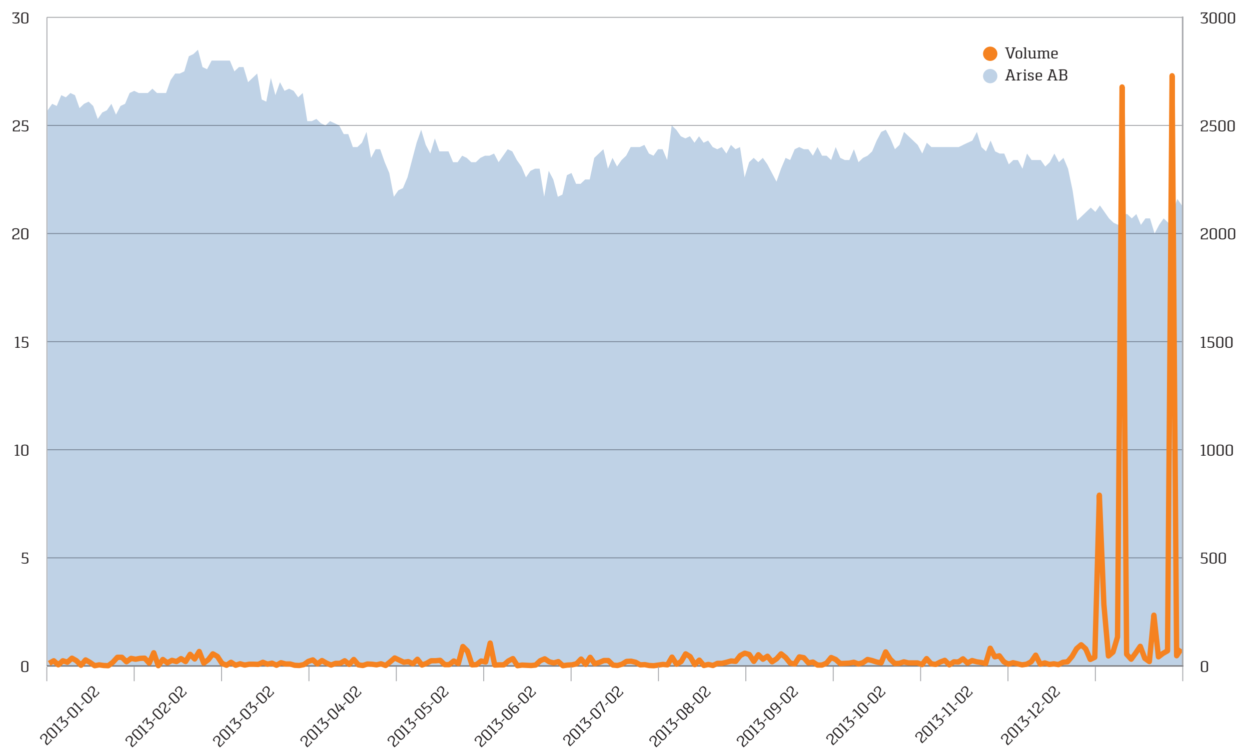
Ownership structure as of 31 december 2013	Shares	Share of votes and capital, %
Founders	3,432,625	10.27
Johan Claesson with company	3,385,976	10.13
Third Swedish National Pension Fund	3,340,133	9.99
Länsförsäkr. Fondförvaltning	3,095,899	9.26
Statkraft AS	2,495,613	7.47
Alecta Pensionsförsärking	1,500,000	4.49
Ernström Finans AB	1,500,000	4.49
Nordea Investment Funds	1,249,336	3.74
NTGS Arbejdsmarketedts	771,412	2.31
Danica Pension	726,299	2.17
Avanza Pension	551,425	1.65
Nordea Bank Finland ABP	543,551	1.63
SIX SIS AG	533,008	1.59
FT ISE Global Wind Energy Fund	511,220	1.53
KL Ventures AB	500,000	1.50
Pehr G Gyllenhammar	446,639	1.34
Pohjola Bank PLC Client A/C	414,961	1.24
Länsförsäkringar, Bohuslän	400,373	1.20
Originat AB	400,000	1.20
Ethos Aktiefond	380,330	1.14
Alted AB	300,000	0.90
JP Morgan Bank	289,858	0.87
Lundaslättens Vindfabrik	280,165	0.84
Alfred Berg	273,401	0.82
Vätterleden Invest AB	270,908	0.81
Hanvad Invest AB	255,165	0.76
SEB Investment Management	228,014	0.68
Svenska Handelsbanken AB	210,000	0.63
Other shareholders	5,087,565	15.22
Total outstanding shares	**33,373,876**	**99.84**
Arise AB	54,194	0.16
Total number of registered shares	**33,428,070**	**100.00**

Historical development of share capital

		Number of shares	Accumulated number of shares	Share capital, SEK	Accumulated share capital, SEK
1986	Formation of the Company	50,000	50,000	50,000.00	50,000.00
1997	Split	950,000	1,000,000		50,000.00
1998	Bonus issue		1,000,000	50,000.00	100,000.00
2007	New issues	473,077	1,473,077	47,307.70	147,307.70
2008	New issues	1,420,000	2,893,077	142,000.00	289,307.70
2008	Bonus issue		2,893,077	867,923.10	1,157,230.80
2008	Split	11,572,308	14,465,385		1,157,230.80
2008	New issues	51,000	14,516,385	4,080.00	1,161,310.80
2008	New issues [1]	937,500	15,453,885	75,000.00	1,236,310.80
2009	New issues	5,972,185	21,426,070	477,774.80	1,714,085.60
2010	New issues	135,000	21,561,070	10,800	1,724,885.60
2010	New issues	10,000,000	31,561,070	800,000	2,524,885.60
2011	New issues	227,500	31,788,570	18,200.00	2,543,085.60
2011	New issues	15,000	31,803,570	1,200.00	2,544,285.60
2011	New issues	50,000	31,853,570	4,000.00	2,548,285.60
2011	New issues	1,574,500	33,428,070	125,960.00	2,674,245.60

[1] Private placement in conjunction with the acquisition of the company PLU Energy Intressenter AB, which was merged with the Parent Company during 2009.

SHARE DEVELOPMENT



Arise's board of directors

Pehr G Gyllenhammar, born 1935

Pehr G Gyllenhammar is a Director and has served as Chairman of the Board since being appointed at the Annual General Meeting on 2 October 2007.

OTHER DIRECTORSHIPS AND POSITIONS: Vice Chairman of Rothschild Europe, Chairman of Rothschild Nordic AB.

EDUCATION: LL.M. from Lund University (1959).

HOLDINGS: 446,639 shares.

INDEPENDENCE/DEPENDENCE: Pehr G Gyllenhammar is independent in relation to Arise, its senior executives and major shareholders.

Joachim Gahm, born 1964

Joachim Gahm has been a Board member since being appointed by the Annual General Meeting on 11 July 2007.

OTHER DIRECTORSHIPS AND POSITIONS: Partner and Board member of Sustainable Growth Capital SGC AB, Board member of Kungsleden AB and deputy Board member of Sirocco Wind Holding AB. Joachim Gahm was previously CEO of E.Öhman J:or Investment AB and Vice CEO and a Board member of E.Öhman J:or Fondkommission AB.

EDUCATION: M.Sc. in Business and Economics from Stockholm University (1990).

HOLDINGS, OWN AND VIA COMPANY: 10,000 shares

INDEPENDENCE/DEPENDENCE: Joachim Gahm is independent in relation to Arise, its senior executives and major shareholders.

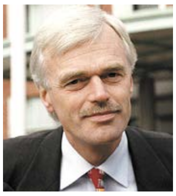
Maud Olofsson, born 1955

Maud Olofsson has been a Board member since being appointed by the Annual General Meeting on 25 April 2012.

OTHER DIRECTORSHIPS AND POSITIONS: Board member of Diös Fastigheter AB, Board member of LKAB, Board member of Envac AB, Board member of ÅF AB and Board member of ROMO Norr AB. Previously leader of the Swedish Centre Party 2001–2011, Sweden's Minister for Enterprise and Energy 2006–2011 and Deputy Prime Minister 2006-2010.

HOLDINGS, OWN AND VIA COMPANY: 4,500 shares.

INDEPENDENCE/DEPENDENCE: Maud Olofsson is independent in relation to Arise, its senior executives and major shareholders.



Birger von Hall, born 1948

Birger von Hall has been a Board member since being appointed by the Annual General Meeting on 11 July 2007.

OTHER DIRECTORSHIPS AND POSITIONS: Board member of The Royal Bachelors Club Residence Aktiebolag, Member and Chairman of the Board of Aktiebolaget Club Avancez, Member and Chairman of the Board of A och B von Hall AB, Board member of Chalmers Innovation Affiliate Fund AB (publ), Chairman of the Board of Stiftelsen Göteborgs Maritima Centrum, Member and Chairman of the Board of Emils Kårhus AB.

EDUCATION: M.Sc. in Engineering from Chalmers University of Technology (1974).

HOLDINGS, OWN AND VIA COMPANY: 40,000 shares

INDEPENDENCE/DEPENDENCE: Birger von Hall is independent in relation to Arise, its senior executives and major shareholders.

Peter Nygren, born 1958

Peter Nygren has been a Board member since being appointed by the Annual General Meeting on 27 April 2011.

OTHER DIRECTORSHIPS AND POSITIONS: Chairman of the Board of Arise Kran AB, Arise JV AB, Solberg Vindkraft AB, Arise Wind Farm 1 AB and other Arise Wind Farm- companies which are Arise's subsidiaries, Chairman of the Board of Arise Wind HoldCo 1 AB and other Arise Wind HoldCo companies which are Arise's subsidiaries, Board member of Sirocco Wind Holding AB, Jädraås Vindkraft AB och Hällåsen Kraft AB, Board member of Arise Drift och Förvaltning AB, Arise Elnät AB, PLU Energy Holding AB, NyHolding i Motala AB and NyHolding AS.

EDUCATION: MBA studies at Uppsala University (2001).

HOLDINGS WITH FAMILY AND COMPANY: 1,345,340 shares.

INDEPENDENCE/DEPENDENCE: Peter Nygren is independent in relation to Arise's major shareholders but is dependent in relation to Arise and its senior executives through his employment as a senior executive of Arise.

The information concerning share holdings and warrants refers to the situation as of 31 December 2013.

Arise's group management

Peter Nygren, born 1958
CEO since 2007. Peter has extensive experience from major energy projects, notably as head of energy issues in the SCA Group, Vice President Project Financing at NCC, Key Customer Manager at Vattenfall and Project Manager at Calor Industrier.

HOLDINGS WITH FAMILY AND COMPANY: 1,345,340 shares

Lars Fröding, born 1963
Deputy CEO since July 2012. Lars coordinates much of the day-to-day work undertaken in the Company. He is also responsible for the development of our projects from the signing of the lease to the commissioning of the turbines. Lars has extensive experience of public administration and, therefore, handles a large portion of our external contacts, not least with public authorities.

HOLDINGS: 1,000 shares

Leif Jansson, born 1954
Leif is responsible for leases, the development of new land areas for the establishment of wind farms and, since February 2011, also for investor relations. Leif has extensive business development experience and has previously held several leading positions, including CEO.

HOLDINGS WITH FAMILY AND COMPANY: 1,293,909 shares.

Thomas Johansson, born 1963
CFO since 2008. Thomas has a broad base of experiences, including the role of CEO, Director of Finance and Administration, CFO and authorised public accountant.

HOLDINGS: 58,500 shares

Gary Ericson, born 1952
Head of Marketing since March 2011. Gary has many years' experience from the energy industry. Before joining Arise, he worked for Halmstads Energi och Miljö AB.

HOLDINGS: None

Linus Hägg, born 1976
Head of Corporate Finance since October 2011. Linus has extensive experience working in capital markets, as well as mergers and acquisitions. Before joining Arise, he worked at ABG Sundal Collier.

HOLDINGS: 10,000 shares

Per-Erik Eriksson, born 1963
CEO of subsidiary Arise JV AB since October 2012. Per-Erik has extensive experience within the energy industry, including project management for large projects and market-related matters. Before joining Arise, he worked for the SCA Group, where he was Global Head of Energy.

HOLDINGS: 4,700 shares.

The information concerning share holdings and warrants refers to the situation as of 31 December 2013.

Left row from the top: Gary Ericson, Thomas Johansson, Lars Fröding

Right row from the top: Peter Nygren, Per-Erik Eriksson, Linus Hägg, Leif Jansson

Annual general meeting and 2014 calendar

Annual General Meeting

Shareholders are invited to attend Arise's Annual General Meeting to be held at Scandic Hallandia, Halmstad, Sweden on Wednesday, 6 May 2014, at 11 a.m. Light refreshments will be served before the Annual General Meeting.

Registration

Shareholders wishing to attend the Annual General Meeting must be registered in the register of shareholders maintained by Euroclear Sweden AB on Tuesday 29 April 2014 and register their attendance along with that of any assistants no later than Tuesday 29 April 2014, preferably before 4 p.m. and by e-mail to info@arise.se. It is also possible to register for the Annual General Meeting by telephone, +46 (0) 35 20 20 900, per fax +46 (0) 35 22 78 00, or by post to Arise AB (publ), Bolagsstämma, Box 808, 301 18 Halmstad.

Shareholders registering their attendance are required to state their name, address, telephone number, Personal/Corporate Identity Number, registered shareholding and details of any representative. The attendance and details of any proxies and representatives are registered with Arise for the purpose of drawing up the electoral roll. Shareholders wishing to be represented by a proxy are required to issue a signed and dated authorisation to their proxy. If the authorisation is issued by a legal entity, a certified copy of the certificate of registration or equivalent document for the legal entity must be presented. All authorisations must be made in writing and submitted no later than at the Annual General Meeting, although a copy should be sent in advance, if possible. The proxy shall be valid for a maximum of five years if this is specified. If no validity is specified, the proxy is valid for a maximum of one year. Authorisation forms will be available at www.arise.se and from the head office in Halmstad, Kristian IV:s väg 3, or sent to any shareholder who so wishes and provides their address.

Shareholders whose shares are registered with a nominee through the trust department of a bank or individual stockbroker are required to have their shares temporarily registered in their own name in order to be entitled to participate in the Annual General Meeting. Such temporary registration of ownership must be completed no later than Tuesday 29 April 2014. This means that shareholders need to notify their nominee or bank in good time before the meeting to request temporary registration of ownership (known also as "registration of voting rights").

Accounting documents and full versions of proposals

Reporting documents, the audit report, the auditor's statment pursuant to Chapter 8, Section 54 of the Companies Act, as well as the Board of Director's proposed appropriation of profits and other complete proposals will be available from the Company's website, www.arise.se, no later than 15 April 2014. Copies of the documents will be sent upon request to shareholders providing their address.

Calendar of financial information

All financial information is published at www.arise.se as soon as it has been released. In 2014, financial information will be published as follows:

First quarter 2014: 6 May 2014
Second quarter 2014: 18 July 2014
Third quarter 2014: 13 November 2014
Fourth quarter 2014: 12 February 2015

Annual Report

The Annual Report is sent by post to shareholders who have notified the Company that they wish to receive a copy. It is also available at www.arise.se. The annual report for 2013 is expected to be available at the beginning of April 2014.

IR contact

Peter Nygren, CEO, and Thomas Johansson, CFO, are responsible for Arise's financial information. Leif Jansson is responsible for Investor Relations.

Peter Nygren, CEO
Tel. +46 (0) 706-300 680

Thomas Johansson
CFO Tel. +46 (0) 768-211 115

Leif Jansson
IR Tel. +46 (0) 707-340 554.

Financial information in summary

MSEK	2013	2012	2011	2010	2009
Income statements (summary)					
Net sales	231	210	180	67	27
Operating profit before depreciation (EBITDA)	195	177	177	35	2
Operating profit (EBIT)	101	54	104	-2	-11
Profit/loss before tax	32	-22	65	-24	-11
Net profit/loss for the year	29	-16	47	-18	-8
Balance Sheets (summary)					
Total fixed assets	2 930	2 753	2 615	1 734	918
Cash and cash equivalents	191	341	137	250	341
Equity	1 240	1 152	1 243	1 195	680
Total assets	3 294	3 207	2 869	2 075	1 348
Interest-bearing net liabilities	1 438	1 265	1 192	536	259
Cash Flows (summary)					
Cash flow from operating activities	213	170	211	32	-120
Cash flow from investing activities	-292	-176	-822	-812	-568
Cash flow from financing activities	-71	210	498	688	620
Cash flow for the year	-150	204	-113	-92	-68
Key ratios					
Operational capacity at period end, MW	253	139	136	47	34
Electricity production during period (Own and co-owned), GWh	599	351	247	89	36
Earning per share before dilution, SEK	0,86	neg	1,46	neg	neg
Earning per share after dilution, SEK	0,86	neg	1,46	neg	neg
EBITDA-margin, %	84,5	84,0	98,1	52,6	6,4
Return on capital employed, %	7,6	7,2	8,7	2,8	0,3
Return on equity, %	2,4	neg	3,9	neg	neg
Equity/assets ratio, %	37,7	35,9	43,3	57,6	50,5
No. of employees at end of period	31	44	35	27	21

Overview of Wind Farms

	Nominal capacity, MW	Expected production during a normal year, GWh[1]	Full capacity hours, MWh/year	Capacity factor, %	Price area	Commisoned year	Initial investment, MSEK	Investment cost per year, SEK/production during a normal year, KWh	Investment cost, MSEK/MW	Number of turbines	Manufacturer	Model	Municipality	Country
Own wind power operations														
Oxhult	24.0	56.8	2,367	27%	IV	2009	415	7.3	17.3	12	Vestas	V 90	Laholm	Sweden
Råbelöv	10.0	22.8	2,280	26%	IV	2010	139	6.1	13.9	5	Vestas	V 90	Kristianstad	Sweden
Brunsmo	12.5	24.5	1,960	22%	IV	2010	197	8.1	15.8	5	GE	2,5 XL	Karlskrona	Sweden
Kåphult	17.5	40.6	2,320	26%	IV	2010/2011	252	6.2	14.4	7	GE	2,5 XL	Laholm	Sweden
Fröslida	22.5	55.4	2,462	28%	IV	2011	327	5.9	14.5	9	GE	2,5 XL	Hylte	Sweden
Idhult	16.0	36.2	2,263	26%	IV	2011	209	5.8	13.0	8	Vestas	V 90	Mönsterås	Sweden
Södra Kärra	10.8	37.4	3,463	40%	III	2011/2012	179	4.8	16.6	6	Vestas	V 100	Askersund	Sweden
Blekhem	10.8	30.1	2,787	32%	IV	2011/2012	174	5.8	16.1	6	Vestas	V 100	Västervik	Sweden
Gettnabo	12.0	30.3	2,525	29%	IV	2011	150	4.9	12.5	6	Vestas	V 90	Torsås	Sweden
Skäppentorp	3.1	8.5	2,764	32%	IV	2012	43	5.1	14.0	1	Vestas	V 112	Mönsterås	Sweden
Skogaby	7.2	24.2	3,361	38%	IV	2013	108	4.5	15.1	4	Vestas	V 100	Laholm	Sweden
Stjärnarp	5.4	16.3	3,019	34%	IV	2013	75	4.6	13.9	3	Vestas	V 100	Halmstad	Sweden
Total	**151.8**	**383**	**2,524**	**29%**			**2,268**	**5.9**	**14.9**	**72**				
Own wind power operations under construction														
Bohult[2]	12.8	46.3	3,617	41%	IV	2014	212	4.6	16.6	8	GE	1,6-100	Halmstad	Sweden
Total	**12.8**	**46**	**3,617**	**41%**			**212**	**4.6**	**16.6**	**8**				
Total own wind power operations	**164.6**	**429**	**2,609**	**30%**			**2,480**	**5.8**	**15.1**	**80.0**				
Co-owned wind power operations														
Jädraås[3]	101.5	285.0	2,809	32%		2012/13	1 472	5.2	14.5	33	Vestas	V 112	Ockelbo	Sweden
Total	**266.1**	**714**	**2,685**	**31%**			**3,952**	**5.5**	**14.9**	**113**				

[1] Expected production +/- 5% in a normal wind year

[2] Estimated investment cost

[3] Corresponds to Arise's share of 50%. The investment is net of development fees and blocked funds

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