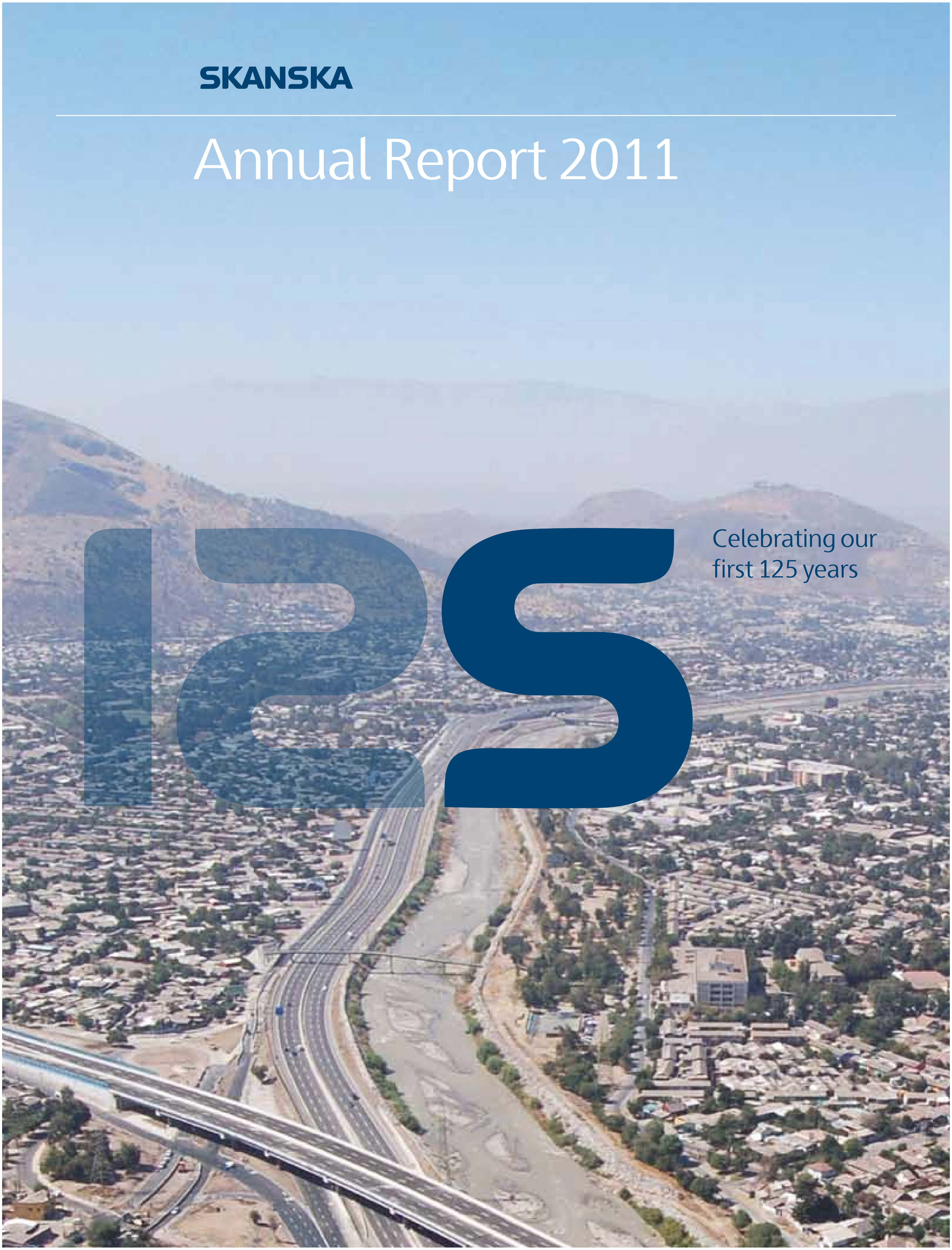
SKANSKA

Annual Report 2011



125

Celebrating our first 125 years

Contents

Reporting of earnings and revenue in the first part of the Annual Report (pages 1–78) complies with the segment reporting method. The statement of financial position and cash flow statement are presented in compliance with IFRSs in all parts of the Annual Report.

Mission and vision

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working. Skanska's vision is to be a leader in its home markets – the customer's first choice – in construction and project development.

Project: Gårda, Gothenburg, Sweden

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A leader in sustainable development

Skanska must act in ways that are sustainable and responsible in the long term toward shareholders, customers and employees as well as society at large. Skanska's aim is to ensure that all projects will be profitable and will also be implemented in accordance with the five zeros vision: no loss-making projects, work site accidents, environmental incidents, ethical breaches or defects.

Project: Bertschi School, Seattle, WA, U.S.A.

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125 Celebrating our first 125 years

Skanska's first 125 years

Skanska's history began in 1887 when Aktiebolaget Skånska Cementgjuteriet (Scanian Pre-Cast Concrete Inc.) was established and began production of concrete products. Skanska has undergone unparalleled growth and today, 125 years later, it is a global company that focuses on construction and on residential, commercial property and infrastructure development.

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Cover photo: The Autopista Central highway in Santiago, Chile, completed in 2004 and sold in 2011.

This document is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

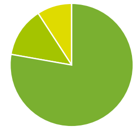
Nordic countries

47% of revenue.

- Sweden
- Norway
- Finland
- Estonia
- Denmark

Employees: 18,800
Revenue: SEK 61 bn

Revenue:
Earnings:
Order backlog:



Revenue
- Construction, **78%**
- Residential Development, **13%**
- Commercial Property Development, **9%**
- Infrastructure Development, **0%**

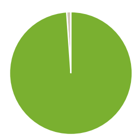
The Americas

29% of revenue.

- United States
- Argentina
- Brazil
- Chile
- Colombia
- Peru
- Venezuela

Employees: 17,700
Revenue: SEK 38 bn

Revenue:
Earnings:
Order backlog:



Revenue
- Construction, **99%**
- Residential Development, **0%**
- Commercial Property Development, **0%**
- Infrastructure Development, **1%**

Other

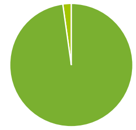
European countries

24% of revenue.

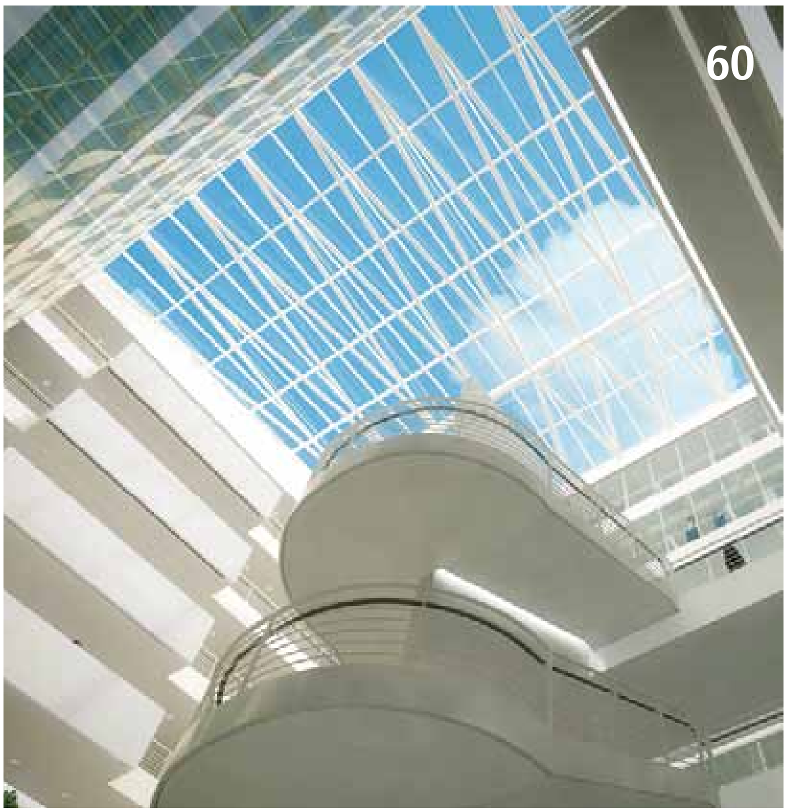
- Poland
- Czech Republic
- Slovakia
- Hungary
- Romania
- United Kingdom

Employees: 16,900
Revenue: SEK 31 bn

Revenue:
Earnings:
Order backlog:



Revenue
- Construction, **98%**
- Residential Development, **2%**
- Commercial Property Development, **0%**
- Infrastructure Development, **0%**



Skanska's operations and markets

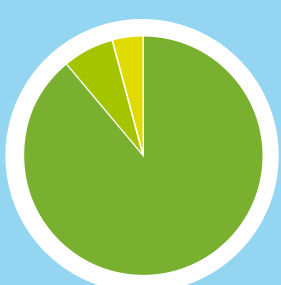
Country/region	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Nordic countries	●	●	●	●
Sweden	●	●	●	●
Norway	●	●	●	●
Finland	●	●	●	●
Estonia	●	●		
Denmark			●	
Other European countries	●	●	●	●
Poland	●	●	●	●
Czech Republic	●	●	●	●
Slovakia	●	●		●
Hungary			●	
Romania			●	
United Kingdom	●	●		●
The Americas	●		●	●
United States	●		●	●
Latin America	●			●
Skanska Group	●	●	●	●

Skanska is one of the world's leading project development and construction groups, with expertise in construction, development of commercial properties and residential projects as well as public-private partnerships.

Skanska possesses extensive global environmental know-how and shall be a leader in development and construction of green projects. The Group currently has 53,000 employees in selected home markets in Europe, the U.S. and Latin America. Skanska's revenue in 2011 totaled SEK 123 billion.

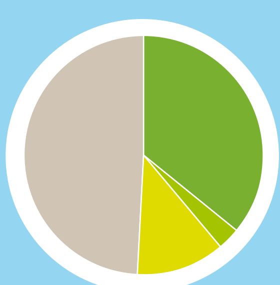
2011

Revenue



- Construction, 89%
- Residential Development, 7%
- Commercial Property Development, 4%
- Infrastructure Development, 0%

Operating income



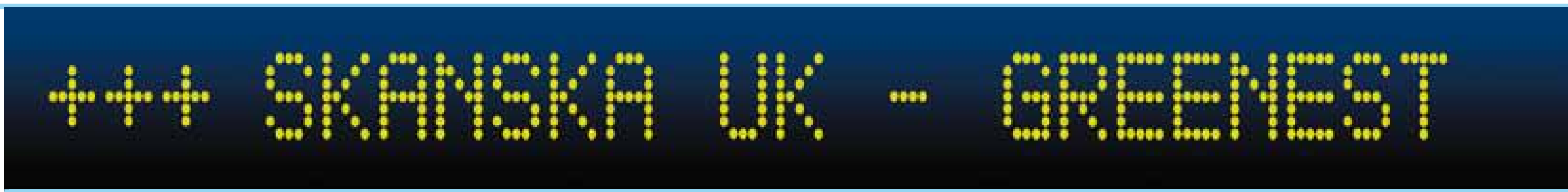
- Construction, 36%
- Residential Development, 3%
- Commercial Property Development, 12%
- Infrastructure Development, 49%

Key ratios

	SEK M	EUR M	USD M
Revenue	122,534	13,571[3]	18,872[3]
Operating income	9,087	1,006[3]	1,400[3]
Income after financial items	9,099	1,008[3]	1,401[3]
Earnings per share, SEK/EUR/USD[1]	19.72	2.18	3.04
Return on equity, %	41.5	41.5	41.5
Order bookings[2]	123,587	13,688[3]	19,034[3]
Order backlog[2]	155,698	17,461[4]	22,591[4]

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.
2 Refers to Construction operations.
3 Average 2011 exchange rates: EUR 1 = SEK 9.03, USD 1 = SEK 6.49
4 Exchange rates on 2011 closing day: EUR 1 = SEK 8.92, USD 1 = SEK 6.89

2011 in brief



First quarter

Skanska received another assignment as part of the reconstruction of the World Trade Center site in New York City. Skanska will be responsible for erecting the steel structure for the Oculus building at the new World Trade Center Transportation Hub. The contract is worth SEK 1.3 billion.

In California, Skanska was awarded a contract to extend the light rail system in Los Angeles County, worth SEK 2.4 billion. The customer is the Los Angeles County Metropolitan Transportation Authority (METRO).

In Norway, Skanska was contracted to expand Oslo Gardermoen Airport for SEK 780 M.

In Rio de Janeiro, Brazil, Skanska was awarded a contract to modernize and construct lubricant plants for SEK 590 M.

A severe winter with heavy snow and very cold temperatures affected the timetable of projects in a number of Skanska's geographic markets.

At the end of the quarter, Skanska reported sales totaling SEK 24.8 billion, operating income of SEK 451 M and order bookings of SEK 21.6 billion.

Second quarter

Skanska invested in and received a contract to build a project-financed wind farm in Gällivare Municipality, Sweden. The total cost will be about SEK 1.1 billion, and Skanska's holding is 50 percent. It will be one of the largest land-based wind farms in Sweden, with an annual electricity production of about 200 gigawatt hours.

A sizable order during the quarter was an assignment to extend the subway system in Prague, Czech Republic, which will add four new stations. Skanska's contract is for the technical part of the extension project and is worth about SEK 1.3 billion.

One of the year's largest assignments in the healthcare sector is an expansion of the Nemours/Alfred I. duPont Hospital for Children in Wilmington, Delaware, U.S.A. for SEK 1.3 billion.

Skanska reached financial close for the Croydon and Lewisham street lighting project in the United Kingdom. The construction contract is worth SEK 760 M, and Skanska's own investment in the project will total SEK 46 M.

Skanska disbursed an extra dividend of SEK 6.25 after the divestment of its holding in the Autopista Central highway in Santiago, Chile had been completed.

The Sunday Times newspaper named Skanska the greenest company in the U.K. Skanska ranked number one out of all companies surveyed in the newspaper's Best Green Companies Award. The survey was conducted for the fourth year in a row. In 2010 Skanska UK was ranked the greenest company in the construction sector.

Financial market turmoil spread, in response to the debt crisis and political instability in the United States and Europe. Stock markets fell worldwide.

At the end of the second quarter, Skanska reported accumulated sales of SEK 53.9 billion in 2011, operating income of SEK 6.1 billion and order bookings of SEK 48.4 billion.

COMPANY IN THE U.K. +++

Third quarter

Skanska was awarded a contract from the State of New York to complete the final phase of a campus expansion at the City University of New York. The order was worth SEK 2.4 billion.

In the transportation sector, Skanska received two assignments in New York City. One was a contract to furnish and install finishes and systems in the No. 7 Line subway extension, valued at about SEK 2.4 billion. Skanska was also awarded a contract worth SEK 1.3 billion for preparatory structural work for a new subway station. The Metropolitan Transportation Authority of the State of New York is the customer for both projects.

In July, Skanska received an assignment to construct a new office building for Statoil in Bergen, in accordance with Skanska's Green Workplace concept. The order, worth SEK 1.5 billion, is one of Skanska's largest-ever individual construction projects in Norway.

One of Skanska's high-profile properties, the ÅF Building, Hagaporten 3 in Solna, Sweden was divested for SEK 1.1 billion. The property, which was completed in 2008, was constructed with high green ambitions and was one of the first to be classified as a European Union GreenBuilding in Sweden.

Skanska held its annual Management Meeting, this time in San Antonio, Texas, with nearly 700 employees attending.

The European debt crisis escalated, as did political instability. There was a new stock market slump.

In Sweden, real estate agents and home sellers held their big annual **Open House Weekend** late in August. Potential home buyers could visit a large number of open homes. Skanska participated, showing its newly constructed homes to possible future residents.

At the end of the third quarter, Skanska reported accumulated sales of SEK 86.0 billion in 2011, operating income of SEK 7.8 billion and order bookings of SEK 82.6 billion.

Fourth quarter

Skanska was awarded a contract to build a natural gas thermal power plant in Rio de Janeiro, Brazil. The order is worth about SEK 3.2 billion. The customer is the Petrobras energy company, a repeat customer of Skanska.

Skanska secured an assignment from the Norwegian National Rail Administration to build portions of the Vestfold Line between Drammen and Porsgrunn. The contract amounts to about SEK 1.6 billion.

Three office buildings in the Kungsholmen district of Stockholm were divested for a total of more than SEK 2 billion. The leasable space in these properties totaled more than 56,000 sq. m (602,000 sq. ft.).

In New Orleans, Louisiana, U.S.A., Skanska was contracted to build a hospital for about SEK 3 billion.

The world's largest occupational health and safety event by a single company, Skanska's annual Safety Week, took place. Some 53,000 employees and tens of thousands of subcontractors at more than 10,000 work sites in 18 countries were involved in activities that focused on occupational health and safety.

Poland's big A1 highway project was inaugurated ahead of schedule. The project was procured and financed as a public-private partnership (PPP).

Skanska signed agreements to acquire three companies: Industrial Contractors Inc. in the U.S with 2,400 employees and sales of about SEK 3.2 billion; **Finland's Soraset Yhtiöt Oy**, with 270 employees and sales of about SEK 900 M; and **Poland's PUDiZ Group**, with 450 employees and sales of about SEK 350 M.

Skanska won five of the seven safety awards from the Swedish Transport Administration, aimed at encouraging systematic occupational health and safety programs and efforts to reduce work site accidents.

At the end of the fourth quarter, Skanska reported accumulated sales of SEK 122.5 billion in 2011 , operating income of SEK 9.1 billion and order bookings of SEK 123.6 billion.

Comments by the President and CEO

A new investment record in project development. Successful property divestments. Very good profitability in construction units in the United States, Poland and Sweden. New opportunities through company acquisitions and land purchases.

> "The divestment of the Autopista Central highway in Chile, completed during 2011, shows our strength in public-private partnership (PPP) projects and the power of our business model – we take advantage of the strong cash flow to invest in project development, resulting in both construction assignments and development gains.

There were many sources of concern in 2011 – government budget deficits and turbulence in the euro zone formed a gloomy backdrop to all business activity. Naturally Skanska was also affected by this general uncertainty. Yet most of our operations showed good earnings. We increased our order backlog to SEK 156 billion, equivalent to 16 months of work. We have meanwhile taken important steps to fulfill our business plan for profitable growth in 2011–2015. We are focusing both on strengthening our profitability and growing in new and existing markets.

Early in the year, order bookings were relatively weak, but due to a strong second half we reached a good level for the year as a whole – without sacrificing our profitability requirements. In the United States, we secured both major hospital and infrastructure assignments, including rail system expansions in both the San Francisco and Los Angeles areas. Order bookings were also strong in Norway, Poland and Latin America.

However, good earnings in various Construction units was unfortunately reduced by provisions and expenses for necessary restructuring measures in our Finnish and Norwegian construction units, which also affected the margins in the business stream as a whole.

There is continued strong interest in our properties among investors seeking stable assets when financial markets are wobbly. In this flight to security, our properties are attractive investments. Our new, green premises are energy-efficient, lowering both operating and maintenance costs.

A well-functioning business model

We sold eleven properties, with a capital gain of SEK 1.4 billion during the year. Because of our aggressive focus on new, green office space in Central Europe, the Nordic countries and the U.S., we have a broad range of properties for future leasing and divestment.

In 2011 we also completed the sale of the Autopista Central highway in Chile. Our capital gain of SEK 4.5 billion after tax is very satisfying. It also confirms that we have a well-functioning business model for public-private partnerships and that our PPP projects enjoy market confidence.

The new A1 expressway in Poland is also a PPP project, and in October we opened its second phase ahead of schedule. Also underway is construction of about 120 km (75 mi.) of highway in Antofagasta, Chile and of the Sjisjka wind-power plant in Gällivare, Sweden, which will begin delivering green electricity this year.

We also took an important initial step into the U.S. market for PPP projects when we signed an agreement on the commercial conditions for Skanska's participation as an investor and shareholder in the Midtown Tunnel in Virginia. Financial close is expected during 2012, which will result in a construction assignment in the SEK 4 billion range.

In our Residential Development operations, we sold somewhat more homes than in 2010. The new Iskristallen residential development in Stockholm, Sweden is largely sold out. We have nearly 4,000 people interested in buying an apartment in nearby Västermalmsterrassen, which will have 225 apartments.

Meanwhile we have noted a slowdown in the pace of sales, especially in Sweden and Finland. This is a natural reaction when the news flow is dominated by negative signals about the world economy. We have thus cut back on new housing starts, in response to slower demand. However, there is a large underlying demand in our markets and we are preparing new projects that will be ready for start-up when the market situation improves.

Accelerating our pace

Last year also marked the beginning of our new five-year business plan for profitable growth. We accelerated the pace of project development, and during the year our investments set a new all-time high: SEK 12 billion for investments in residential and office properties and in PPP projects. Thanks to Skanska's financial strength, we can take advantage of good investment opportunities without being dependent on external financing.

We have leveraged this strength both in existing and new markets. We have opened the doors to the residential markets in the United Kingdom and Poland, carrying out the first land purchases in order to create attractive neighborhoods in Cambridge and Warsaw. Meanwhile we are also making sure that we have land in good locations for future projects in the Nordic countries and in the Czech Republic.

We are also increasing the investments in green office space. The big event in this area is, of course, that the first U.S. office building project developed for our own account is ready for occupancy. This project at 10th and G Streets, a few blocks from the White House in Washington, D.C., is 83 percent pre-leased and we expect to be able to sell the property with a good result.
We have started additional projects in Washington, D.C. as well as in Boston and Houston. We also expect to start up a project in Seattle during 2012. So far, we have invested about SEK 2 billion in U.S. property projects.

In Central Europe, our new green office buildings are very attractive to international companies. Altogether, we have nine ongoing property projects in Warsaw and Wrocław, Poland; Ostrava and Prague, Czech Republic; and Budapest, Hungary, of which six will be finished during 2012. In Helsinki, Finland, our new office buildings on Mannerheimintie are under construction. The pre-leasing rate in these ongoing projects is about 50 percent.

We are currently also working on plans for potential property development in Oslo, Norway as well as in the Romanian capital, Bucharest.

Skanska's largest single property investment to date is Lustgården in Stockholm. We are investing more than SEK 2 billion to develop and construct the greenest office complex in the Swedish capital. Late in 2013 it will become our own new headquarters, unless Lustgården's location and environmental quality attracts a large external tenant. In that case, we must naturally give the customer priority.

For those who are not so familiar with our operations, I would like to repeat the core of our strategy. We take advantage of the positive cash flow in our construction operations to invest in land and projects that lead to new, large construction assignments. The capital gain is then used for both reinvestment in new projects and dividends to our shareholders.

We develop and construct in order to sell – not to build up a property management portfolio. Financial synergies are the engine of our strategy. We focus on expanding the activity in the project development operations.

Strategic acquisitions

Our strategy also includes boosting the market share and strength of Skanska's construction operations in our home markets. In 2011 we thus acquired companies in Finland, Poland and the U.S. Both Finnish-based Soraset and Poland's PUDiZ Group are very good companies that will pay off in terms of expertise, growth and profitability.

Our U.S. acquisition, Industrial Contractors Inc., is large and stable. It will give us a foothold in two new markets: strengthening our competitiveness in energy-related and industrial construction, and gaining a strong presence in the Midwest. This unit, which will now be called Industrial Contractors Skanska (ICS), is based in Indiana, but we will take advantage of its expertise in other markets as well. The acquisition boosts the revenue of Skanska USA Civil by one third. ICS will also contribute to our profitability.

Ensuring the health and safety of our work sites is one of our most important tasks. During 2011 we developed a new tool – the Skanska Safety Road Map. It is both a checklist and a to-do list for facilitating and supporting the efforts to achieve healthy and safe work sites.

Overall, in 2011 we laid a stable groundwork for continued profitable growth in keeping with the business plan. Based on construction volume and our financial strength, the aim is to enable the various business streams to interact and thereby lift each other to new heights. Last year demonstrated that this strategy is sound and works in practice. But the big payoff on the Company's potential still lies in the future.

During 2012 we can celebrate the first 125 years of Skanska's operations. During the first 75 years, we modernized Sweden. In the past 50 years we have gradually increased our international commitments, and today we are an important builder of communities in all our home markets.

We are also continuing to help improve our societies. The New Karolinska Solna University Hospital in Sweden will provide world-class healthcare. In Bristol, U.K., we have developed modern schools that stimulate learning and help reduce bullying. The new green properties we build require less energy and reduce greenhouse gas emissions. Our customers and tenants can trade up to modern office space while helping to improve the environment.

By being open to the needs of customers and communities, we will remain an important corporate citizen. With our highly proficient employees and strong values, we have a stable platform to continue to build on.

Solna, February 2012

Johan Karlström
President and CEO

Mission

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working.

Vision

Skanska shall be a leader in its home markets – the customer's first choice – in construction and project development.

Overall goals

- Skanska shall generate customer and shareholder value.
- Skanska shall be a leader, in terms of size and profitability, within its segments in the home markets of its construction business units.
- Skanska shall be a leading project developer in local markets and in selected product areas.

Profitable growth, 2011–2015

- All four business streams shall grow while maintaining a strong focus on profitability.
- Activities in project development operations shall increase.
- Operating margins in Construction shall average 3.5–4 percent over a business cycle and thus be among the best in the industry.
- The combined return on capital employed in Skanska's three project development business streams shall total 10–15 percent annually.
- Return on equity shall total 18–20 percent annually.
- Skanska shall have a net cash position, excluding net pension liabilities and construction loans for cooperative housing associations and housing corporations.
- The Company shall be an industry leader when it comes to occupational health and safety, risk management, professional development of employees, the environment and ethics.

> **The business plan for 2011–2015 is based on ensuring that all four business streams shall grow while maintaining a strong focus on profitability.**

Strategy

- To focus on its core business in construction and project development.
- To be an international company, focused on selected home markets.
- To focus on recruiting, developing and retaining competent employees and to take steps to achieve increased diversity.
- To be a leader in identifying and systematically managing risks.
- To be a leader in the development and construction of green projects.
- To be an industry leader in sustainable development, particularly in occupational health and safety, the environment and ethics.
- To capitalize on urbanization trends and take advantage of the Group's know-how and experience as a city builder.
- To take advantage of financial synergies in the Group by investing the cash flow from construction operations in project development.
- To take advantage of the cost reduction achieved from coordination of the Group's purchasing.
- To take advantage of the potential efficiency gains found in greater industrialization of the construction process.
- To act as a responsible member of the community in all our operations.

Business model

Projects are the core of Skanska's operations. Value is generated in the thousands of projects the Group executes each year. The goal is that every project shall be profitable while being executed in keeping with Skanska's goal of being an industry leader in occupational health and safety, risk management, employee development, the environment and ethics.

In the Skanska Group there are a number of synergies that generate increased value for shareholders. The main synergies are operational and financial.

Operational synergies

Skanska generates operational synergies mainly by taking advantage of the local specialized expertise found globally in various business units. Shared purchasing activities and production development also boost efficiency and contribute to greater synergies in the organization.

Financial synergies

The Construction business stream operates with negative working capital and generates a positive cash flow over time. This cash flow is invested in the Group's project development business streams, which have generated very good return on invested capital. These investments also enable Construction to obtain new assignments that generate a profit for the business stream.
See also the illustration below.

Construction

This business includes residential and non-residential building as well as civil construction and is Skanska's largest business stream, measured in revenue and number of employees.

Residential Development

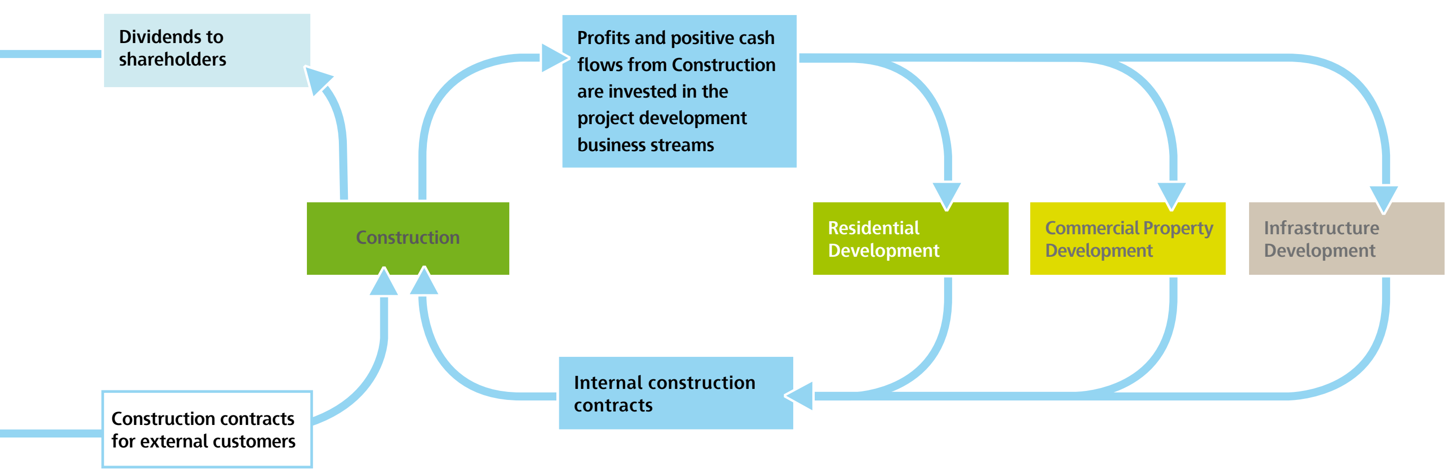
Skanska initiates and develops residential projects for sale primarily to individual consumers.

Commercial Property Development

Skanska initiates, develops, invests in, leases and divests commercial property projects, primarily office space, shopping malls and logistics properties.

Infrastructure Development

Skanska develops, invests in, manages and divests privately financed infrastructure projects, for example highways, hospitals, schools and power generating plants.



Synergies in Skanska's business model	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Project development operations	Synergies in the business model		Project development operations including synergies
Construction revenue generated by project development operations, SEK bn	14.7	4.4	1.8	8.5				
Operating margin, %	6							
Operating income, SEK bn	0.9					Intra-Group profit	0.9	
Advance payments from project development operations, SEK bn	6.1					Reduction in capital employed	6.1	
Return on capital employed, %					9		7	16

Return on capital employed 2007–2011

> **During the period 2007–2011, Skanska's business model generated a 23 percent annual return on capital employed in the Group.**

Collaboration creates leverage

The business units of the Skanska Group specialize in project development or construction, and they often collaborate in specific projects. This reinforces their customer focus and creates the prerequisites for sharing best practices, while ensuring efficient utilization of the Group's collective competence and financial resources. The Group's expertise is available in the Skanska Knowledge Map, a web-based intranet tool providing access to teams of experts in selected strategic areas.

Collaboration in clusters boosts strength

Collaboration in clusters between different units is another way of strengthening the synergies in the Group. Operations in different countries or regions establish geographic clusters to share resources and expertise in both construction and support functions.

Size provides competitive advantages

Being a market leader positions Skanska well with the most demanding customers. Skanska's size gives it an advantage in the most complex assignments, where it uses its collective experience and know-how to meet the demands of customers. Only a few companies can compete for the type of projects where price, comprehensive solutions and life-cycle costs are of crucial importance. The Group's size and international profile are also attractive qualities in the recruitment of new employees.

Both a local and a global player

The Group's operations are based on local business units, which have good knowledge of their respective markets, customers and suppliers. These local units are backed by Skanska's brand, financial strength and Groupwide expertise. Skanska is thereby both a local company with global strength and an international construction and project development business with strong local roots. The organization works in a decentralized but integrated way, based on common goals and values. The Group's extensive network enables it to offer its global know-how to customers at the local level.

Skanska's strengths

Employees

Skanska's operations depend on dedicated employees who share and can help implement the Company's five zeros vision. At Skanska there is a strong base of skilled employees with a high level of specialized expertise in a number of central fields. This enables the Company to undertake large, complex projects that few others can handle.

Brand

Skanska's strong brand has been built up during 125 years of working in many different countries. The foundation of the brand is the five zeros vision and the Group's Code of Conduct. The Code includes policies on relations with employees and external stakeholders, health and safety, the environment and business ethics.

Financial strength

Financial strength is important in maintaining the confidence of customers and capital markets in Skanska. It enables the Group to invest in project development and assume responsibility for and invest in major privately financed infrastructure projects. So-called Bundled Construction combines Skanska's construction and project development expertise with financing capacity.

Skanska's role in the community

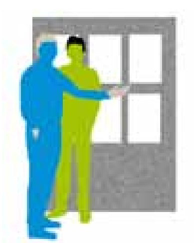
Skanska develops and builds homes, workplaces, schools, hospitals, highways – environments for people, built by people. This obligates us to think long-term, sustainably and responsibly, while remaining open to the views of everyone impacted by our operations.

As a leading construction company, Skanska affects people, the environment and the surrounding community in many different ways. The projects that we develop and build provide people with places to live and work, go to school, obtain healthcare and travel. This means that there are numerous stakeholders in our operations, both during the project phase and after completion.

Skanska's community involvement takes many forms. For many years, Skanska employees have provided time, knowledge and money to support local community projects – something that the Company encourages. For example, Skanska can contribute materials and facilities, as well as financing.

Skanska also invites involvement from those stakeholder groups that are impacted by the Company's operations, for example residents, local companies and voluntary organizations.

In every project that Skanska carries out, environmental and social aspects are always a natural element of the planning process, alongside the obvious economic aspects. The guiding principle is to bring together the community's expectations of the Company with sustainable and profitable operations that generate value.



Customer and users

Skanska's earnings are achieved through projects that are well-executed and profitable for the Company as well as for customers and users. Skanska continuously builds up knowledge of its customers by maintaining a presence in selected markets.

Shareholders

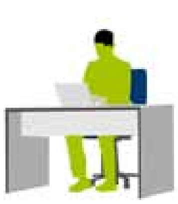
A financially strong and sound company is the foundation for capital market confidence in Skanska. Through financial synergies, good control systems and risk management procedures, Skanska creates the prerequisites for a good return to its owners.

Employees

Skanska's success is highly dependent on its employees. Offering a secure, healthy and stimulating job environment based on mutual respect is vitally important in attracting, developing and retaining the best employees.

Suppliers and subcontractors

Skanska's supplier relationships reflect a high level of integrity and business ethics. Skanska also expects its business partners to live up to the principles of the Group's Code of Conduct.



National, regional and local government agencies

Skanska complies with the laws and regulations that apply in all the countries where it has operations. We also endeavor to maintain an open dialogue with those who are impacted by our operations.

Media and general public

Skanska's communication with the media and the general public are characterized by openness. Questions are answered and information is communicated in a transparent way and within a reasonable time frame.

Local residents

Skanska strives for smooth collaboration with the communities where we operate and contributes to their development, for example through donations, sponsorships and volunteer work.

Voluntary organizations

Skanska pursues a continuous dialogue with various interest organizations, for example in connection with construction projects. This concerns issues related to nature and the environment as well as social issues.

20,000
students participated.

Safe road to school

In conjunction with its construction projects in Poland, Skanska made a commitment to improving public awareness of traffic rules and safety matters by running a campaign targeted to school children. In the “Safe road to school” campaign, Skanska employees met with 20,000 students in 150 schools throughout Poland and taught them about traffic safety, safety at construction sites and how to provide first aid. Skanska distributed 45,000 reflective armbands as well as brochures and bookmarks with first aid instructions. These activities took place in close cooperation with local police and teachers.

During the first year of operation, the number of accidents decreased by **48%**

Autopista Central

The Autopista Central is a new highway through Santiago, Chile, where Skanska’s prioritized safety and improvements in nearby areas in order to reduce the environmental impact of the project. Promoting better road safety has been an important element of Skanska’s contribution to the community. During the first year of operation, the number of accidents along the route decreased by 48 percent, among other things thanks to campaigns in 140 nearby schools that reached 140,000 students. The project also included social programs in adjacent areas, such as educational scholarships for children from low-income families and sponsorship of a day care center.

175 business owners and employees have completed the training program so far.

Small business training

Small businesses, companies headed by women and minority-owned companies may often find it difficult to land large construction contracts in competitive bidding. To improve the prospects of these companies, Skanska USA created a training program designed to give them management tools enabling them to build financially viable enterprises capable of participating effectively in construction projects. The Construction Management Building Blocks program is unique. It was originally created to support participation of minority- and women-owned companies in the billion-dollar MetLife Stadium project, completed in 2010. Skanska employees and local experts provide the education. So far 175 business owners and employees have completed the training program.

LBC Among the aims of the Living Building Challenge is to encourage **net-zero energy and water use.**

A Living Building

The Bertschi School in Seattle, an independent school with 400 students from preschool to fifth grade, needed an additional science building. Skanska served as a partner in this pro bono project, which was carried out according to the new guidelines of the Living Building Challenge (LBC). Among other things, LBC encourages net-zero energy and water use, which means producing as much energy and water as are consumed. The project involved many in the local community, including the students at the school, who suggested some of the most striking features of the building, such as a glass-covered rainwater harvesting channel under a classroom floor.

200 visitors per day to the blog enabled the general public to contribute to the dialogue.

Road blog at an Olympics project

A road construction project in Weymouth, England was part of the infrastructure development underway in preparation for the 2012 Olympic Games in London. A large number of stakeholders were affected by the project, and active involvement by surrounding communities was an important element of the job. Skanska maintained regular contact with local schools, animal protection organizations, farmers, small business owners and residents. One important communications channel was an interactive blog, which was updated continuously throughout the project period of nearly 2½ years. The blog enabled the general public to contribute to the dialogue and had many postings per day.

75 scholarships were awarded during the year.

Alliance for education

Since 2005 Skanska has collaborated with Cimientos, a foundation in Argentina that works toward equal educational opportunities for everyone. Skanska gives high priority to social investments that focus on educating new generations in many of the communities in Argentina where Skanska operates. In Argentina, schooling is a particular problem for children and young people who come from socio-economically less fortunate families and many of them quit as early as compulsory school level. It was thus natural for Skanska's social investment program in Argentina to focus on education.

Since 2005 the program has awarded scholarships to students in the municipalities of Cutral Co, Cipolletti and Río Gallegos to enable them to complete their studies. During 2011, 75 scholarships were awarded and Skanska strengthened its school involvement in Argentina. Scholarship opportunities were also opened up to students in the municipality of Rincón de los Sauces and a school aid program is being implemented in the city of Comodoro Rivadavia, also in partnership with the Cimientos Foundation.

Financial targets

Skanska's business plan for the five-year period 2011–2015 is aimed at achieving profitable growth. All four business streams shall grow while maintaining a strong focus on profitability, good margins and capital efficiency. The goal is both to expand the volume of Construction operations and to increase the activities of project development operations by taking advantage of the financial synergies in the Group.

The first year of profitable growth

Skanska's five-year business plan for the period 2011–2015 set a number of targets, which are presented below. These financial targets are regarded as being those that best reflect the profitability of operations and show the Group's financial capacity for investments and growth. The overall outcome for 2011 – the first year of the business plan – was in line with the plan's financial targets. In addition to financial targets, Skanska also has ambitious qualitative targets. During 2011 the Group moved a bit further toward achieving them. One example of this is the internal guidelines for practical implementation of the Group's Code of Conduct, which among other things were published on the Group's website and have encouraged a dialogue with employees and external stakeholders. Skanska was also the only construction company to be included in the 2011 Nordic Carbon Disclosure Leadership Index. In Construction, the operating margin is a key financial target. Because of selectiveness in the choice of projects, sophisticated risk management

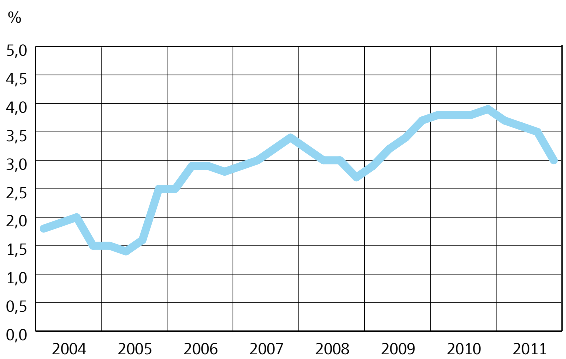
Financial and qualitative targets, 2011–2015	Outcome in 2011
Group Return on equity for the period shall amount to **18–20%**	**Group** Return on equity was **42%**
Financial strength Skanska shall maintain a **positive** net cash position, excluding net pension liabilities and construction loans for cooperative housing associations and housing corporations.	**Financial strength** Net cash position, excluding net pension liabilities and construction loans for cooperative housing associations and housing corporations, was SEK **9.5** billion.
Construction Average operating margin over a business cycle **3.5–4.0%**	**Construction** The operating margin was **3.0%**
Project development business streams Average annual return on capital employed for the combined development streams **10–15%**	**Project Development business streams** Return on capital employed[1] was **9%**
Qualitative targets **To be a leader in:** – **Risk management** – **Professional development** – **Ethics** – **Occupational health and safety** – **Green construction**	**Qualitative targets** – **Risk management:** Increased focus and training in operations. – **Professional development:** Creation of skill profiles and the Skanska Stretch program. – **Ethics:** Publication of our Code of Conduct and proactive role in initiatives for greater transparency. – **Occupational health and safety:** Creation of the Skanska Safety Road Map. Lost Time Accident Rate (LTAR): 3.9. – **Green construction:** Being included in the Nordic Carbon Disclosure Leadership Index.

1 Including unrealized development gains and changes in market value in Commercial Property Development and Infrastructure Development.

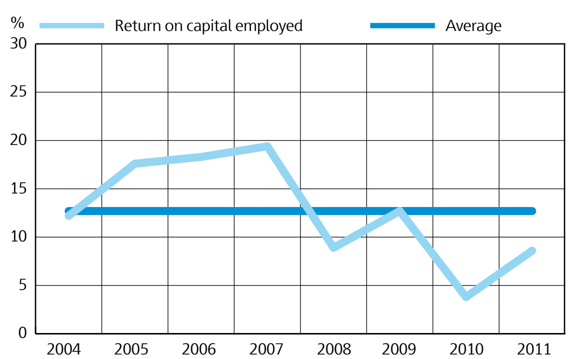
> The divestment of the Group's holding in the Autopista Central strongly contributed to the year's good earnings. This project is a good example of the strength of Skanska's business model.

procedures and well-executed project work, the number of loss-making projects was low and profitability in a large proportion of Construction operations remained good. Order bookings were strong during 2011. Order backlog increased by 7 percent and amounted to SEK 156 billion at year-end, providing the potential for growth during the next few years. The divestment of the Group's 50 percent holding in the privately financed Autopista Central highway in Santiago, Chile strongly contributed to the year's good earnings. The capital gain on this divestment totaled no less than SEK 4.5 billion after taxes. This project is a good example of the strength of Skanska's business model, in which cash flow and capital generated by Construction operations is invested in profitable development projects, which in turn generate construction assignments and future development gains. Over time this makes both new investments and continued share dividends possible.

Operating margin in Construction, rolling 12 months



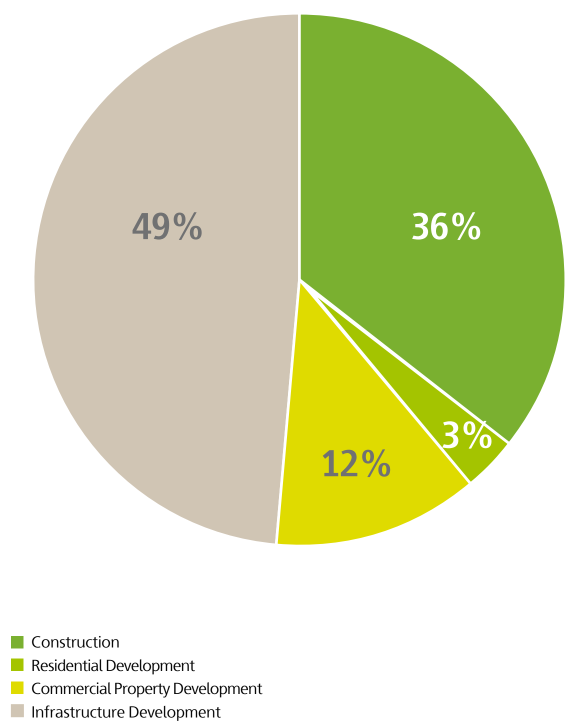
Return on capital employed in project development business streams



During 2006–2011, the operating margin in the Group's construction operations has shown a rising trend. The somewhat lower margin in 2011 was due to lower profitability in Skanska's Norwegian and Finnish construction operations.

Return on capital employed in project development units is based on successive value creation in Commercial Property Development and Infrastructure Development as well as yearly earnings in Residential Development. The gain on divestment of the Autopista Central was thus included in returns for prior years as value creation occurred.

Operating income by business stream



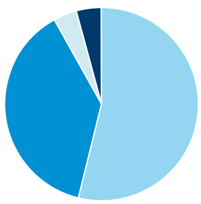
The Group's operating income by business stream in 2011. The largest share of earnings came from Skanska Infrastructure and its divestment of the Autopista Central highway in Santiago, Chile. Construction operations also accounted for a sizable share of earnings, as did Commercial Property Development, with a larger number of property divestments during the year.

Risk management

Strengthening risk management is a key element of Skanska's business plan for profitable growth through 2015. The Group's risk management system does not imply avoidance of all risks, but instead aims at identifying, managing and pricing them. Better, more effective risk management will enable Skanska to undertake larger commitments.

Order backlog in Construction SEK 156 bn

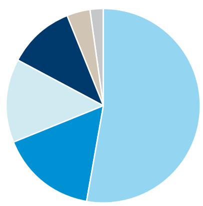
Operations



- Building construction, **54%**
- Civil construction, **38%**
- Residential , **4%**
- Service, **4%**

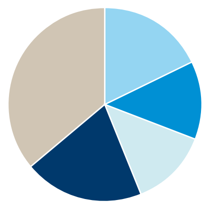
1 Mainly private healthcare and educational institutions.

Customer structure



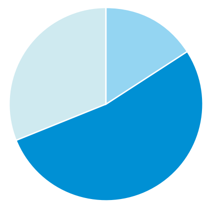
- Government, **53%**
- Institutions[1], **16%**
- Corp. Industrial, **14%**
- Commercial Development, **11%**
- Residential Development, **4%**
- Other, **2%**

Project size



- SEK 0–100 M, **18%**
- SEK 101–250 M, **13%**
- SEK 251–500 M, **13%**
- SEK 501–1,000 M, **20%**
- SEK > 1,000 M, **36%**

Type of contract



- Cost Plus, **16%**
- Lump Sum Tender, **53%**
- Negotiated Fixed price, **31%**

The construction business is largely about risk management. Practically every project is unique. A well-executed project can mean that the margin in the project may increase by one or more percentage points. A large loss-making project, however, may have a considerably larger adverse impact on earnings.

Skanska's risk management organization handles about 30,000 tenders per year. This requires structured processes, but these should not be only mechanical. Instead, they must also take into account how external factors have changed, as well as the nature and size of the tender.

The degree of risk is largely determined by the complexity of the assignments that Skanska undertakes. These may vary from pure construction contracts to assignments in which Skanska plays a much deeper role, ranging from design-build to project management. The bigger the commitment, the greater the need to monitor and be able to manage risks in all stages of the project. Having this capacity is of crucial importance to Skanska, and it increases Skanska's freedom of action in choosing the right projects with the right potential. For many years, Skanska has worked to develop systematic risk assessment of new projects. The outcome is reflected in declining project losses and an improved operating margin.

The path to industry leadership

As part of its 2011–2015 business plan, Skanska is taking new steps toward becoming an industry leader in risk management. This implies a more intensive focus on risk management in all business units. The aim is to make risk management an integral part of all decision making processes. Skanska will also be putting great emphasis on employee training over the next several years.

Among the single largest areas in which problems may arise due to inadequate risk management are ethics, the environment, safety and project losses. These are analyzed in greater detail at the project level, which may lead Skanska to abstain from certain markets or from specific tenders for which overall risk is deemed too high.

Risks at the macroeconomic level are normally beyond the Company's ability to influence. These risks may, however, be offset because Skanska works in different markets and segments, both in the private and public sector, which are in different phases of the business cycle. This reduces the risks in the Group's overall operations.

Operational risks in construction

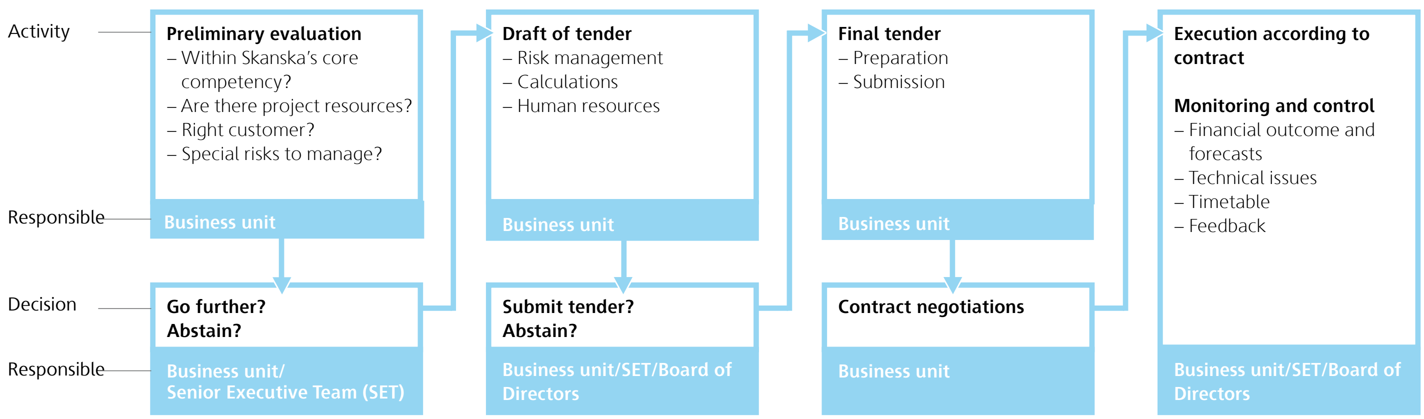
In the construction business, operational risks are substantially higher than financial risks. Skanska's ability to foresee and manage operational risks is crucial in achieving good earnings.

Percentage of completion method

The percentage of completion method means that earnings are recognized as costs are accrued. Each project is evaluated on a quarterly basis, and estimated losses are recognized in their entirety on the date of the estimate.

Skanska uses a Groupwide procedure for identifying and managing risks, the Skanska Tender Approval Procedure (STAP).
A specialist unit, the SET Risk Team (SRT), examines and analyzes conceivable tender proposals or investments above a certain size. SRT handles 40–50 tender proposals per month. Each business unit carries out a risk assessment and identifies measures for limiting risks. Then the proposals are handled by the SRT, which issues a recommendation on whether tenders should be submitted and under what circumstances. The final decision about a tender is made by the SET Tender Board, a part of the Skanska Executive Team, and in some cases by the Board of Directors.

Skanska Tender Approval Procedure (STAP)



A loss-making project that previously reported a profit must expense all previously recognized profit together with the entire estimated loss. If no further changes occur, the project will then recognize zero gross income during the remainder of the construction period.

Contractual mechanisms

In Skanska's operations there are many different types of contractual mechanisms. The degree of risk may thus vary greatly. This is partly a matter of different payment mechanisms. In cases where Skanska works on a cost-plus basis, any price increases are passed on directly to the customer. In assignments for public sector customers, Skanska often has fixed-price contracts. Certain contracts contain indexing clauses that allow an upward revision of the contract value, equivalent to price increases.

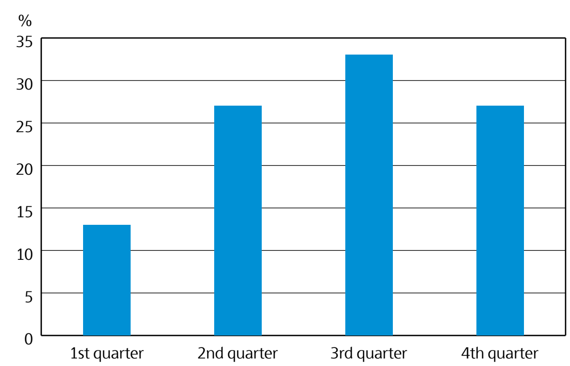
Technical risks

Today's construction business involves an ever-increasing degree of standardization and industrialization, with large volumes of purchasing as a consequence. From an economic standpoint, this is a favorable trend not only for the construction business, but also for society at large. At the same time, it requires that Skanska focuses on monitoring and technical analysis of material purchases. Where there is a high degree of repetition, the risk is otherwise that any technical defects will not be remedied in the course of continued purchases and will thus be repeated in new projects.

Seasonal effects

In a number of the markets where Skanska operates, seasonal variations due to weather comprise a risk that must be managed with regard to the allocation of revenue and earnings in relation to expenses that are relatively constant over the year. This is especially true during cold winters, when civil construction work cannot be performed, especially in the Nordic countries and parts of the United States, but also elsewhere in Europe. These projects normally carry a somewhat higher margin.

Distribution of operating profit recognition in construction per quarter during 2007–2011



30,000 tenders per year are handled by Skanska's risk management organization.

The construction and project development business is largely about risk management. Practically every project is unique.

Risks in project development operations

In both residential and commercial property development, there are risks in all stages of operations.

In residential and commercial property development, capital exposure is limited to a maximum amount. If Skanska has reached its maximum capital exposure, this will mean that new projects may not be started up until room has been made available by selling ongoing or completed homes or by leasing commercial space in ongoing or completed projects. Capital exposure equals the estimated cost of completion for all unsold homes or unleased commercial space, both in previously completed and ongoing projects. In case of sharp economic fluctuations or a major downturn in demand, the development of new projects can be completely halted.

In infrastructure development, Skanska conducts an annual appraisal of the project portfolio. Estimated future cash flows are discounted at an interest rate equivalent to a yield requirement on equity. The level of this requirement is based on country risk, risk model and project phase for the various projects. The appraisal is not primarily intended to establish a specific value for investments in the project portfolio, but above all to use a consistent methodology to provide an indication of movements in underlying values, while clarifying the impact of transactions carried out during the period.

Financial risks

The Skanska Financial Services support unit evaluates financial risks, such as credit risks, payment flows, customers, subcontractors and joint venture partners. In all major projects that continue over a long period, Skanska conducts regular follow-up of its risk assessment. SET also carries out quarterly reviews of major projects, altogether equivalent to about one third of the total contract value of ongoing projects.

Foreign exchange risks

Project revenue and costs are normally denominated in the same currency. Transaction risks from exchanges between different currencies are thus limited. Known and budgeted financial flows are currency hedged. The foreign exchange risk that arises because portions of the Group's equity are invested long-term in foreign subsidiaries is partly currency hedged.

Interest rate risks

Interest rate risk is the impact on earnings arising from a change in interest rate. Interest-bearing assets currently exceed interest-bearing liabilities, so net financial items are adversely affected by an interest rate cut. At year-end 2011 the average interest refixing period for interest-bearing assets, SEK 13.5 billion, was 0.3 (0.5) years and on interest-bearing liabilities excluding pension liabilities, SEK 6.8 billion, it was 0.5 (0.9) years.

Refinancing risks and liquidity

Refinancing risk is the risk caused by lack of liquidity or by difficulty in obtaining or rolling over external loans. At year-end 2011, the Group's unutilized credit facilities totaled SEK 7.1 (7.4) billion. The average maturity of the borrowing portfolio, including the maturity of unutilized credits, was 3.8 (3.5) years.

Impact on the Group of a change in SEK against all currencies and a change in USD against SEK, based on 2011 income statement and statement of financial position

SEK bn	+/–10%	Of which USD +/–10%
Revenue	+/– 9.1	+/– 3.2
Operating income	+/– 0.2	+/– 0.1
Shareholders equity	+/– 1.4	+/–0.4

The sensitivity analysis above shows in SEK the Group's sensitivity to unilateral change in SEK.

Sensitivity of pension obligation to change in discount rate

SEK bn	Sweden	Norway	U.K.	Total
Pension obligation, December 31, 2011	6.9	2.6	5.2	14.7
Discount rate increase/ decrease of 0.25%[1]	+/–0.3	+/–0.1	+/–0.3	+/–0.7

1 Estimated change in pension obligation/pension liability if the discount rate changes. If pension liability increases, the Group's equity is reduced by about 75 percent of the increase in pension liability, after taking into account deferred tax and social insurance contributions.

Management of pension obligations

Skanska has pension obligations totaling SEK 3.6 billion. These obligations mainly consist of defined-benefit pension plans in Sweden, Norway and the United Kingdom. Provisions totaling SEK 11.1 billion have been made to pension funds in order to guarantee this obligation. Changes in the size of the pension obligation or the pension fund assets under management have a net effect on pension liability. This net effect increases or decreases the equity of the Group. For more information, see also Note 28, page 146.

New Karolinska Solna (NKS) , a university hospital in Solna, Sweden, is a project with a high degree of complexity, requiring strict standards of risk control and management at all stages.

Communities are built by people

Skanska's operations depend on dedicated employees who share and actively contribute to maintaining and advancing the Company's values. Large, complex projects require highly proficient teams with advanced expertise in many different specialties. For Skanska as an employer, this requires various measures and activities aimed at attracting, developing and retaining the best employees.

- **Development and recruitment** – the top-priority tasks.
- **Age distribution** is balanced.
- **The percentage of women** in management positions has increased.
- **Talent review** – a process for identifying talents, leadership capacity and diversity issues.
- **Global development programs:** Skanska Unlimited, Skanska Stretch and STEP.
- **Skanska Employee Ownership Program (SEOP)** – a stock purchase program offered to all permanent employees.

Age distribution

Female employees at Skanska

%	2011	2010
Skilled workers	2	3
White collar employees	25	25
Skanska AB Board	20	27
Senior executives	14	11
Total	**12**	12

>45% of the year's newly recruited employees in Skanska's U.S. operations were women or from ethnic minorities.

The crucial role of Skanska's employees becomes even clearer in the Company's new business plan, whose goal is profitable growth in all business areas. Among other things, this growth will mean that a large number of new employees must be hired in many markets during the coming five-year period.

Identifying and providing professional development for Skanska's existing talent and recruiting good new employees are thus top-priority tasks in the next few years. It is also a matter of introducing new employees to the Company's way of working and pursuing initiatives such as Green Construction, good business ethics and the focus on risk management and improved occupational health and safety.

Global recruitment

Skanska is a global employer with global recruitment needs. To strengthen Skanska's brand as an employer, there are continuous efforts to clarify what Skanska offers its employees. Because each business unit plans its recruitment needs and establishes targets, efficient tools and channels are need to support this work. Since 2011 the Group's external website has featured Skanska Recruit, a shared global system that helps create an external and internal labor market. Job vacancies are advertised and candidates can apply externally or in Skanska's national and international labor market.

Internal development

Developing Skanska's in-house talents is another very important element of future investments, both in order to replace those leaving the Company and to convey Skanska's way of working and fundamental values to all employees.

To create a better picture of its management capacity and internal talents, every year the Group conducts a Talent Review, whose aim is to ensure a long-term supply of managers and experts. This involves an extensive evaluation of all managers and a number of other key individuals in each business unit. The Talent Review identifies individual needs for professional development and ensures that each employee is in the right position for him or her. The results of the Review then provide the basis for further activities based on individual strengths and development needs.

During 2011 Skanska worked on compiling proficiency profiles on white collar employees in all business streams. The purpose is to define and clarify what kinds of proficiency the Company will need in order to achieve its strategic goals.

Increased diversity

To harmonize with society at large and with its customers, Skanska needs to increase the diversity of its workforce in terms of educational or occupational background, gender and ethnicity. Diversity is also important to the Company and its ability to take advantage of all expertise and stimulate an innovative corporate climate. Skanska is seeking a more even gender balance, with more women at all levels, especially in line positions.

Each business unit establishes and follows up targets and plans for diversity and gender equality efforts. The Talent Review includes a structured approach to diversity issues. Training programs are also aimed at increasing knowledge about diversity. Skanska's employee surveys contain questions about diversity and gender equality as well.

A day on the job with John Crecco, Skanska USA Civil

4:15 a.m. Wake up to a day of new challenges **4:40 a.m.** Drive 64 km (40 mi.) to the Croton Water Filtration Plant Project **5:15 a.m.** First coffee of the day at the project, read e-mails **5:30 a.m.** Inspect reinforcement work with production manager John Diedrich **6:00 a.m.** Lead a daily review with production managers, foremen and work site health and safety managers **7:00 a.m.** Safety review with occupational health and safety managers, among others **8:00 a.m.** Visit the work site to see what needs to be discussed with the team **9:00 a.m.** Weekly meeting with the customer **10:30 a.m.** Review of proposed changes **12:00 noon** Lunch meeting with project management team **1:30 p.m.** Telephone conference to prepare procurement of electrical subcontracting work **2:30 p.m.** Visit the work site to ensure that everything is in place for major concrete-pouring **4:00 p.m.** Plan tomorrow's activities with production managers **5:00 p.m.** Phone calls and going through e-mails **5:30 p.m.** Leave for home **6:30 p.m.** Dinner with Elena and the children: Danielle 19; Marisa, 17; and John, 14. **7:30 p.m.** Checking my son's homework **8:30 p.m.** Relaxing in front of the TV, preferably sports **9:30 p.m.** Bed time

Large projects have been a major element of John Crecco's 21-year career at Skanska. As a natural consequence, he is now Project Executive of the Croton Filtration Plant Project just north of Harlem in New York City.

As production manager for a number of projects, he has been a key individual in their execution. At the Croton project, for the first time he has comprehensive responsibility for a whole construction project.

But this doesn't mean that he has abandoned field work. Several times a day he is on site, talking with both foremen and construction workers. With a practiced eye, he spots potential risks in both construction and work site health and safety. Any issues are often raised immediately, or at a meeting the same day. It is vital to find solutions before problems arise.

The construction industry has been his arena since he earned his engineering degree in 1985. After five years of working with road and residential construction in New York, he made his Skanska debut at the Bowery Bay Water Pollution Control Plant project. Since then his CV has filled up with major civil construction projects, for example on the New Jersey Turnpike, JFK Airport Roadway, Brooklyn-Queens Expressway, Franklin D. Roosevelt Drive and the AirTrain to JFK Airport, as well as the reconstruction of the World Trade Center site.

Since 2007 he has been in charge of construction at Croton, a project worth SEK 8 billion. The customer is the New York City Department of Environmental Protection (NYCDEP). He is also in charge of all reinforcement operations for Skanska USA Civil Northeast.

"Our projects affect the daily lives of millions of people. Here in New York, there are so many examples of our efforts to ensure that people have access to water, sewage systems, roads, subways, bridges, parks and buildings. It makes you proud," John Crecco says.

"And for us builders, big complex projects bring continuous new challenges. That's what's both exciting and fun about this job."

John Crecco was recognized for his work in 2010, winning Skanska's Golden Hard Hat Award as the year's best employee in the Production Manager category.

As a manager, he believes that teamwork and team spirit are vital.

"To succeed, it's extremely important to make everyone feel they are important and that their contributions are valuable to the project."

9,600 employees participate in the Skanska Employee Ownership Program (SEOP).

Skanska encourages its employees to grow, both individually and professionally. This is why the Company conducts annual talent evaluations and offers training programs at all levels – locally, regionally and globally. The purpose of the global Skanska Employee Ownership Program is to retain talents, vital expertise and experience in the Company.

Mobility and exchanging experience

For Skanska, it is crucial to develop synergies between the various areas of operations and take advantage of the Group's full potential. In large, complex assignments this may mean recruiting cutting-edge expertise from the entire global organization, for example in order to carry out hospital projects or green projects, or for projects involving more than one business stream.

Stimulating mobility and exchanges of experience between different units is thus essential in developing an understanding of how Skanska as a whole works toward common goals – and an understanding of the importance of its various units and markets.

Skanska runs various global programs for this purpose, and there are also similar programs at regional and local levels.

The global Skanska Unlimited Program gives a number of employees a chance to spend several months learning new tasks in another unit and market.

A new program, Skanska Stretch, was introduced in 2011. It is aimed at promising young employees who are in the early stage of their career. This too is a global, multicultural program.

The Skanska Top Executive Program (STEP) is intended for high-level managers. In the current program, 40 employees are receiving one year of further education that will enable them to make their maximum contribution to Skanska's profitable growth.

Greater affinity and dedication

One way of creating greater affinity and dedication to the Company and of retaining employees is the three-year Skanska Employee Ownership Program (SEOP), which is open to all permanent employees. Participation in the program presupposes a personal investment, and allocation of additional shares is tied to how well each unit meets its yearly targets. This gives each participant the opportunity to receive a personal reward for the Company's success and for their own work efforts.

Global initiatives for our employees

Skanska Unlimited is a global exchange program that each year gives 20–30 employees the experience of working in another part of the world for 3–6 months. Participants can expect to develop new knowledge, discover new ways of working and build up a network in the Skanska Group.

Skanska Recruit – this new recruitment tool improves people's chances of matching their proficiency and their job aspirations with the opportunities that Skanska offers globally.

Skanska Stretch is a muticultural program that provides six months of work abroad for promising young employees who are in the early stages of their career. The aim is to develop skillful managers who have a good understanding of Skanska and of leadership in an international context.

Skanska Talent Review – a yearly evaluation of managers and key employees in all business units to assess each individual's strengths and professional development needs.

STEP – The Skanska Top Executive Program is tailored for senior executives in the Group. Its aim is to build up their knowledge and leadership skills, enabling them to make the greatest possible contribution to profitable growth and build networks for exchanges of knowledge and strategic work. The program has been developed and is provided in collaboration with IMD in Switzerland, one of the world's leading management institutes.

SEOP – permanent employees throughout Skanska are offered the opportunity to buy shares in the Company on favorable terms. The members of the Skanska Employee Ownership Program are now collectively the fifth largest shareholder in Skanska.

A day on the job with Cecilia Fasth

5:40 a.m. The alarm clock rings – snooze **5:45 a.m.** Get up, eat breakfast **6:45 a.m** Take the Tube to the City office or the car to the Maple Cross office (my husband takes the children to school) **7:30-7:45 a.m.** Arrive at the office. Read e-mails. Read a construction market report on the coming quarter **8:30 a.m.** Monthly meeting with Project Development employees **10:00 a.m.** Customer meeting with potential tenants in a future hospital project **12:00 noon** English lunch (sandwiches and chips), reading e-mails and making some phone calls **1:00 p.m.** Tender review with Green Business team for a major energy- and carbon saving project in London **3:00 p.m.** Jump on the Tube for a meeting at the other end of London **3:30 p.m.** Meeting with Arup consultancy **About 5:00 p.m.** Tube trip home **6:00 p.m.** Open the door and be welcomed by children and husband! Checking homework and dinner **7:00 p.m.** Family dinner. Swedish meatballs, mashed potatoes and lingonberries (available at certain shops in London) **8:00 p.m.** Start pestering the children to go to bed **8:30 p.m.** Bedtime story for my sons. Mio my Mio by Astrid Lindgren or Harry Potter! **9:00 p.m.** The house starts to quiet down. Take care of private e-mails, phone Mom and put out clothes for tomorrow, then to bed. Unfortunately no aerobics today either…

Meetings with customers and colleagues fill Cecilia Fasth's day. Customers must both be listened to and persuaded of the benefits of a new green office building. Together with her colleagues, she makes sure that Skanska's offer is better than those of competitors.

Since the summer of 2011 she has been Executive Vice President of Skanska's British construction unit.

As a new engineering graduate, Cecilia Fasth joined Skanska in Gothenburg, Sweden. At the local commercial property development unit, she worked in practically every position – from management and divestment of individual properties to the entire big property portfolio, including the development of new projects from concept to fully leased building.

She helped start up a Swedish nationwide unit for the development of logistics properties and shopping malls. During these years the Fasth family grew, with the addition of sons Hugo and Melker.

With ten years of industry experience, she took over in 2006 as President of Skanska Properties Gothenburg.

"It was fun and we had a good team. I like people and buildings, and creating something good like the Green Skyscraper in Gårda is gratifying. It's also very enjoyable to see employees developing professionally."

In 2009 she was offered the job of running Skanska's global Green Refurbishments initiative.

"Very exciting, because we assumed a leading position international. We have strong arguments. Existing buildings are the largest single contributor to greenhouse gases, and a green renovation future-proofs the value of a property."

Today Cecilia is responsible for starting up project development in the United Kingdom. Skanska's concept of modern, flexible, green office buildings – which is a success in Sweden and on the European continent – will be offered to tenants and investors in the British market.

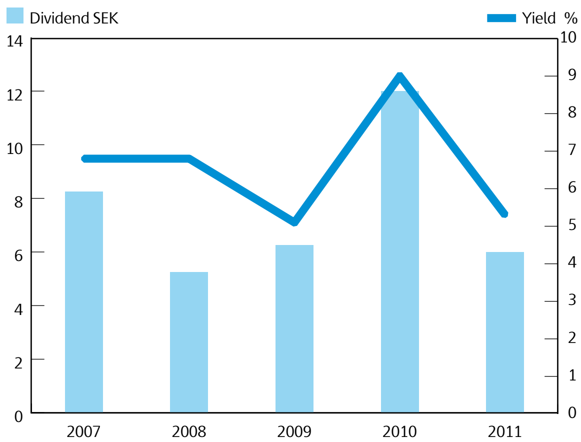
"We'll pursue this at Skanska UK in the form of 'bundled construction,' which means that we will be responsible for the entire development process but will not build up a management portfolio. Instead we'll sell the property, in principle before we start construction," says Cecilia, who likes London and the international scene, even though her daily family logistics are a bit more difficult.

Share data

In the past five years, Skanska shareholders have enjoyed a better total return on their investment than benchmark indexes. Among reasons for this are the Group's relatively stable underlying level of earnings – among other things reflecting its risk diversification across four business streams with operations in various geographic markets and segments – plus a relatively high dividend on shares.

- **Skanska's Series B shares are** quoted on the NASDAQ OMX Stockholm stock exchange, NASDAQ OMX Stockholm.
- **Skanska is included in the FTSE4Goods global sustainability index.**
- **The number of shareholders is 89,208**, and the largest shareholder is Industrivärden; Lundbergs is a new major shareholder.
- **Market capitalization** is SEK 47 billion.
- During 2009–2011 **annual yield was 6 percent** and **total yield 27 per cent.**
- The Board of Directors has proposed a **dividend of SEK 6 per share.**
- The **price-earnings (P/E) ratio** was **6** (13 excluding the gain on the divestment of the Autopista Central) at year-end 2011.
- Skanska shares have a **risk profile** (volatility) and a **pattern of movement** (beta) that is **very similar to the index** (SIX Price Index).

Dividend / Yield



Stockholm stock exchange, 2011

Last year the NASDAQ OMX Stockholm was very turbulent. The first quarter of 2011 saw falling share prices, which recovered to some extent during the second quarter. Late in the second quarter, prices on the exchange began falling again. A minor recovery occurred early in the third quarter, but share prices then fell again sharply. The third quarter ended with large daily fluctuations on the exchange, which continued into the fourth quarter, though with a rising trend and a relatively stable market by year-end.

Total return

The total return of a share is calculated as the change in the share price, together with the value of reinvested dividends. During 2011, total return on a Skanska share amounted to –5.9 percent, compared to the exchange's SIX Return Index, at –13.5 percent. During the five-year period January 1, 2007 to December 31, 2011, total annual return on a Skanska share amounted to 3.4 percent, compared to the SIX Return Index at –0.2 percent.

Dividend policy

The Board's assessment is that Skanska AB has the capacity to pay out 40–70 percent of profit for the year as dividends to the shareholders, provided that the Company's overall financial situation is stable and satisfactory.

Dividend

For ten years, Skanska has delivered an unchanged or increased dividend to its shareholders. In 2011 it paid an extra dividend of SEK 6.25 per share related to the divestment of the Autopista Central in Santiago, Chile.

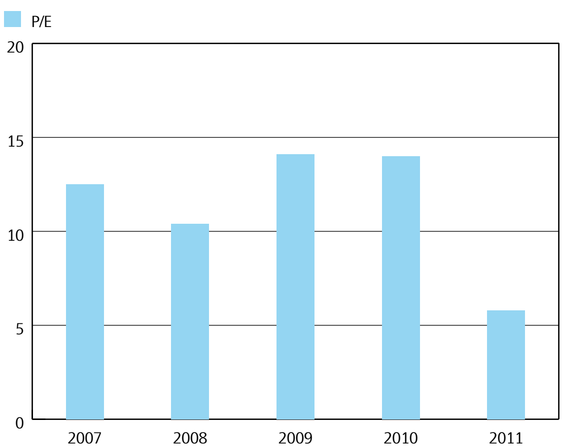
The Board proposes a regular dividend of SEK 6.00 (5.75) per share for the 2011 financial year. The proposal is equivalent to a regular dividend totaling SEK 2,469 M (2,364), or 68 percent of profit for the year excluding the gain on the diviestment of the Autopista Central. No dividend is paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in Skanska's long-term share ownership programs.

Share ownership program

The Skanska Employee Ownership Program (SEOP), intended for all permanent employees, was introduced in 2008. The program ran for three years, 2008–2010. During 2011, SEOP 2 started and will run for another three years, 2011–2013. The program gives employees the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional shares. This allocation is predominantly performance-based. The program has been a success, and SEOP participants are collectively Skanska's fifth largest shareholder. Employee interest in Skanska share performance and in remaining at the Company has increased.

89,208 shareholders.

Price per share / Earnings per share (P/E)

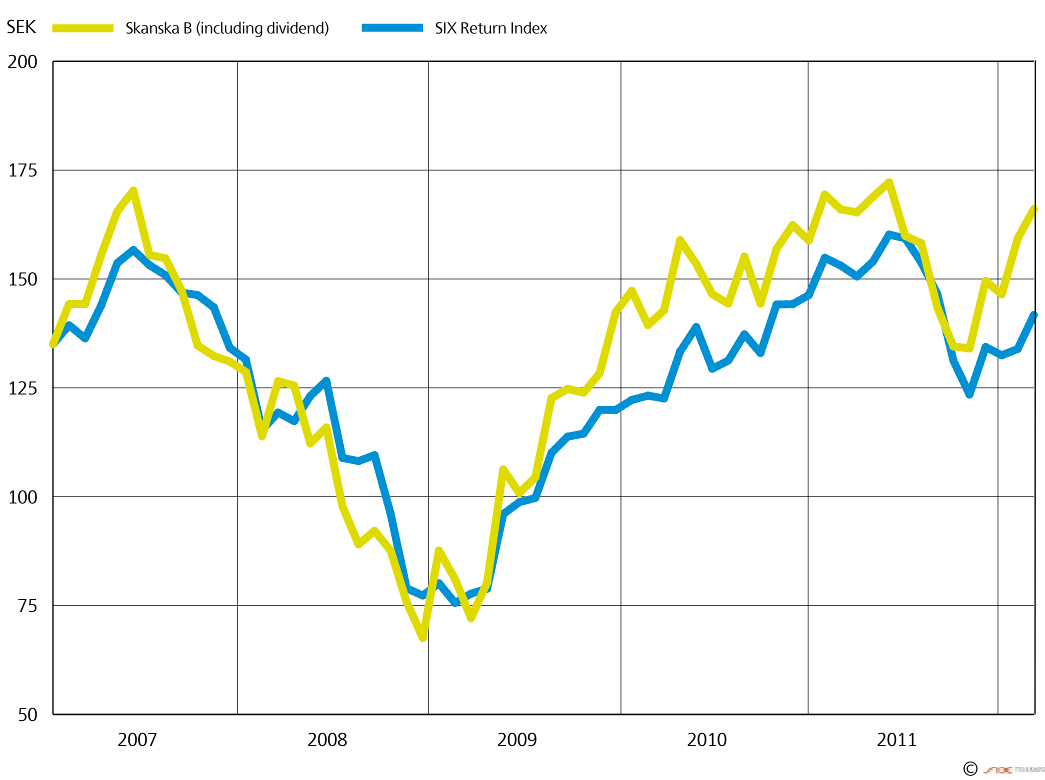


Skanska share history

	2011	2010	2009	2008	2007
Year-end market price, SEK	114.00	133.30	121.60	77.50	122.00
Market capitalization, SEK bn	46.9	54.8	50.2	32.2	51.1
Number of shares outstanding, million[1]	411.6	411.2	412.8	415.8	418.6
Highest share price during the year, SEK	138.00	136.00	123.20	125.50	165.50
Lowest share price during the year, SEK	84.35	109.70	62.00	53.25	110.25
Yield, percent[2]	5.3	9.0	5.1	6.8	6.8
Earnings per share[3]	19.72	9.54	8.65	7.44	9.78
Regular dividend per share, SEK	6.00[4]	5.75	5.25	5.25	5.25
Extra dividend per share, SEK	–	6.25	1.00	–	3.00
Dividend pay-out ratio[5]	30	126	72	71	84

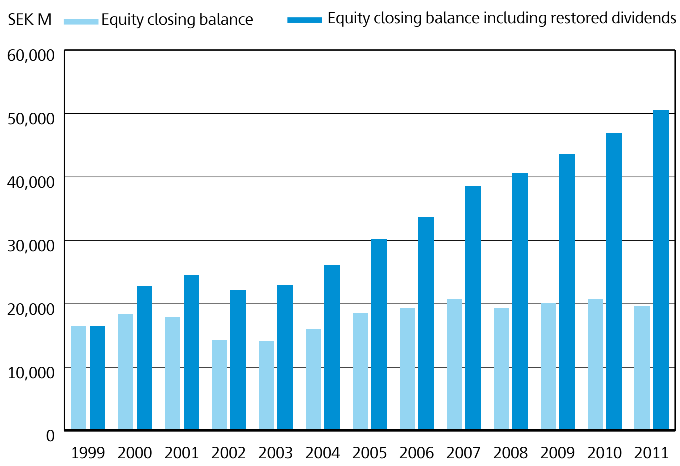
1 Number of shares outstanding.
2 Dividend as a percentage of respective year-end share price.
3 Earnings per share according to segment reporting divided by number of shares outstanding.
4 Based on the dividend proposed by the Board of Directors.
5 Dividend as a percentage of earnings per share. Excluding the gain on divestment of the Autopista Central, the dividend pay-out ratio is 68 percent in 2011, and including the same gain in 2010 the dividend pay-out ratio is 59 percent in 2010.

Total return of Skanska shares compared to SIX-Return Index January 1, 2007–January 31, 2012



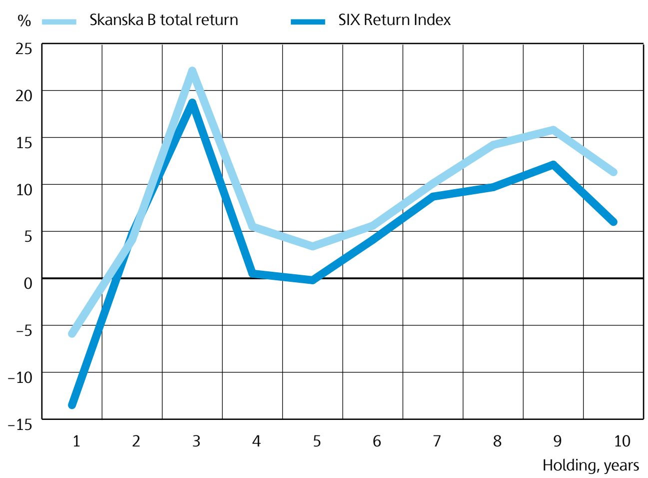
Thanks to Skanska's long tradition of dividends and often also extra dividends to its shareholders, during many periods the return on its shares has been higher than comparable indexes.

Growth in equity including restored dividends

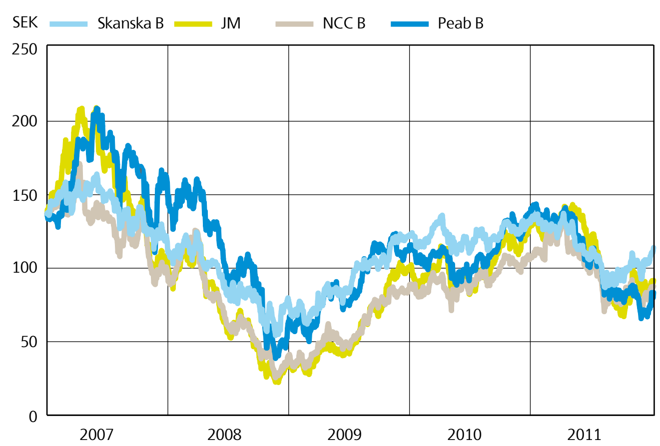


> **Assuming that dividends are restored, average annual growth in equity has been 10 percent.**

Annual total return at different holding periods



Skanska's share price development in comparison with Swedish competitors

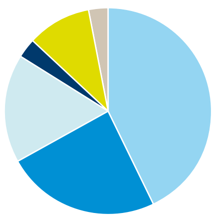


Major listed construction companies[1]

	Absolute return 2011, %	Total return 2011, %	Total return, 2007–2011 %	Market capitalization, SEK bn[2]	Net sales, SEK bn[2]	Income after financial items, SEK M[2]	Return on equity, %[2]	Return on capital employed, %[2]
ACS (Spain)	–35	–31	–33	77.5	146.9	14,747	31.4	6.0
Balfour Beatty Plc. (U.K.)	–15	–12	–18	18.8	117.3	3,550	12.4	13.8
Bilfinger & Berger (Germany)	5	9	53	24.2	76.5	2,894	17.6	9.2
Bouygues SA (France)	–25	–21	–39	82.4	298.2	14,011	11.5	9.4
FCC (Spain)	2	8	–67	21.9	115.7	3,759	12.2	6.0
Ferrovial (Spain)	25	31	–38	58.4	116.2	16,523	41.6	4.8
Fluor Corp. (U.S.)	–24	–24	29	55.3	150.3	4,033	12.6	15.4
Hochtief (Germany)	–30	–27	–8	32.1	192.5	7,226	18.4	9.6
NCC (Sweden)	–18	–13	–5	12.3	49.4	2,008	18.8	18.2
Skanska (Sweden)	–14	–6	18	39.5	122.2	5,423	21.1	21.6
Vinci (France)	–17	–13	–15	165.3	318.8	26,246	14.4	8.5

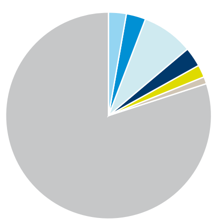
1 Excluding Asian construction companies. All figures are from 2010. Market capitalization as of September 30, 2011.
2 All figures are from 2010. Market capitalization as of September 30, 2011.
Sources: Annual and interim reports for each company and Thomson Datastream.

Share capital by shareholder category



Source: Euroclear

Share capital by size of holdings



Source: Euroclear

The largest shareholders in Skanska AB, ranked by voting power, Dec. 31, 2011

Shareholders, excluding Skanska's own holdings	Series A shares	Series B shares	% of votes	% of capital
Industrivärden AB	12,667,500	15,698,806	23.6	6.8
Lundbergs	6,037,376	6,550,000	11.2	3.0
Alecta	0	38,475,000	6.4	9.2
Swedbank Robur Funds	0	20,131,481	3.3	4.8
AMF Insurance & Funds	0	17,350,000	2.9	4.1
Nordea Funds	0	10,978,877	1.8	2.6
SEB Funds & Trygg Life Insurance	0	8,635,214	1.4	2.1
Folksam Group	0	7,692,719	1.3	1.8
SHB Funds	0	5,494,856	0.9	1.3
Carnegie Funds	0	4,989,000	0.8	1.2
10 largest shareholders in Sweden	**18,704,876**	**135,995,953**	**53.9**	**36.8**
Other shareholders in Sweden	1,230,019	164,711,228	29.5	39.6
Total in Sweden	**19,934,895**	**300,707,181**	**83.4**	**76.4**
Shareholders abroad	40,628	99,220,368	16.6	23.6
Total	**19,975,523**	**399,927,549**	**100.0**	**100.0**

Source: SIS Ägarservice.

"The Skanska Employee Ownership Program has about 9,600 participating employees worldwide. Through SEOP they are collectively the fifth largest shareholder in Skanska.

Equity and adjusted equity

SEK bn	Dec 31 2011	Dec 31 2010	Dec 31 2009
Equity attributable to equity holders	**19.4**	20.7	20.0
Unrealized surplus land value, Residential Development	**1.0**	1.0	1.0
Unrealized Commercial Property Development gains[1]	**4.4**	3.5	2.2
Unrealized Infrastructure Development gains	**2.8**	6.8	8.4
Less standard corporate tax on surplus values[2]	**–0.8**	–0.6	–1.7
Adjusted equity	**26.8**	31.4	29.9
Equity per share, SEK[4]	**47.17**	50.27	48.44
Adjusted equity per share, SEK[5]	**65.10**	76.30	72.33

1 Market value upon completion.
2 Standard tax on surplus values was 10%, in 2010 the Autopista Central was excluded and in 2009 the tax was 15%.
3 Equity attributable to equity holders divided by the number of shares outstanding at year-end.
4 Adjusted equity divided by the number of shares outstanding at year-end.

Shares by category on December 31, 2011

Category	No. of shares	% of capital	% of votes
Series A	19,975,523	4.8	33.3
Series B	399,927,549	95.2	66.7
Total	**419,903,072**	**100.0**	**100.0**

Changes in number of shares (millions) and share capital

Year and event	Reduction	Bonus issue	New share issue	Number of shares	Share capital, SEK M
2001 cancellation of repurchased shares	–9.2	–	–	104.7	1,255.7
2001 split 4:1	–	314.0	–	418.6	1,255.7
2006 new share issue, Series D shares	–	–	4.5	423.1	1,269.2
2011 redemption of series D shares	–3.2	–	–	419.9	1,259.7

Above left: **United Nations Headquarters, New York, NY, U.S.A.** Above right: **M25 Orbital Motorway, London, U.K.**
Below: **Lustgården, a green office building in Stockholm, Sweden.**

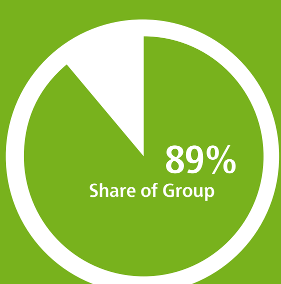
Construction

Construction is Skanska's largest business stream in terms of revenue and number of employees. Collaboration with the Group's other business stream and the Company's collective financial resources enable Skanska to take on large, complicated projects where few competitors can measure up to its expertise and strength.

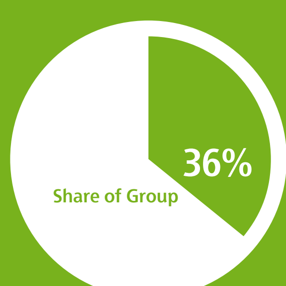
- Sweden
- Norway
- Finland and Estonia
- Poland
- Czech Republic and Slovakia
- United Kingdom
- Skanska USA Building
- Skanska USA Civil
- Latin America

With guiding principles such as sustainability, high ethical standards and good occupational health and safety, Skanska's goal is to be the leading construction company in its home markets, both in terms of size and profitability. At the end of 2011, order backlog in Construction totaled SEK 156 billion, allocated among more than ten thousand projects.

2011



Revenue SEK 114,972 M
USD 17,707 M
EUR 12,734 M



Operating income SEK 3,467 M
USD 534 M
EUR 384 M

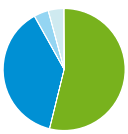
SEK M	2011	2010
Revenue	**114,972**	113,213
Operating income	**3,467**	4,388
Operating margin %	**3.0**	3.9
Working capital, SEK bn	**–19.9**	–19.8
Operating cash flow	**3,074**	6,277
Order bookings, SEK bn	**123.6**	130.3
Order backlog, SEK bn	**155.7**	145.9
Number of employees	**51,119**	50,197

Increased order backlog and growth in revenue

The ambition of the business plan for 2011–2015 is that Skanska's Construction operations shall grow by increasing market shares, without sacrificing a good, stable operating margin. In 2011, the operating margin amounted to 3.0 percent, which is consistent with the target in the business plan. Despite financial turmoil and weaker construction demand in various markets, order backlog increased by 7 percent and totaled SEK 156 billion at year-end.

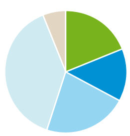
Breakdown of order backlog

Operations



- Building construction, **54%**
- Civil construction, **38%**
- Residential, **4%**
- Service, **4%**

Geographic area

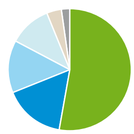


- Sweden, **19%**
- Other Nordic countries, **14%**
- Other European countries, **22%**
- USA, **39%**
- Latin America, **6%**

Duration

- Production in 2012, **53%**
- Production in 2013–, **47%**

Customer structure



- Government, **53%**
- Institutional[1], **16%**
- Corp. Industrial, **14%**
- Commercial Development, **11%**
- Residential Development, **4%**
- Other, **2%**

1 Mainly private healthcare and educational institutions.

Major global contractors[1], sales, June 30, 2011[2, 3]

Company	Country	SEK bn	EUR bn
VINCI	France	326.5	35.9
Bouyges	France	288.8	31.8
Hochtief AG	Germany	190.9	21.0
Grupo ACS	Spain	157.8	17.4
Fluor Corporation	United States	145.0	16.0
Skanska AB	Sweden	119.2	13.2

1 Excluding Asian construction companies.
2 Rolling 12 months.
3 Including non-construction-related companies.
Sources: Half-year reports for 2010-2011 for each respective company.

Generating value

Skanska's Construction business stream performs building, civil and residential construction. It also performs assignments of a service-related nature, such as construction services and facility operation and maintenance.

In keeping with Skanska's business model, Construction also performs contracting assignments for Skanska's other business streams in the development of commercial and residential properties as well as infrastructure. This collaboration generates both large construction assignments and synergies for the Group.

Potential projects and synergies are also created thanks to the financial capabilities of the Group. Skanska Financial Services often helps to arrange financial solutions.

A combination of financial strength and global expertise in project development and construction enables Skanska to take on large, complicated projects for international customers with strict standards of quality and execution. In the very largest projects, which require high-level performance guarantees, few competitors can measure up to Skanska in expertise and strength.

With its focused risk assessment work in the tender stage, Skanska has been able to concentrate on winning the right projects, which provide a balance between risk level and expected margin. Skanska's ambition is to increase its share of negotiated contracts, where customers value service level, quality and reliability in addition to price in their tender evaluation. Skanska's clear focus on sustainable development – such as work site health and safety, ethics and the environment – is also a factor that strengthens its customer offering.

Major events

During 2011, Construction operations showed divergent trends in Skanska's markets and segments. In the United Kingdom, the United States and the Czech Republic, public sector cost-cutting affected the market, but in certain building construction segments – such as healthcare, the pharmaceutical industry and data centers in the U.S. – demand was good. The Norwegian market also showed a positive trend, while the residential construction market weakened, especially in Sweden.

The civil construction market remained stable, but the number of bidders is still large. An increased presence by international players in various markets means tight bidding margins.

Order bookings in Construction generally showed a continued positive trend during the year, with a number of new assignments each worth SEK 1 billion or more, both in the U.S. and Europe. Order backlog increased by 7 percent and totaled SEK 155.7 billion at year-end, equivalent to 16 months of construction.

During 2011, Skanska signed agreements to acquire three companies: the U.S.-based Industrial Contractors Inc., with 2,400 employees and annual sales of about SEK 3.2 billion; Finland's Soraset Yhtiöt Oy, with 270 employees and sales of about SEK 900 M; and Poland's PUDiZ Group, with 450 employees and sales of about SEK 350 M. These strategic acquisitions will make further expansion of Skanska's operations possible in these countries.

SEK 156 bn

Order backlog

Breakdown of order backlog, SEK 156 bn

	Services, %			
Business unit	Civil construction	Building construction	Residential construction	Services
Sweden	21	64	15	0
Norway	44	55	1	0
Finland[1]	24	48	23	5
Poland	55	45	0	0
Czech Republic[2]	60	39	1	0
United Kingdom	24	54	0	22
USA Building	0	100	0	0
USA Civil	100	0	0	0
Latin America	73	0	0	27

1 Including Estonia.
2 Including Slovakia.

Water treatment facilities for **Anglian Water, U.K.**

Earnings for the year

Total Construction revenue increased by 2 percent during 2011, amounting to SEK 114,972 M (113,213). Adjusted for currency rate effects, revenue increased by 8 percent. Operating income decreased to SEK 3,467 M (4,388), with currency rate effects having a negative impact of SEK –255 M. Earnings for the year showed large variations between different markets. Operating margin amounted to 3.0 percent, but it also showed large variations between markets.

Future outlook

The building construction market is expected to remain largely stable during 2012, although continued variations between local markets can be anticipated. Looking a little further ahead, however, general economic trends will be crucial in determining the size of future construction investments. In Europe, the outlook for residential construction in particular is expected to be adversely affected by financial turmoil. In the U.S., the increase in private investments may offset the decline in public sector construction investments to some extent.

In civil construction, a continued favorable trend is expected in 2012.

Green new construction and refurbishment are a growing market with major potential, in which Skanska is well positioned for new assignments. In particular, refurbishment of commercial space is expected to grow due to stricter energy and emission standards and because both investors and tenants also increasingly demand green premises.

The Snöflingan and Iskristallen residential projects and the Courtyard by Marriott hotel, Stockholm, Sweden.

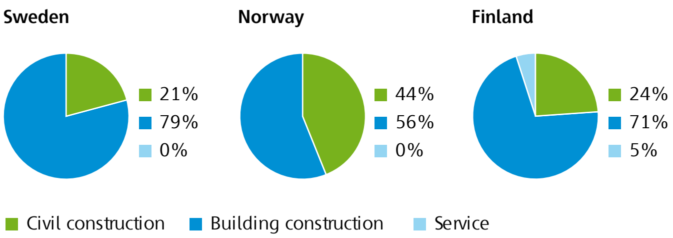
Construction of a new 120 km (75 mi.) long section of highway in **Antofagasta, Chile.**

Nordic countries

- Sweden
- Norway
- Finland and Estonia

The major product segments in Skanska's Nordic markets are new construction of office buildings, industrial facilities, retail centers, hotels, hospitals, homes and infrastructure facilities such as highways and railroads. The Nordic markets account for a large share, 41 percent of Skanska's total Construction operations.

Breakdown of order backlog



Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
Sweden	49,183	4,049	8.2
Norway	84,144	9,553	11.4
Finland	44,496	6,698	15.1
Estonia	14,405	1,715	11.9

All figures refer to 2010. Sources: Euroconstruct, IMF.

Competitors

NCC
PEAB
YIT
Veidekke
Lemminkäinen
AF Gruppen

Number 1 in the Nordic countries.

Major events

Order backlog remained higher than revenue in Sweden but order bookings decreased compared to 2010. This was mainly because the construction contract for the New Karolinska Solna University Hospital project, amounting to SEK 14.5 billion, was included in 2010. In Norway, order bookings increased, while they decreased somewhat in Finland.

Construction work at New Karolinska Solna intensified during 2011. The construction site establishment, probably the largest in Sweden, consists of sheds with space for about 1,500 construction workers and white collar employees. The project will be entirely completed in 2017.

A number of major contracts were secured during the year, the largest of them in Norway. In July, Skanska was awarded the task of constructing a new office building for Statoil in Bergen, in accordance with Skanska's Green Workplace concept. The contract value is about SEK 1.5 billion. Skanska is also constructing Staoil's office building in Oslo. Later in the year, Skanska received an assignment from the Norwegian National Rail Administration to build portions of the Vestfold Line between Drammen and Porsgrunn. With a contract value of about SEK 1.6 billion, it is one of Skanska's largest-ever single projects in Norway, along with the Statoil office building. Skanska also received a contract to expand Oslo Gardermoen Airport for SEK 780 M.

In Sweden, Skanska launched a new green hotel project in Gothenburg together with the Winn Hotel Group. This is an example of a project where Skanska takes advantage of its financial strength by contributing to the financing. Skanska is investing about SEK 400 M in the project, with the construction contract amounting to SEK 310 M. In central Stockholm, Skanska received a renovation contract for an office property, worth SEK 750 M.

One of the largest construction contracts of 2011 in Finland was the third phase of the Kannelmäki Shopping Center in Helsinki. The contract value is about SEK 500 M. In October, Skanska signed an agreement to acquire the Finnish construction company Soraset Yhtiöt Oy, with 270 employees and annual sales of about SEK 900 M, mainly in civil construction and infrastructure projects. The acquisition will complement and strengthen Skanska's operations in these fields.

Kenneth Nilsson was appointed the new President of the Skanska Finland business unit and assumed his post on November 1.

Market overview

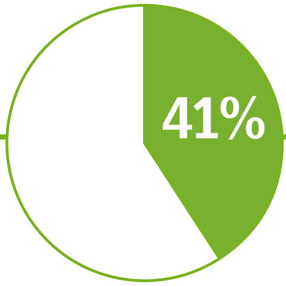
Nordic building construction markets showed a good overall trend during the year, with high activity and a high level of tenders. The civil construction market also developed favorably, while competition for major projects from international market players increased.

Earnings

In Skanska's Swedish construction operations revenue remained at a stable level, with a continued very good operating margin, but the Group's Norwegian and Finnish construction operations were adversely affected by project writedowns and provisions. The overall earnings in these business units were unsatisfactory. Steps have been taken in these units to resolve the problems that have been identified.

Outlook

The trend is expected to remain stable in Nordic markets, with a strong order book and stable markets. A deeper economic slump may possibly also lead to government stimulus measures. A weaker economic situation will also lead to reduced cost pressure related to materials and subcontractors.



Nordic markets accounted for 41 percent of Construction revenue.

Skanska's two largest-ever contracts in Norway were secured during 2011. Together they total more than SEK 3 billion.

Construction, Nordic countries

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
SEK M	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Sweden	**27,014**	23,232	**1,287**	1,225	**4,8**	5,3	**24,493**	39,459	**91**	170	**29,468**	31,935
Norway	**12,521**	11,228	**–333**	182	**neg**	1,6	**17,786**	12,893	**142**	115	**15,414**	10,132
Finland[1]	**8,166**	6,892	**–349**	–79	**neg**	neg	**8,427**	8,685	**103**	126	**6,614**	5,903
Total	**47,701**	41,352	**605**	1,328	**1,3**	3,2	**50,706**	61,037	**106**	148	**51,496**	49,970

1 Including Estoina.

Largest construction companies in the Nordic countries, revenue as of June 30, 2011[1]

Company	Country	SEK bn	EUR bn
Skanska	Sweden	119.2	13.2
NCC	Sweden	56.8	6.2
PEAB	Sweden	40.9	4.5
YIT	Finland	38.8	4.3
Veidekke	Norway	18.6	2.0
Lemminkäinen	Finland	17.8	2.0
MT Höjgaard	Denmark	10.7	1.2

1 Rolling 12 months.
Sources: Half-year reports for 2010–2011 for each respective company.

The biggest construction crane in the Nordic countries was at the site of the **new Statoil office building in Oslo,** Norway.

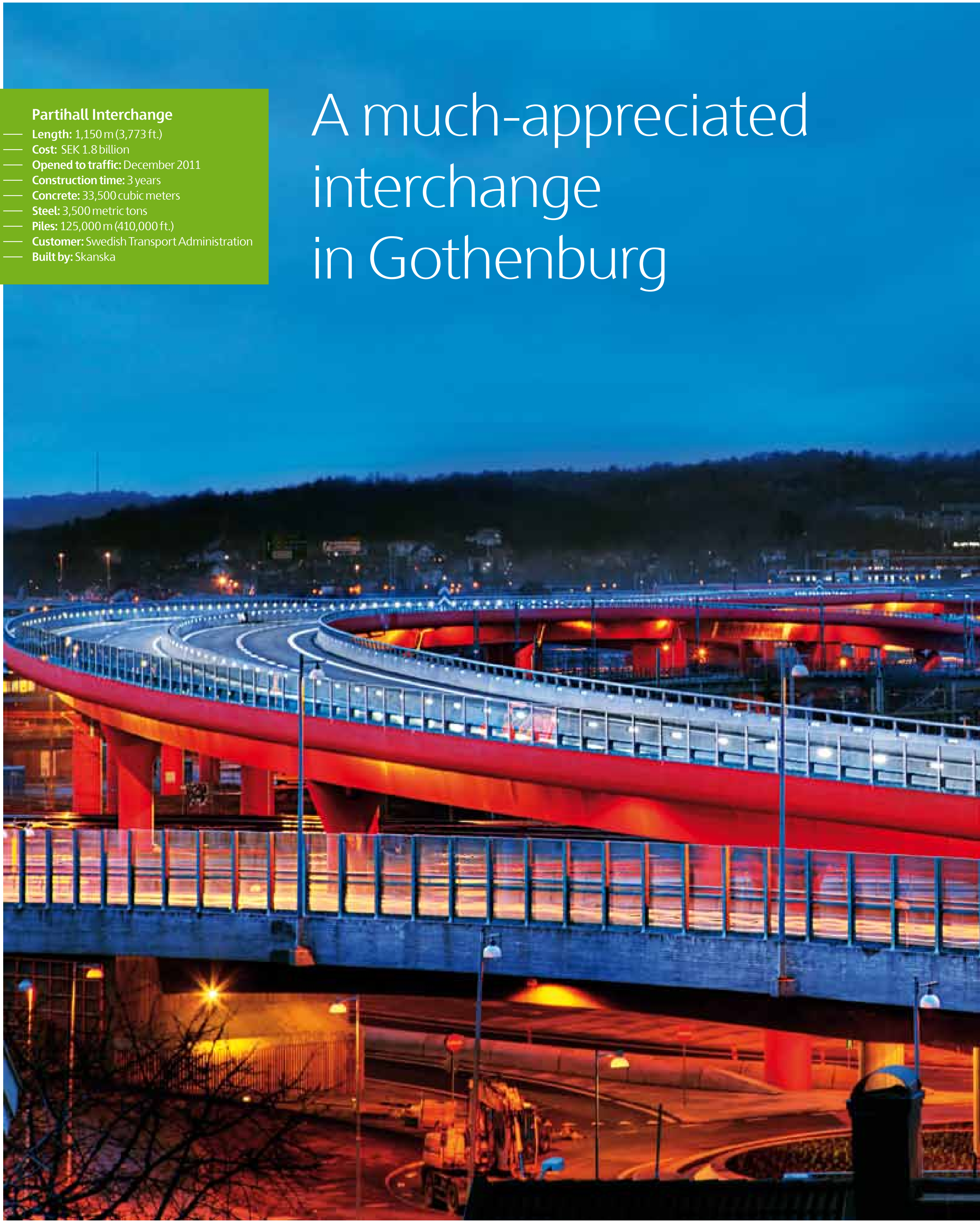
Interchange in **Norra Länken** (the Northern Link), Stockholm, Sweden's largest traffic artery.

Artistic lighting decorations in the Martintorni residential project, Vantaa, Finland.

A much-appreciated interchange in Gothenburg

Partihall Interchange

- **Length:** 1,150 m (3,773 ft.)
- **Cost:** SEK 1.8 billion
- **Opened to traffic:** December 2011
- **Construction time:** 3 years
- **Concrete:** 33,500 cubic meters
- **Steel:** 3,500 metric tons
- **Piles:** 125,000 m (410,000 ft.)
- **Customer:** Swedish Transport Administration
- **Built by:** Skanska



Less traffic congestion and shorter travel times through Gothenburg and calmer local streets – those are the effects of the Partihall Interchange.

This highway bridge – just over one kilometer long – eliminates various traffic bottlenecks in this Swedish west coast city by linking the region's two main highways, the E45 and E20, and taking the pressure off congested local streets.

After three years of construction time, the four-lane skyway opened on December 1, 2011. The Partihall Interchange is part of an expansion of the infrastructure in Gothenburg, which will include the new Marieholm Tunnel.

The red-painted bridge curves through the urban landscape. It is held up by 59 pillars, with a maximum height of 15 meters (50 feet) above ground level.

The bridge has no traditional light poles. Instead there are 2,000 LED lighting fixtures mounted inside the edge beam.

The bridge project, carried out on behalf of the Swedish Transport Administration, was completed both on schedule and according to budget. The main challenges included of the size of the bridge, the foundation work in Gothenburg's notorious clay soils and such fixed obstacles as roads, a creek and eleven railroad and streetcar tracks.

Skanska's focus on work site health and safety improvements paid off – the last two years of the project were completed without work-related injuries, and the project received the Transport Administration's 2010 safety award for its efforts to improve work site safety. At the peak, Skanska had 250 people working on the project, and the number of hours totaled 1,100,000.

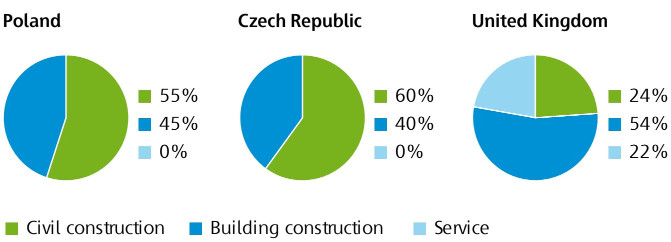
Photographer: Stephan Berglund. Photo rights: Swedish Traffic Administration.

Other European countries

- Poland
- Czech Republic and Slovakia
- United Kingdom

Skanska is among the largest construction companies in the Czech Republic and Poland. It is also one of the leading construction companies in the United Kingdom. In all three markets, its operations include building and civil construction. In the U.K., Skanska's operations also include construction and maintenance of distribution networks for electricity, gas and water as well as other types of construction services.

Breakdown of order backlog



Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
Poland	12,323	1,492	12.1
Czech Republic	18,277	2,497	13.7
Slovakia	16,104	1,315	8.2
United Kingdom	36,164	3,515	9.7

All figures refer to 2010. Sources: Euroconstruct, IMF.

Competitors

Budimex
Hochtief
Strabag
Metrostav
Balfour Beatty
Carillion

Skanska Poland's operating margin was **9.1%**

Major events during 2011

Order bookings in Poland increased, while they decreased in the Czech Republic and in the U.K. One sizeable order during the year was a contract to expand the subway system in Prague, Czech Republic, which will add four new stations. Skanska's contract is for the technical part of the extension project and is worth about SEK 1.3 billion.

In Poland, Skanska received the construction contract for the second phase of the Sucharski Route outside Gdańsk. The contract is worth about SEK 410 M and is one of the city's road projects in conjunction with the 2012 European Football Championship. The European Union is co-financing the project. Skanska's big Polish highway project, the A1 – which has public-private partnership financing – was opened during the year. In December, Skanska signed an agreement to acquire a Polish construction company, the PUDiZ Group, which specializes in road construction and has 450 employees and annual sales of about SEK 350 M. The acquisition will enable Skanska to continue its geographic expansion in Poland.

Skanska UK received an assignment to be responsible for construction of the Crossrail Paddington Station, the first station to be built as part of the Crossrail project, which will connect east and west London. The project is a joint venture with the British construction company Costain, and Skanska's share of the order amount is about SEK 770 M. Other major U.K. contracts were a street lighting project in Croyden and Lewisham worth about SEK 760 M, construction of a prison in Scotland for about SEK 590 M and a green commercial construction project in London worth about SEK 520 M. Skanska was also awarded contracts for construction of a school in London and an office building refurbishment project in Liverpool. In the two latter cases, the contract amount is about SEK 310 M each.

Market overview

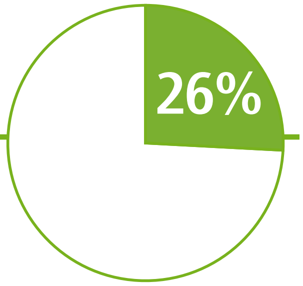
In the U.K. and the Czech Republic, the market remained weak and order bookings declined. Public sector cost-cutting programs continued to affect these markets, although in the U.K. they were partly offset by increased private construction investments. In Poland, order bookings increased somewhat. EU infrastructure funds are important sources of financing for Polish and Czech investments in such projects.

Earnings

Poland and the U.K. continued to deliver good earnings, with a near-doubling of earnings in Poland, mainly due to a successful highway project. In the U.K., the outcome was similar to the previous year despite a very difficult market in 2011. In the Czech Republic, revenue fell and profitability worsened due to the weak market.

Outlook

The Czech and U.K. markets are expected to be weak in 2012 as well. In the U.K., public sector cost-cutting programs will continue to affect the market, while the growth rate in Poland is expected to be stable, though at a somewhat lower level than in 2011.



Other European markets accounted for 26 percent of Construction revenue.

> **The A1 expressway was opened in Poland. The project was delivered ahead of schedule and with good profitability.**

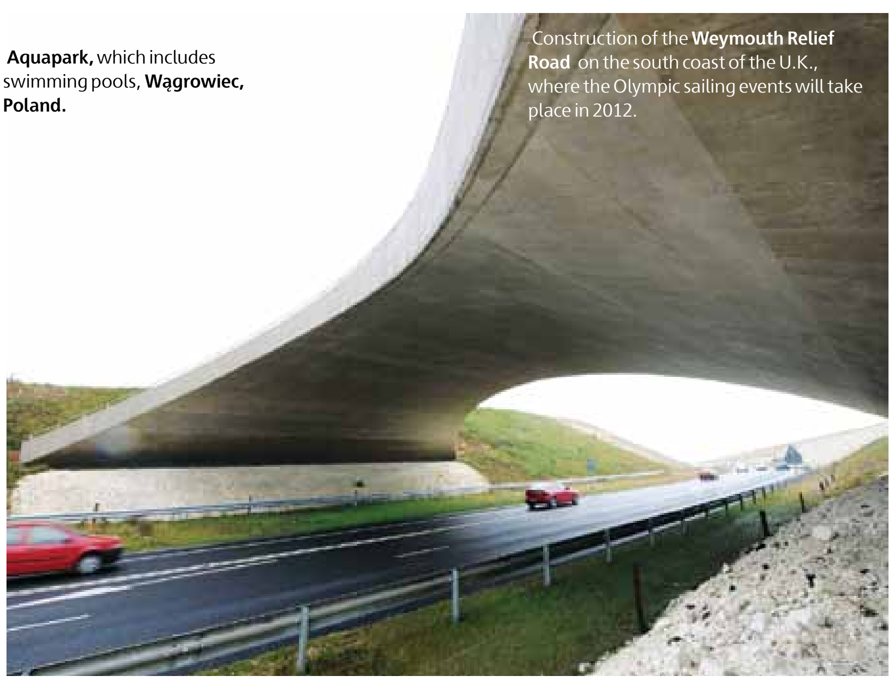
Construction, other European countries

SEK M	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Poland	**10,350**	9,022	**937**	593	**9.1**	6.6	**9,135**	6,854	**88**	76	**6,913**	8,962
Czech Republic[1]	**6,666**	8,620	**54**	397	**0.8**	4.6	**5,988**	6,786	**90**	79	**7,497**	8,399
United Kingdom	**12,714**	14,212	**421**	425	**3.3**	3.0	**9,138**	14,950	**72**	105	**20,141**	23,512
Total	**29,730**	31,854	**1,412**	1,415	**4.7**	4.4	**24,261**	28,590	**82**	90	**34,551**	40,873

1 Including Slovakia.

Construction of the **D1 highway north of Bratislava**, Slovakia.

Aquapark, which includes swimming pools, **Wągrowiec, Poland.**



Construction of the **Weymouth Relief Road** on the south coast of the U.K., where the Olympic sailing events will take place in 2012.

Heron Tower

- **Address:** 110 Bishopsgate,
  near Liverpool Street Station, London, U.K.
- **Height:** 46 stories, 202 m (663 ft.) plus a 28 m (92 ft.) mast
- **Area:** 40,836 sq. m (nearly 440,000 sq. ft.) of office space
- **Restaurant and sky bar** on floors 38–40
- **Customer:** Heron International
- **Built by:** Skanska
- **Groundbreaking:** July 2007
- **Completion:** April 2011

Record high for City of London

The new Heron Tower is the tallest building in the City of London. This slim office building is 202 meters tall, or 230 meters including the mast.

Heron Tower is also another exclamation point for Skanska UK. The architect Lord Norman Foster's spectacular "Gherkin" for Swiss Re, also built by Skanska, is one of its closest neighbors in the financial district.

The 46 story Heron Tower is also distinguished by an interior in which three floors are grouped around atriums at three-floor intervals. The building is topped by a restaurant and sky bar on floors 38 to 40.

The glass façade is a "renewable energy power plant". The 3,000 sq. m (323,000 sq. ft.) solar energy façade on the tower's south side is one of the largest in the U.K. Triple-glazed windows also reduce heat radiation and losses by 45 percent. This solar energy solution is one of the important green qualities that enabled the building to achieve a BREEAM (Building Research Establishment Environmental Assessment Method) Excellent rating, the highest rating in this environmental certification system.

The height of the building and its location in a congested urban setting made high work safety standards even more important. Through strict planning and thorough execution, the 3.3 million working hour project was completed with only eleven days of absences due to accidents, a Lost Time Accident Rate (LTAR) of 1.20.

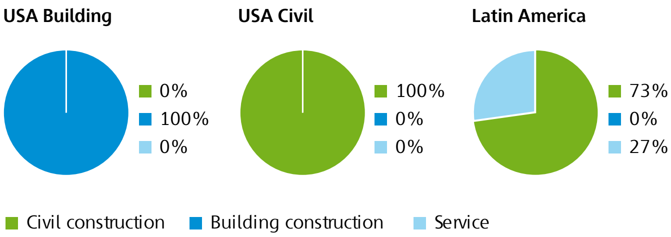
"Heron Tower is our flagship and the most important project we have ever carried out. It gives new meaning to such concepts as quality, flexibility and environmental consideration and will strengthen the City of London as the world's financial center," says Lisa Ronson of Heron International.

The Americas

- USA Building
- USA Civil
- Latin America

The U.S. construction market is the world's second largest and Skanska is one of America's leading companies in building and civil construction, through its specialized, and increasingly integrated Skanska USA Building and Skanska USA Civil units. In the New York City area, Skanska is the largest and the leading civil construction company. Latin American operations are dominated by assignments in the oil, gas and energy sector.

Breakdown of order backlog



Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
United States	45,348	2,525	5.6
Argentina	9,131	469	5.1
Brazil	10,816	811	7.5
Chile	11,827	1,514	12.8

All figures refer to 2010. Sources: Euroconstruct, IMF.

Competitors

Turner
Bovis
Kiewit
Granite
Flatiron
Techint
Odebrecht

Major events during the year

Order bookings for Skanska USA Building were favorable. Skanska USA Civil's market was partly affected by public sector cost-cutting programs, but in spite of this its order bookings increased during 2011. Residential construction is not part of Skanska's U.S. operations, and the crisis in the U.S. housing market has consequently only had an indirect effect on Skanska.

Several sizable assignments came from the healthcare sector: construction of the University Medical Center in New Orleans, Louisiana for SEK 3 billion; expansion of the Nemours/Alfred I. DuPont Hospital for Children in Wilmington, Delaware for SEK 1.3 billion; and two projects in California that together total SEK 1.9 billion.

One of the largest assignments was a contract with the State of New York related to the final phase of a campus expansion for the City University of New York. The contract amount was SEK 2.4 billion.

In the transportation sector, Skanska received a contract to furnish and install finishes and systems in the No. 7 Line subway extension, a project also worth about SEK 2.4 billion. Skanska was awarded a contract worth SEK 1.3 billion for preparatory structural work for a new subway station in New York City. The Metropolitan Transportation Authority of the State of New York is the customer for both projects.

During the year, Skanska received its largest contract to date on the U.S. west coast, an extension of the light rail system in Los Angeles County, California. The contract is worth about SEK 2.4 billion, and the customer is the Los Angeles Metropolitan Transportation Authority.

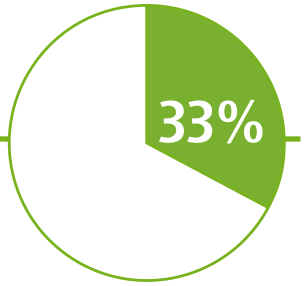
Skanska also secured a design-build contract for a 16 km (10 mi.) extension of the Bay Area Rapid Transit (BART) system in northern California. The contract value is SEK 2.2 billion, and the customer is the Santa Clara Valley Transportation Authority (VTA).

Late in 2011, Skanska acquired Industrial Contractors Inc., a leading construction company in the Midwest working mainly in the energy and industrial sector, with 2,400 employees and sales of about SEK 3.2 billion. The acquisition will enable Skanska to continue its expansion in the U.S.

The largest assignment in Latin America during the year was for construction of a natural gas thermal power plant in Rio de Janeiro, Brazil. The order is worth about SEK 3.2 billion. The customer, Petrobras, is a repeat customer of Skanska and one of the world's leading energy companies. Skanska was also awarded a contract to modernize and construct new lubricant plants in Rio de Janeiro for a subsidiary of Petrobras. The contract amount is about SEK 590 M.

Market

The U.S. market is still highly fragmented, which represents large future growth potential for Skanska. Skanska has a strong market position in the healthcare sector, the pharmaceutical industry and high-tech buildings for the information technology (IT) industry, thanks to long-term customer relationships, a geographic presence and green expertise. Skanska's position is also strong in transportation infrastructure.



The Americas accounted for 33 percent of Construction revenue.

Order backlog in U.S. operations amounted to SEK 61 billion, equivalent to 23 months of construction.

Construction in the Americas

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
USA Building	**21,338**	22,822	**394**	418	**1.8**	1.8	**25,928**	25,576	**122**	112	**35,936**	30,649
USA Civil	**10,182**	11,514	**939**	944	**9.2**	8.2	**13,142**	7,129	**129**	62	**24,807**	20,812
Latin America	**6,021**	5,671	**117**	284	**1.9**	5.0	**9,550**	7,961	**159**	140	**8,908**	5,633
Total	**37,541**	40,007	**1,450**	1,646	**3.9**	4.1	**48,620**	40,666	**130**	102	**69,651**	57,094

Earnings

Overall U.S. revenue was stable during the year, with an improved operating margin compared to 2010 as well. In Latin America, order bookings increased while earnings and operating margin were weaker than earlier, mainly due to problems in a single project.

Outlook

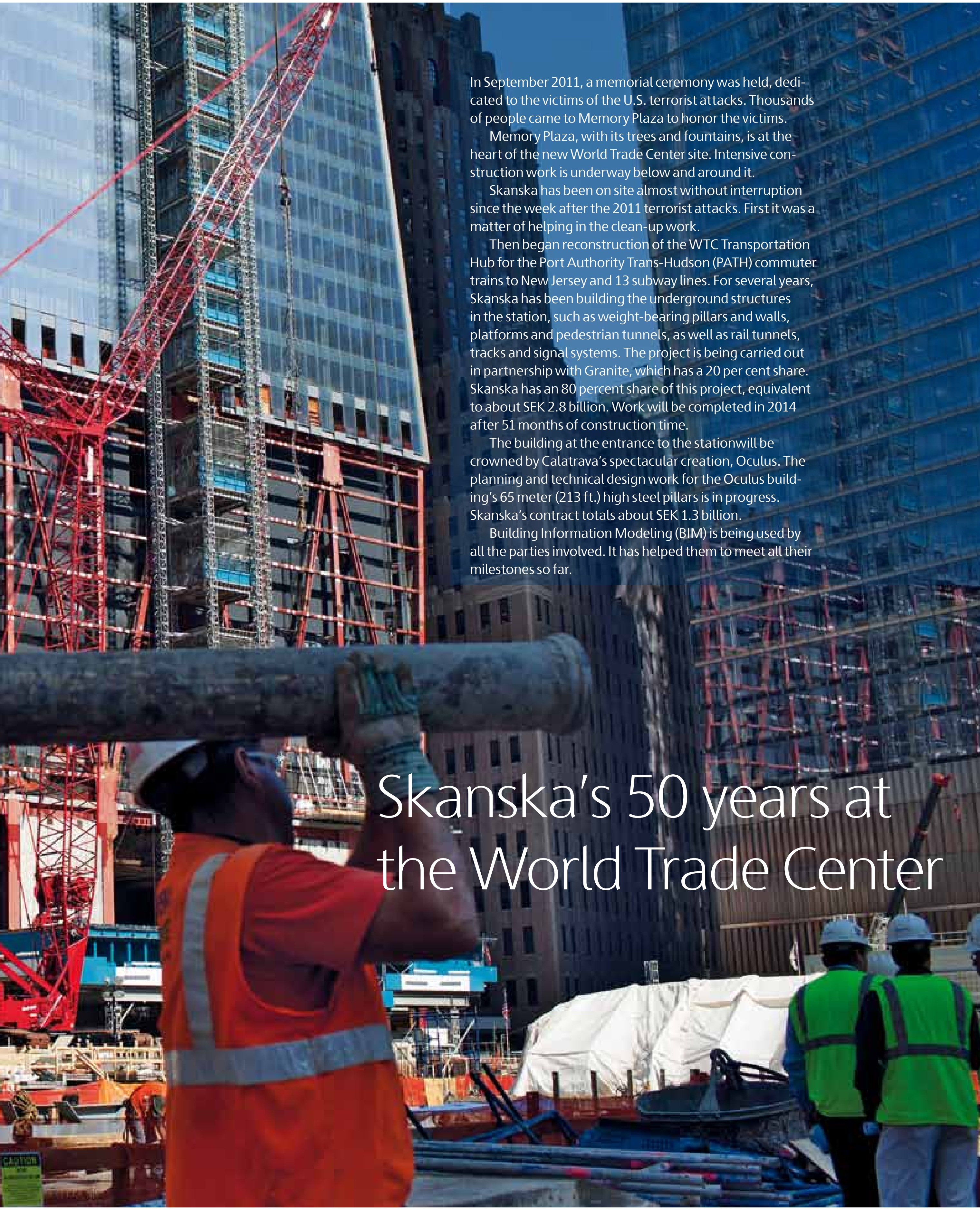
The outlook for continued good profitability in operations is considered good, although the 2012 U.S. election year may lead to some political uncertainty. The focus during the year will be on growth, both through acquisitions and organically by setting up operations in new cities. In Latin America, the market for energy sector facilities is good.

Hospital for Capital Health, Pennington, New Jersey, U.S.A.

Petrobras Sulfur Recovery Unit, São Paolo, Brazil.

1960 – 2011

- **1960:** Karl Koch Erecting Co (now Skanska Koch) did steel work at the Twin Towers, and Slattery Contracting Co (now Skanska USA Civil) was responsible for foundation work.
- **1993:** A car bomb was detonated in the underground parking lot at the World Trade Center underground garage. Skanska performed repair work.
- **September 11, 2001:** Skanska personnel volunteered to participate in the rescue work. Within a week, Skanska took part in the ongoing clean-up.
- **2006:** Upgrade of the adjacent Dey Street Concourse, which connects to the World Trade Center Transportation Hub.
- **2006:** PATH underground work such as construction of rail tunnels, including laying track and installing power, plus about 1 km (3,200 ft.) of pedestrian tunnels.
- **2009:** Skanska was contracted to build the foundation and steel structure of the Fulton Street Transit Center, which is connected to the WTC Transportation Hub via the Dey Street Concourse.
- **2011:** Skanska was awarded the assignment of constructing the Oculus building, designed by Santiago Calatrava. Construction work will begin during 2012.



Skanska's 50 years at the World Trade Center

In September 2011, a memorial ceremony was held, dedicated to the victims of the U.S. terrorist attacks. Thousands of people came to Memory Plaza to honor the victims.

Memory Plaza, with its trees and fountains, is at the heart of the new World Trade Center site. Intensive construction work is underway below and around it.

Skanska has been on site almost without interruption since the week after the 2011 terrorist attacks. First it was a matter of helping in the clean-up work.

Then began reconstruction of the WTC Transportation Hub for the Port Authority Trans-Hudson (PATH) commuter trains to New Jersey and 13 subway lines. For several years, Skanska has been building the underground structures in the station, such as weight-bearing pillars and walls, platforms and pedestrian tunnels, as well as rail tunnels, tracks and signal systems. The project is being carried out in partnership with Granite, which has a 20 per cent share. Skanska has an 80 percent share of this project, equivalent to about SEK 2.8 billion. Work will be completed in 2014 after 51 months of construction time.

The building at the entrance to the stationwill be crowned by Calatrava's spectacular creation, Oculus. The planning and technical design work for the Oculus building's 65 meter (213 ft.) high steel pillars is in progress. Skanska's contract totals about SEK 1.3 billion.

Building Information Modeling (BIM) is being used by all the parties involved. It has helped them to meet all their milestones so far.

Above left: **Adjutantti, Helsinki, Finland.** Above right: **Ullstorps Gårdar, Kungälv near Gothenburg, Sweden.** Center left: **Järvastaden, Solna/Sundbyberg near Stockholm, Sweden.** Lower left: **Botanica, Prague, Czech Republic.** Below right: **BoKlok, Linköping, Sweden.**

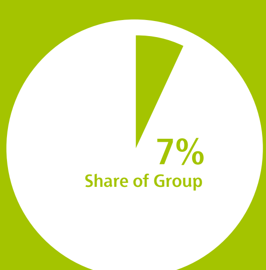
Residential Development

Knowledge, innovative solutions and long experience have helped make Skanska a leading residential developer in its markets. In each project, we build homes for sale to selected target groups.

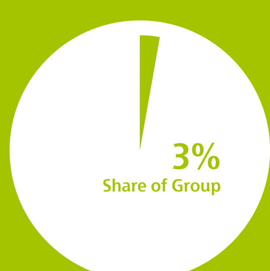
Sweden
Norway
Finland and Estonia
Poland
Czech Republic and Slovakia
United Kingdom

Skanska builds attractive new homes that satisfy people's need for well-functioning living space. Based on our core competence in planning, development and execution of residential projects, we create new neighborhoods from the ground up. During 2011, 3,193 Skanska homes were sold.

2011



Revenue SEK 8 550 M
USD 1 317 M
EUR 947 M



Operating income SEK 345 M
USD 53 M
EUR 38 M

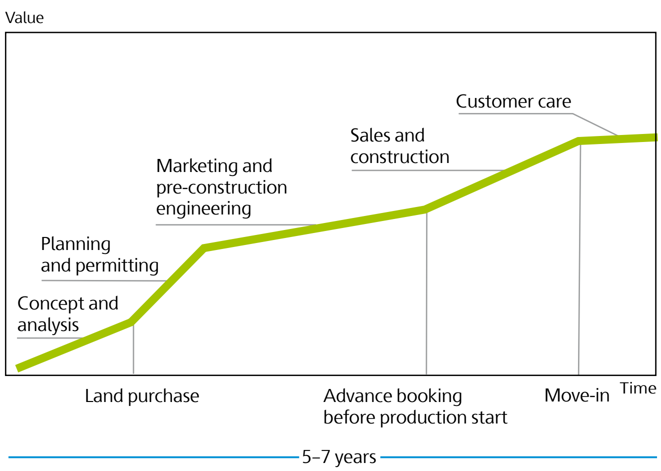
SEK M	2011	2010
Revenue	8,550	7,581
Operating income	345	559
Operating margin, %	4.0	7.4
Investments	–7,688	–5,562
Divestments	5,699	5,281
Operating cash flow from business operations[1]	–2,564	–1,934
Capital employed, SEK bn	12.7	10.2
Return on capital employed, %	3.2	6.0
Number of employees	586	649

1 Before taxes, financing operations and dividends

New markets in Poland and the U.K.

In keeping with its business plan, Skanska has expanded Residential Development operations to Poland and the United Kingdom. Skanska has had residential development operations in the Nordic region, the Czech Republic and Slovakia for many years. In some EU countries, economic uncertainty has gradually slowed demand. Operations are thus being adjusted to these new market conditions.

Value creation in residential development



Skanska-built homes are designed in ways that ensure energy consumption 25 percent below legally mandated national standards.

Generating value, step by step

Generating value in residential development begins with an analysis of macroeconomic and demographic trends. Where is the growth, who are the target groups and what are their needs and wishes?

Before making land purchases, Skanska analyzes local conditions in detail. Then a step-by-step process begins, aimed at ultimately offering customers the best possible value. During the planning stage, Skanska establishes a framework in close collaboration with local government. Based on the potential offered by the surroundings, it then creates a neighborhood with clear character. An attractive neighborhood is designed and built on the basis of residents' needs and environmental considerations. Skanska's own sales organization markets the new homes to the right target group.

Generating value

Of fundamental importance for successful residential development is Skanska's ability to correctly assess demand and customer needs in such a way that its development work results in attractive housing of the expected quality in the right place, at the right time and at the right price. Clearly defined customer segments and needs provide the basis for the products and concepts that Skanska chooses to invest in.

New residential areas are planned using a holistic approach known as Living Area Design in order to ensure sustainable urban environments, with good environmental choices and energy performance as well as preservation of natural values, improved waste management and accessible public transit as key elements. Skanska-built homes are designed in ways that ensure energy consumption 25 percent below legally mandated national standards.

Skanska continuously improves productivity and cost-effectiveness through increased utilization of standardized components, industrialized production and coordinated purchasing. Experience of this is showing increased efficiency and substantial cost savings.

As an illustration of Skanska's business model, shown on page 8, residential development also generates construction assignments for Skanska's construction operations.

25,400

Building rights in Skanska's "land bank" at year-end 2011.

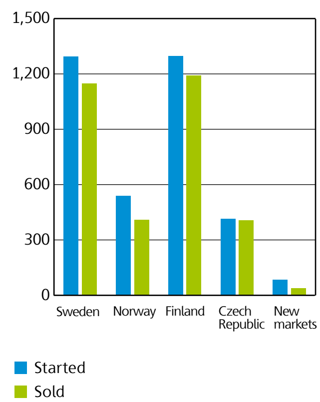
Value enhancement

The value of land and building rights varies with the demand for housing, which is reflected in changing prices and rents. Value also depends on location, of course. Value increases as development risks diminish. A major step in value enhancement occurs when a parcel of undeveloped land is transferred into a building right, a process that may take up to five years until a local development plan is approved. Skanska plays a proactive role, working closely with local government bodies in planning processes for land use and neighborhood development. Value is further enhanced in the next phase, when the building right is turned into a completed project that is ready for occupancy.

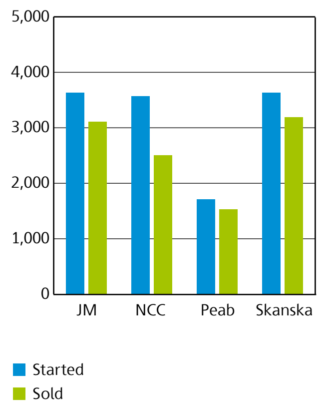
To satisfy the need for return on capital employed, the land bank must be well-adapted to the scale and direction of operations. To meet this requirement, Skanska continuously evaluates its land holdings, resulting in acquisitions, divestments or land exchanges.

Skanska sold 3,193 homes and started construction of 3,630 homes in 2011.

Homes started and sold

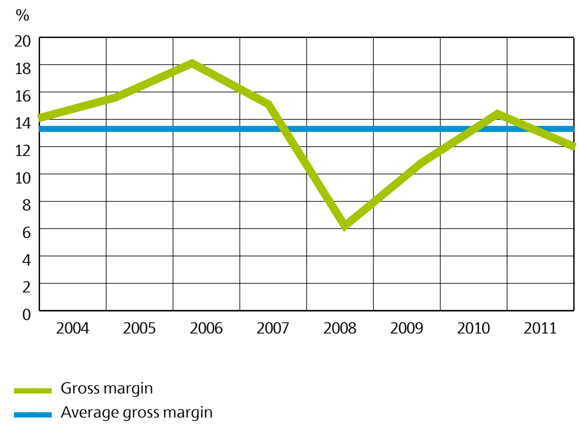


Homes started and sold, Nordic residential developers[1]



1 Group total.
Source: Year-end report of each respective company.

Gross margin 2004–2011



Major events

Skanska started construction on a total of 3,630 homes during 2011. The Group took advantage of its financial strength to acquire 7,175 new building rights worth SEK 1.7 billion.

The business plan for 2011–2015 includes an expansion of residential development operations to Poland and the United Kingdom. In the U.K., the focus is on southwestern and southeastern England, and in Poland mainly Warsaw. During the year, Skanska began construction and sold its first homes in the U.K. and purchased land in Poland.

Revenue

Revenue in Residential Development increased by 13 percent to SEK 8,550 M (7,581), and the number of homes sold amounted to 3,193 (3,176).

Earnings

Operating income totaled SEK 345 M (559). Operating margin was 4.0 (7.4) percent. The deterioration in the operating margin was mainly due to cost increases in certain Swedish projects and a writedown of land in Slovakia and Estonia. In the short term, the operating margin was also adversely affected by investments to establish a presence in Skanska's new residential development markets, the U.K. and Poland. The weaker market situation is also leading to lengthier sales processes and fewer new project start-ups.

Outlook

Looking further ahead, Skanska believes that future prospects are good, due to a structural undersupply of homes. This is indicated by demographic trends as well as increased urbanization.

In the short term, demand may slow because of economic worries in Europe. This may also lead to lower volume, although the underlying need will persist. Meanwhile, uncertainty among buyers may be offset by a lowering of economic growth forecasts, and thus of the interest rate path, resulting in more favorable housing cost projections.

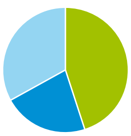
Skanska foresees continued potential for improving profitability by making the construction process more efficient.

Nordic countries

- Sweden
- Norway
- Finland and Estonia

The biggest market for Skanska Residential Development is the Nordic countries. Operations take place primarily in nine selected metropolitan regions, but also in selected growth centers outside major urban areas. In Sweden and Finland, sales occur largely in the form of ownership rights in cooperative housing associations or via housing corporations, while in Norway homes are mainly sold as individually owned units.

Revenue Nordic countries



- Sweden, 45%
- Norway, 22%
- Finland, 33%

Residential development in the Nordic countries

	Revenue		Operating income		Operating margin, %		Capital employed[1]		Return on capital employed,%[2]	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sweden	3,572	3,295	121	293	3.4	8.9	5,710	5,143	2.2	6.7
Norway	1,762	1,401	100	51	5.7	3.6	3,140	2,233	3.7	2.4
Finland[3]	2,665	2,372	168	169	6.3	7.1	3,087	2,257	6.3	8.0
Total	**7,999**	**7,068**	**389**	**513**	**4.9**	**7.2**	**11,937**	**9,632**	**3.6**	**5.9**

1 Capital employed according to IFRS.
2 Return on capital employed based on operating income according to segment reporting.
3 Including Estonia.

Competitors

JM
NCC
PEAB
Veidekke
Lemminkäinen
YIT
BWG Homes

Major events

During 2011 the housing market cooled off somewhat, especially in Sweden and Finland. Expected volume will thus presumably decrease somewhat, and an adjustment of the organization to these new volume expectations was initiated during the year.

In the Nordic countries, 2,747 homes were sold during 2011. This was the same level as in 2010, despite a tougher market situation. The number of homes started was 3,131, or somewhat larger than the number sold. During the year, Skanska carried out land investments, for example by acquiring shares and participations in such associated companies as Täby Galopp and through the continued development of Västermalmsstrand, both in the Stockholm area.

Market

The housing market in the Nordic countries slowed during the year. Demand and home prices declined somewhat.

In Sweden, operations were adversely affected by weaker demand, driven by uncertainty about developments in Europe and future economic growth. This, in turn, resulted in longer sales processes and fewer project start-ups.

In Norway, demand was good and prices rose, but the price of land also increased. In Finland, the market trend was determined by uncertainty similar to that in Sweden but was nevertheless more stable. At year-end, the supply of homes was at relatively high levels, especially in Sweden.

The lowering of economic growth forecasts, above all in Sweden, created successive downward adjustments in the interest rate path, which was favorable for home buyers, but lending conditions tightened.

Earnings

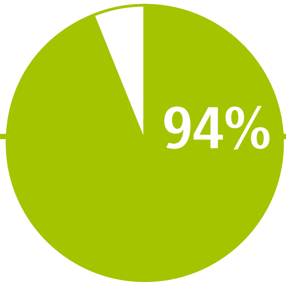
In Sweden, earnings were adversely affected by project cost increases and rising property development costs. An increasingly lengthy sales process led to volume reductions, which in turn generated higher overhead as a percentage of sales.

In Finland, operations performed relatively well despite a gradual market slowdown.

The Norwegian market and operations there showed positive growth, and the challenge has instead been to deliver enough volume to satisfy demand.

Outlook

The underlying need for new homes remains large throughout the Nordic countries and is driven, among other things, by continued migration to growth regions. Interest rates and general expectations about the future are always important parameters that affect the willingness of customers to buy homes. In 2012, demand and prices for new homes are expected to continue rising in Norway. Demand and price trends in both Sweden and Finland are expected to fall somewhat in the short term and then rebound further ahead as economic uncertainty diminishes.



Skanska's Nordic markets accounted for 94 percent of its Residential Development sales.

Pre-sales ratio **59%**

Number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Sweden	1,293	2,244	57	1,147	49
Norway	540	676	59	408	11
Finland[1]	1,298	1,906	62	1,192	29
Total	**3,131**	**4,826**	**59**	**2,747**	**89**

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total[2]	Other rights[3]
Sweden	3,600	3,800	3,100	1,300	11,800	7,400
Norway	300	100	2,200	100	2,700	1,400
Finland[1]	0	2,100	3,700	500	6,300	3,400
Total	**3,900**	**6,000**	**9,000**	**1,900**	**20,800**	**12,200**

1) Including Estonia
2 Including building rights in associated companies
3 Entitlements to acquire building rights under certain conditions.

BoKlok – a home for everyone

For nearly 15 years, BoKlok (LiveSmart) has offered good housing at prices attractive to broad categories of people. This is made possible by high volume, an industrialized construction process and efficient land bank management. The concept is standardized, and BoKlok designs and products are continuously developed. BoKlok terrace-houses are a new product in the BoKlok concept – which was jointly created by Skanska and the IKEA home furnishings chain (as indicated in the sign below). In 2011, about 425 BoKlok homes were sold. The ambition is to increase this volume. New projects are being planned throughout Sweden, and BoKlok homes are also sold in other Nordic countries, Germany and the U.K.

Smart electrical systems reduce power use

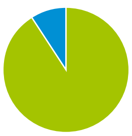
In Finland, Skanska is continuing to work with the energy company Fortum, with the overall objective of developing an integrated concept for urban buildings with zero or low net energy consumption. On the roof of the Adjutantti residential project in Espoo, just outside Helsinki, Skanska is building a solar energy system that will generate about 20,000 kWh/year. Adjutantti will also have zero-energy elevators. Smart electrical grid technology will enable residents of this apartment building to monitor their own energy use and thus make it more efficient.

Other European countries

- Poland
- Czech Republic and Slovakia
- United Kingdom

In the Czech Republic and Slovakia, Prague and Bratislava are Skanska's most important residential development markets. During 2011, Skanska also began residential development operations in Poland and the U.K. and carried out a number of land investments.

Revenue Other European countries



Residential Development in other European countries

	Revenue		Operating income		Operating margin, %		Capital employed [1]		Return on capital employed ,% [2]	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Czech Republic [3]	504	513	3	46	0.6	9.0	366	556	0.7	6.7
New markets	47		–47		neg		434		neg	
Total	551	513	–44	46	–8.0	9.0	800	556	neg	6.7

1 Capital employed according to IFRSs.
2 Return on capital employed based on operating income according to segment reporting.
3 Including Slovakia.

Competitors

Central Group
Finep
DOM Development
JW Construction
Berkeley Group
Bovis Homes

Major events during the year

During 2011, Skanska established residential development operations in Poland and made its first land investment for this purpose. The site is 69,000 sq. m (17.9 acres) in size and is located in a very attractive neighborhood about 5 km (3 mi.) from the Warsaw city center.

Skanska made its first land purchases for residential development in the U.K. Two of these acquisitions are located in Great Kneighton, Cambridge. For one of these land plots, the local plan for the first project was approved and a building permit for 128 homes was granted. Construction of the project started. In conjunction with this, 39 affordable homes were sold. According to plans, full-scale sales will begin early in 2012. As for the second site, which will accommodate some 310 homes, Skanska expects to apply for a building permit during the first half of 2012.

In the Czech Republic and Slovakia, Skanska sold more than 400 homes in 2011. The number of homes started was similar to the number sold.

Market

The Czech and Slovakian housing markets remained weak, but volume increased somewhat. The main reason for the weak market was domestic political instability, which led to uncertainty among potential home buyers.

In Poland, the political situation and demand are more stable, while the economic situation in the U.K. is strained. Meanwhile there is an underlying need for new homes. Generally low interest rates in Europe are also benefiting home sales, in the form of lower home financing costs.

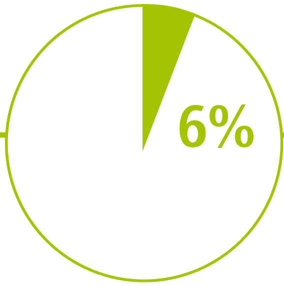
Earnings

In the U.K. and Poland, Skanska Residential Development was in a start-up phase and did not generate any sizable revenue during 2011.

The Czech and Slovakian markets were weak. Although the situation improved somewhat, earnings were pulled down by a writedown of land in Slovakia.

Outlook

In 2012 Skanska expects continued uncertainty about political and economic developments in the Czech Republic, which will dampen the market outlook there. The land investments made in Poland and the U.K. will lead to new project start-ups and home sales in these markets.



The Czech Republic and new markets accounted for 6 percent of Skanska's Residential Development sales.

Pre-sales ratio **48%**

Number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Czech Republic[1]	414	534	48	407	95
New markets	85	85	46	39	0
Total	**499**	**619**	**48**	**446**	**95**

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total building rights[2]	Other rights[3]
Czech Republic[1]	300	700	500	1,000	2,500	400
New markets	400	0	1,200	500	2,100	0
Total	**700**	**700**	**1,700**	**1,500**	**4,600**	**400**

1 Including Slovakia.
2 Including building rights in associated companies.
3 Entitlements to acquire building rights under certain conditions.

Homes by Skanska

In January 2011, Skanska Residential Development UK carried out its first land purchase in Cambridge, which marked the beginning of Skanska's journey as a residential developer in England. The 6.5 acre site forms part of a larger neighborhood, Clay Farm, which will consist of 2,550 homes in all. Skanska's building rights consist of 128 units, including 70 single-family homes and 58 apartments. In October 2011, Skanska received its building permit, and the first model home will be completed by the time sales begin in the summer of 2012.

A second land purchase took place in October, again at Clay Farm in Cambridge. The site consists of 12 acres with building rights for up to 310 homes. A building permit is expected during 2012. Skanska's homes in Cambridge will be designed and built to meet the highest British environmental standard, Level 4 of the Code for Sustainable Homes. Skanska will also launch a Level 5 test home.

Above left: **Deloitte House, Warsaw, Poland.** Above right: **Visma (Gångaren 16), Stockholm, Sweden.**
Below left: **10th and G Street, Washington, D.C., U.S.A.** Below right: **The ÅF Building, Hagaporten 3, Solna, Sweden.**

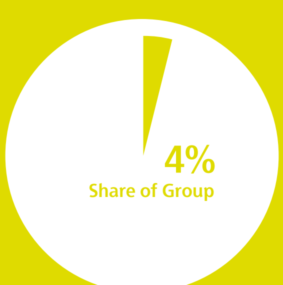
Commercial Property Development

Skanska initiates, develops, leases and divests commercial property projects. Its focus is on office buildings, shopping malls and logistics properties with a strong green profile.

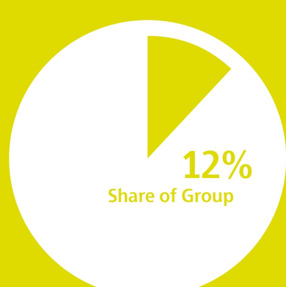
Sweden
Norway
Finland
Denmark
Poland
Czech Republic
Hungary
Romania
United States

In close collaboration with our tenants and other stakeholders, we plan, develop and execute profitable and green property projects, also with regard to efficiency of operation and maintenance after completion.

2011



Revenue SEK 5,633 M
USD 868 M
EUR 624 M



Operating income SEK 1,196 M
USD 184 M
EUR 132 M

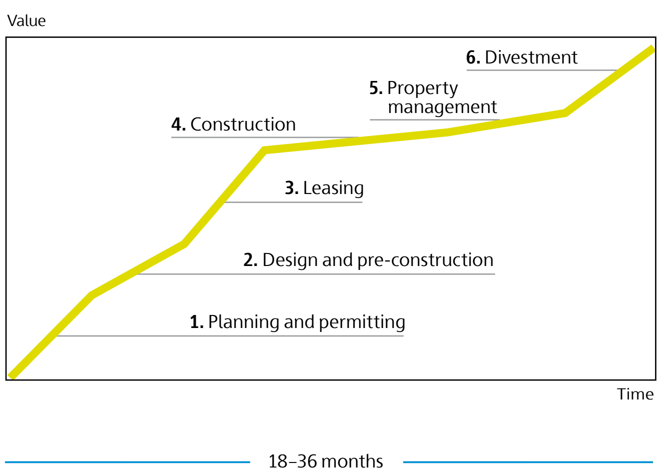
SEK M	2011	2010
Revenue	**5,633**	4,648
Operating income	**1,196**	920
of which gain from divestments of properties [1]	**1,266**	791
Investment obligations, projects started during the year	**4,211**	4,710
Investments	**–3,493**	–3,147
Divestments	**3,731**	6,571
Operating cash flow from business operations [2]	**142**	3,393
Capital employed, SEK bn	**11.0**	9.6
Return on capital employed, % [3]	**13.3**	7.9
Number of employees	**235**	199
1 Additional gain included in eliminations was	136	80

2 Before taxes, financial activities and dividends.
3 Including unrealized development gains and changes in market value.

Good capital gains on 2011 divestments

There was strong demand for modern, efficient and green properties during 2011. Skanska was well positioned to meet this demand and succeeded in carrying out a number of divestments with very good capital gains. Skanska is now choosing to raise the ambition level in its 2011–2015 business plan and invest even more in this business stream.

Value creation in commercial property development



Skanska began 2012 with 30 ongoing projects, which is more than previously. The expected remaining investments in these projects, which will strengthen our portfolio, total SEK 5.3 billion.

Generating value, step by step

The development of commercial properties is a continuous process with several clearly defined phases. The average development cycle is 18–36 months.

Macroeconomic and market analyses precede a land purchase. A major step in value enhancement occurs when undeveloped land is transformed into a building right. Suitable premises are designed in collaboration with tenants and prospective buyers. Successful leasing work is often a precondition for breaking ground. As a rule, construction projects are executed by Skanska's own construction units. Active management and customer relations can add further value to the property. New projects are developed with an eye to divestment, which can sometimes occur while they are still in the construction phase.

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Generating value

Skanska performs commercial project development in selected markets in the Nordic countries, Central Europe and the United States. This project development work focuses on three types of products – office space, retail centers and logistics properties or distribution centers.

Commercial Property Development generates value both by developing completely new projects and by refurbishing completed properties. Like the Residential Development and Infrastructure Development business streams, Commercial Property Development also generates contracting assignments for the Group's construction units in keeping with the Skanska business model. Development projects target two different customer categories. The primary customer is the tenant, who has many expectations and requirements regarding the premises. The second customer is the investor, who buys the property in order to own and manage it long-term, with a good return. In some cases, the tenant is also the buyer of the property. This dual customer relationship means that the product, as well as the services that go with it, must be adapted to be attractive to both customer categories. Interest in green and energy-efficient commercial premises is continuously increasing. Skanska is a leader in developing energy-efficient, environmentally certified properties. Energy-efficient solutions add value for both investors and users. Skanska was the first to require LEED (Leadership in Energy and Environmental Design) certification of all new Nordic, Central European and U.S. commercial properties developed for its own account.

Value enhancement

The value of land and building rights varies with demand, which in turn is reflected in leasing price trends and yields demanded by property investors. Land value rises as permitting risks diminish. A major step in value enhancement occurs when undeveloped land is transformed into a building right. Large-scale leasing sharply increases project value. Leasing activity thus begins at an early stage. Value increases further when the building right is turned into a completed project that generates rental income.

Major events

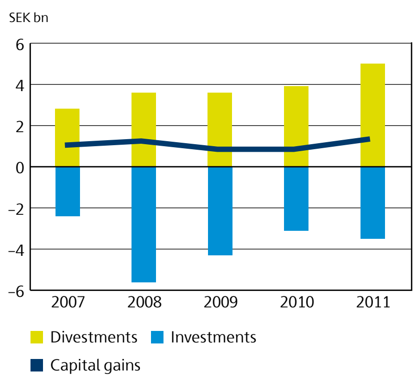
In 2011, Commercial Property Development signed leases for 221,000 sq. m (2.38 million sq. ft.) and made divestments with an overall value of SEK 5 billion M. A total of SEK 3.5 billion was invested in projects and building rights during the year in the business stream as a whole. At the end of 2011, the carrying amount of completed projects, ongoing projects and building rights totaled SEK 11 billion. Upon completion, the carrying amount will be SEK16 billion, with an estimated market value of SEK 21 billion. Assessment of market value was carried out partly in cooperation with external appraisal expertise.

Revenue

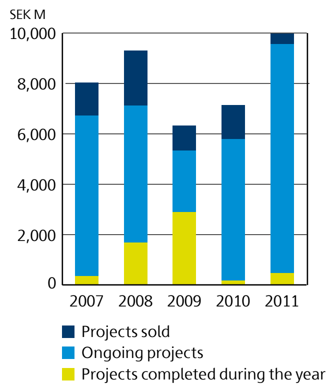
Weak world stock market performance, together with falling bond yields, resulted in increased demand for properties as investments. Since the properties that Skanska develops are energy-efficient, are in good locations and

13%
Return on capital employed.

Properties
Investments, divestments and capital gains

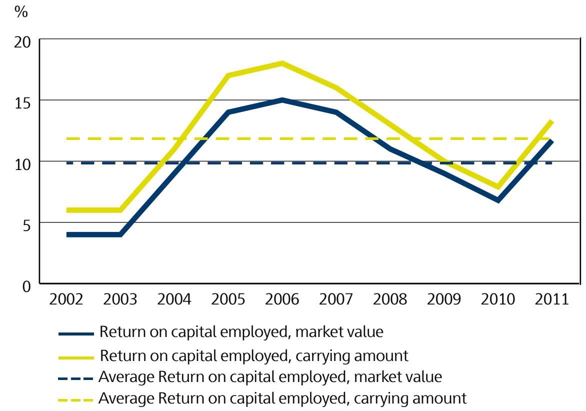


Volume of Commercial Development[1]



1 Refers to book value of completed projects and projected carrying amount of ongoing projects upon completion.

Adjusted return on capital employed at market value and book value, 2002-2011[1]



1 Including operating net, accrued unrealized development gains as well as changes in market value.

have attractive tenants, there was good potential to divest projects from the property portfolio with good capital gains and at attractive return levels.

The vacancy rate was falling or stable in Nordic and Central European cities, but the uncertain economic situation led to reduced mobility among potential tenants.

Earnings

The year's property divestments resulted in very good capital gains. Gains on property divestments totaled SEK 1,266 M (791), This meant that the total divestment price exceeded the recognized carrying amount by 34 (25) percent. The consolidated accounts also included previously eliminated intra-Group gains of SEK 136 M (80).

Outlook

The outlook for 2012 is regarded as good, with a record-high number of ongoing projects. In completed projects, the occupancy level at year-end 2011 averaged about 85 percent and estimated surplus value was SEK 1.2 billion. Corresponding figures for ongoing projects were about 44 percent pre-leasing and surplus value of SEK 2.5 billion, which indicates large potential for 2012.

There is continued strong interest in green properties as an attractive asset class in an investment portfolio.

Commercial Property Development – Carrying amounts and market values

SEK M	Carrying amount, Dec 31, 2011	Carrying amount upon completion	Market value, Dec 31, 2011	Surplus value	Leasable space, 000 sq. m	Economic occupancy level, %	Operating net	Yield on carrying amount, %	Yield on market value, %	Projected rental value fully leased	Average lease, years
Completed projects	2,913	2,913	4,072	1,159	251	85	201[2]	6.9	4.9	398[4]	5.5
Projects completed in 2011	468	468	604	136	21	100	36[3]	7.7	6.0	46[4]	5.9
Ongoing projects	3,814	9,104	11,602	2,498	471	44	776[3]	8.5	6.7	807[5]	10.5
Total	**7,195**	**12,485**	**16,278**	**3,793**	**743**		**1,013**				
Development properties[1]	3,871	3,871	4,430	559							
Total	**11,066**	**16,356**	**20,708**	**4,352**							

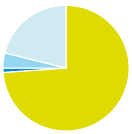
1 "Development properties" refers to land with building rights for commercial use, totaling about 1,460,000 sq.m. (15.7 million sq.ft.). 2 Estimated operating net before corporate and business area overhead in 2011 on annual basis assuming current occupancy rate. 3 Estimated operating net before corporate and business area overhead fully leased in year 1 when the properties are completed. 4 Total of contracted rents and estimated rent for unoccupied space. 5 Estimated rental value fully leased in year 1 when the property is completed.

Nordic countries

- Sweden
- Norway
- Finland
- Denmark

In the Nordic countries, Skanska mainly develops office building projects in Stockholm, Gothenburg and Malmö, Sweden; Copenhagen, Denmark; Helsinki, Finland; and the Oslo region of Norway. It also develops logistics and high-volume retail properties at strategic locations in Sweden, Denmark and Finland.

Distribution unutilized building rights



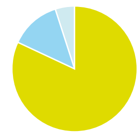
- Sweden, **74%**
- Norway, **1%**
- Finland, **4%**
- Denmark, **21%**

Commercial Property Development in the Nordic countries

SEK M	2011	2010
Revenue	5,591	3,700
Operating income	1,330	850
of which gain from divestments of properties[1]	1,251	614
Capital employed, SEK bn	6.7	7.5
Return on capital employed, %[2]	15.1	8.5
1 Additional gain included in eliminations was	136	54

2 Including unrealized development gains and changes in market value.

Distribution of leasable area, ongoing projects



- Sweden, **82%**
- Norway, **0%**
- Finland, **13%**
- Denmark, **5%**

Competitors

NCC
Vasakronan
Diligentia
KLP Eiendom
YIT
Lemminkäinen

Major events

One of Skanska's high-profile properties – the ÅF Building, Hagaporten 3 in Solna just north of Stockholm – was divested for SEK 1.1 billion. The building, which was completed in 2008, was constructed with high environmental ambitions and was one of the first in Sweden to be classified as an EU GreenBuilding.

Three office buildings in the Kungsholmen district of Stockholm were divested during 2011 for a total of more than SEK 2 billion. The total leasable space in these properties is more than 56,000 sq. m (603,000 sq. ft.).

During the year, Skanska also sold the Attunda District Court building for SEK 320 M, a green office building in Lund registered as an EU GreenBuilding for SEK 310 M and logistics terminals for more than SEK 500 M.

Early in 2011 Skanska began the second phase of the Tennet office building project at Gullbergsstrand, Gothenburg, Sweden. The investment totals about SEK 300 M. The new phase of Tennet will be environmentally classified at the Platinum level, according to the international certification system LEED (Leadership in Energy and Environmental Design). It will also meet the requirements for EU GreenBuilding registration.

During the year, Skanska also started a green hotel project in Gothenburg, with an investment amounting to SEK 400 M and the ambition to achieve LEED Gold certification.

Market

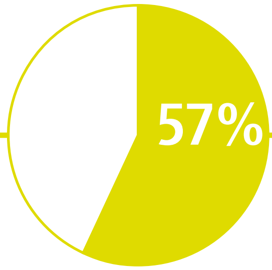
The demand for properties as investments increased due to developments in the stock and fixed income markets. Skanska has a portfolio of energy-efficient, well-located properties. This made possible a number of divestments with good capital gains and at attractive yield levels. The vacancy rate fell or was stable in the Nordic countries, and strong demand for modern, efficient and green properties meant attractive valuations.

Earnings

The year's property divestments resulted in very good capital gains. The gain on sale of properties totaled SEK 1,251 M (618). This represented a total gain that exceeded the recognized carrying amount by 34 (26) percent. In addition, in the consolidated accounts there were previously eliminated intra-Group gains of SEK 136 M (54).

Outlook

The outlook for 2012 is regarded as good, with a record-high number of ongoing projects. In completed projects, the occupancy level at year-end 2011 averaged about 89 percent and estimated surplus value was SEK 1.1 billion. Corresponding figures for ongoing projects were about 68 percent pre-leasing and surplus value of nearly SEK 1 billion, which indicates large potential for 2012. There is continued strong interest in green properties.



57 percent of the ongoing projects in Commercial Property Development are located in the Nordic countries.

Properties worth a total of SEK 5 billion were divested in the Nordic countries. The gains on these transactions amounted to SEK 1.3 billion.

Ongoing projects in the Nordic countries

	Type of project	City	Leasable area, 000 sq. m	Completion year	Economic occupancy rate, %
H.C. Ørstedsvej	Retail	Helsingør, Denmark	4	2012	100
Fröfjärden	Retail	Stockholm, Sweden	4	2013	100
Torpavallen, phase 1	Retail	Gothenburg, Sweden	5	2013	100
Torpavallen, phase 2	Retail	Gothenburg, Sweden	4	2013	52
Lindholmen	Hotel	Gothenburg, Sweden	13	2013	100
Scanport, Nordhuset	Office	Copenhagen, Denmark	5	2011	76
Bassängkajen, phase 1	Office	Malmö, Sweden	10	2012	96
Bassängkajen, phase 2	Office	Malmö, Sweden	9	2012	89
Polisen 1, Rosengård	Office	Malmö, Sweden	3	2012	100
Ruskeasuo, phase 1	Office	Helsinki, Finland	13	2012	100
Ruskeasuo, phase 2	Office	Helsinki, Finland	11	2012	15
Uppsala Entré	Office	Uppsala, Sweden	12	2012	86
Gullbergsvass, Tennet	Office	Gothenburg, Sweden	11	2013	0
Lustgården 14, phase 1	Office	Stockholm, Sweden	47	2014	79
Lustgården 14, phase 2	Office	Stockholm, Sweden	25	2014	11
Arendal 1:9	Other	Gothenburg, Sweden	3	2012	100
Nödinge	Other	Ale, Sweden	4	2012	100
Total			**183**		**68**

Projects

	Nordic countries
Number of new projects, 2011	**9**
Investment commitments, SEK M	1,720
Number of ongoing projects	**17**
Leasable space in projects, 000 sq. m	183
Economic occupancy rate, %	68
Number of divested ongoing projects	**2**
Leasable space, 000 sq. m	19

Skanska's new Ruskasuo office building in Helsinki, Finland.

One of two police buildings that Skanska has been constructing in Malmö, Sweden.

Lustgården

- **Kvarteret Lustgården, Lindhagensterrassen, Kungsholmen, Stockholm, Sweden**
- **Phase 1:** 35,000 sq. m (377,000 sq. ft.)
- **Investment** SEK 1.4 billion
- **Skanska's construction assignment:** About SEK 1 billion
- **Construction start-up:** 2011
- **Completion:** Late 2013
- **Phase 2:** 20 000 sq. m (215,000 sq. ft.)
- **Phase 3:** 170 apartments
- **Total investment:** SEK 2.5 billion

Kvarteret Lustgården (literally "the Garden of Eden city block") in the Kungsholmen district of Stockholm is the largest green office investment in the Nordic countries; 55,000 square meters of green office space will emerge in stages there. The first parts will be completed late in 2013.

The first to move in will be Skanska. Lustgården will become the Company's new headquarters – a LEED-certified building that will be one of the most modern, environmentally smart office complexes in the Nordic countries.

"By moving to Lustgården, we will be showing that we are serious about becoming the leader in green construction," says Johan Karlström, Skanska's President and CEO.

Skanska will lease about half of the Lustgården office property, which will feature bright office space with open floor plans.

Lustgården will be characterized by innovative, green solutions and offer close proximity to public transportation.

"The construction area is a green work site. We tore down an existing building and recycled 97 percent of the demolition waste. Now we are drilling 144 bore holes 230 meters (755 ft.) straight down into the bedrock to make the office building self-sufficient in space cooling," explains Karin Johansson, project manager at Skanska Commercial Development Nordic.

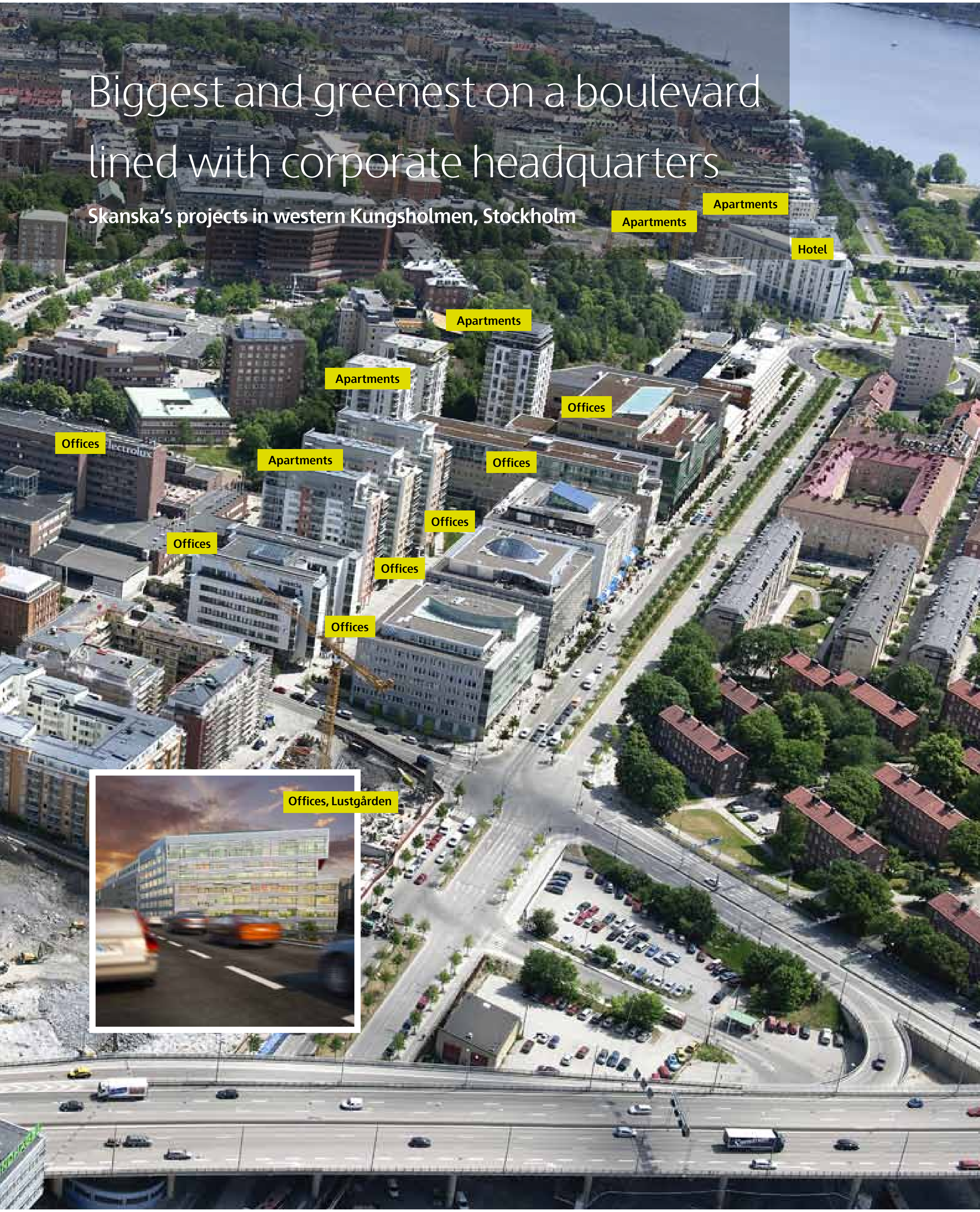
Lustgården is Skanska's largest commercial office project to date for its own account. The Company's initial investment will total SEK 1.4 billion, and Skanska Sweden's construction assignment is worth SEK 1 billion. The first phase, which is now under construction, will consist of some 35,000 square meters. Construction of another 20,000 square meters of office space has also started. In addition, about 170 apartments are planned.

In all, Skanska will invest some SEK 2.5 billion in the project.

Skanska will reconsider its moving plans if a potential tenant wishes to rent the entire property. "Customer first" is the rule. Lustgården is located on Lindhagensgatan, where Skanska has also developed green office buildingss for such companies as the Skandia insurance group, mobile operator 3 and Stockholm Public Transport (SL).

Biggest and greenest on a boulevard lined with corporate headquarters

Skanska's projects in western Kungsholmen, Stockholm

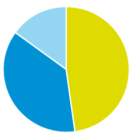


Other European countries

- Poland
- Czech Republic
- Hungary
- Romania

In other European countries, Skanska initiates and develops commercial property projects concentrated in major cities in Poland, the Czech Republic and Hungary, focusing mainly on office properties. During 2011, operations were started in Bucharest, Romania.

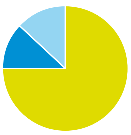
Distribution unutilized building rights



Commercial Property Development in other European countries

SEK M	2011	2010
Revenue	36	948
Operating income	–76	118
of which gain on property divestments[1]	15	177
Capital employed, SEK bn	2.6	1.7
Return on capital employed, %[2]	8.0	7.1
1 Additional gain included in eliminations was	–	26
2 Including unrealized development gains and changes in market value.		

Distribution of leasable area, ongoing projects



Competitors

Ghelamco
Echo Investment
GTC

Major events

During 2011 Skanska started up commercial property development in Romania, with a focus on establishing operations mainly in Bucharest.

In Wrocław, Poland, Skanska made additional investments during the autumn. The Company expects to invest a total of SEK 432 M in the two phases of the Green Towers office property. Both properties have a strong green profile.

Skanska expects to invest more than SEK 260 M in the Green Horizon office project in Łodź, Poland. This is the Company's first project in Łodź and initially comprises 19,000 sq. m (204,000 sq. ft.), which may be expanded to 33,000 sq. m (355,000 sq. ft.) in subsequent phases.

Market

Central European markets have continued to perform well, although uncertainty is somewhat greater than in the Nordic countries, and willingness to move is less. Poland is still the strongest market in Central Europe.

Earnings

Skanska's portfolios in all markets are being built up after good divestments in past years. No divestments were made in 2011.

Outlook

In major urban regions, there are good conditions for the development of new office projects. Skanska's strong financial position makes further investments possible without the need for external financing. The ongoing portfolio build-up represents a large potential for development gains during 2012–2013. The demand for green projects is expected to persist.

Green milestone in Prague

City Green Court

- **Location:** Prague 4, Pankrác business district, Czech Republic
- **Area:** 16,000 sq. m (172,000 sq. ft.)
- **Tenants:** PriceWaterhouseCoopers 75 procent
  Glaxo Smith Kline 25 procent
- **Construction period:** 2010–2012
- **LEED Platinum pre-certified**
- **Investment:** SEK 340 M
- **Developer:** Skanska
- **Built by:** Skanska

Green data

- **Energy consumption:** Reduced by 33 per cent compared to local standard
- **Emissions:** Carbon footprint will be calculated regularly
- **Water consumption:** Down 46 percent from usage calculated at time of acquisition
- **Waste:** 90 percent recycled

With its new City Green Court project in Prague, Skanska is taking the lead when it comes to green office space in the Czech Republic. The project is receiving the highest environmental certification, LEED Platinum, and will be the first to report its carbon footprint during construction.

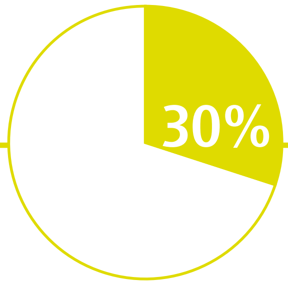
City Green Court will become the Czech headquarters for the international consulting company PriceWaterhouseCoopers (PwC), which has signed a lease for 12,000 of the building's 16,000 square meters. The pharmaceutical company Glaxo Smith Kline (GSK) will occupy the remaining space.

Skanska's investment totals SEK 340 M. Construction is in its final stages, and occupancy will take place during 2012.

"City Green Court's LEED Platinum pre-certification demonstrates tremendous green building leadership," says Rick Fedrizzi, President, CEO and Founding Chairman of the U.S. Green Building Council.

The building's green qualities were also a decisive factor for PwC. "LEED Platinum certification is one of many reasons why we are proud of our new premises," says Glen Lonie, Partner, PwC, Czech Republic.

The building right was acquired as a consequence of the 2008 financial crisis, and the project is being executed by Skanska's Czech commercial project development and construction units.



30 percent of the ongoing projects in Commercial Property Development are located in other European countries.

During 2011 the project portfolio in other European countries was strengthened by 5 project start-ups. This promises good potential for property divestments in the future.

Ongoing projects in other European countries

	Type of project	City	Leasable area, 000 sq. m	Completion year	Economic occupancy rate, %
City Green Court	Office	Prague, Czech Republic	22	2012	86
Green Corner, phase 1	Office	Warsaw, Poland	19	2012	50
Green Corner, phase 2	Office	Warsaw, Poland	16	2012	0
Green Horizon, phase 1	Office	Łodź, Poland	24	2012	85
Green House	Office	Budapest, Hungary	24	2012	0
Green Tower, phase 1	Office	Wrocław, Poland	17	2012	32
Atrium, phase 1	Office	Warsaw, Poland	22	2013	0
Green Tower, phase 2	Office	Wrocław, Poland	16	2013	13
Malta House	Office	Poznań, Poland	23	2013	18
Total			**183**		**30**

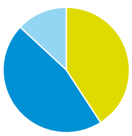
Projects

	Other European countries
Number of new projects, 2011	**5**
Investment commitments, SEK M	1,440
Number of ongoing projects	**9**
Leasable space in projects, 000 sq. m	183
Economic occupancy rate, %	30
Number of divested ongoing projects	**0**
Leasable space, 000 sq. m	0

United States

In the United States, Skanska initiates and develops commercial property projects in selected major cities, with a focus on office properties. Project operations are underway in Washington, D.C., Boston, Houston and Seattle. Operations are in a start-up phase.

Distribution unutilized building rights



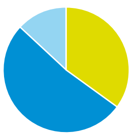
- Washington D.C., **41%**
- Houston, **46%**
- Boston, **13%**

Commercial Property Development in the United States

SEK M	2011	2010
Revenue	5	–
Operating income	–57	–48
of which gain on property divestments [1]	–	–
Capital employed, SEK bn	1.7	0.4
Return on capital employed % [2]	10.3	–
1 Additional gain included in eliminations was	–	–

2 Including unrealized development gains and changes in market value.

Distribution of leasable area, ongoing projects



- Washington D.C., **35%**
- Houston, **52%**
- Boston, **13%**

Competitors

Hines
Trammell Crow
Boston Properties

Major events

In 2011, Skanska carried out its first investment in Cambridge, Massachusetts, near Boston. The new property, a laboratory and office building, will be built to meet LEED Gold standards. The investment is expected to total about SEK 445 M.

In November, Skanska decided to develop and construct a new office building in Houston, Texas. The investment is expected to total about SEK 550 M. The property is pre-certified at the highest level, LEED Platinum. It will have 28,000 square meters (302,000 sq. ft.) of space in 20 stories, of which 12 will be office space.

Market

The market trend was predominantly positive in the selected cities where Skanska is operating. Rent levels and vacancy rates were stable or falling slightly.

Earnings

The portfolio in the U.S. market is in the start-up phase. No leasing revenue has thus been generated, and no divestments were made during 2011.

Outlook

Skanska currently has four ongoing property projects in the U.S. for its own account. The divestment of the first project is expected to occur during 2012.

A showcase location in Washington, D.C.

December 2011 marked Skanska's debut in the American commercial property market. The address of its first such project is 733 10th Street in Washington, D.C. – only four blocks from the White House and close to federal departments and regulatory agencies.

A shiny 10-story cube totaling 18,800 square meters (202,000 sq. ft.) is now welcoming its first tenants.

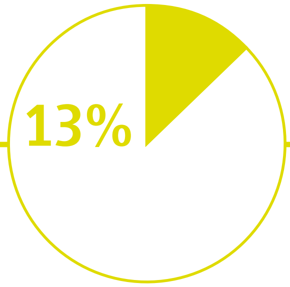
The project is the result of the Company's collective muscle – its financial strength and its expertise in developing and constructing green office buildings.

The building has achieved the second-highest environmental certification level, LEED Gold. Reduced energy consumption, a green roof, ample natural lighting, at least 75 percent recycling of waste, carbon dioxide sensors and separation of hazardous materials are among the green features.

"Both the location and design are superior. Our employees will be pleased with the efficient space and ample daylight when we move in during April 2012," says Rick Klein, CFO of the National Association of Manufacturers, which has leased much of the office space.

The building will also house the public relations and lobbying group CMGRP and Sound Exchange, which collects royalties from digital media. On the ground floor are a restaurant and the original owner of the property, the First Congregational United Church of Christ, with a history going back to 1868 on this site.

"We gained access to a first-class location. This green, functional office building is an excellent showcase for us," says Rob Ward, Executive Vice President of Skanska Commercial Property Development USA.



13 percent of the ongoing projects in Commercial Property Development are located in the U.S..

83%

occupancy rate and soon completed in Skanska's first U.S. commercial development project.

Ongoing projects in the United States

	Type of project	City	Leasable area, 000 sq. m	Completion year	Economic occupancy rate, %
733 10th Street	Office	Washington, D.C.	18	2012	83
1776 Wilson Boulevard, Arlington	Office	Arlington, VA	18	2012	15
150 2nd Street	Office	Boston, MA	13	2012	0
3009 Post Oak	Office	Houston, TX	54	2013	0
Total			**103**		**22**

Projects

	U.S.
Number of new projects, 2011	**2**
Investment commitments, SEK M	1,050
Number of ongoing projects	**4**
Leasable space in projects, 000 sq. m	103
Economic occupancy rate, %	22
Number of divested ongoing projects	**0**
Leasable space, 000 sq. m	0

Above left: **London Hospital, London, U.K.** Above right: **A1 expressway, Gdańsk to Toruń, Poland.**
Below: **Bristol Schools, Bristol, U.K.**

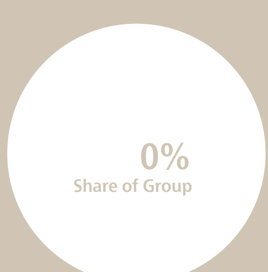
Infrastructure Development

Skanska Infrastructure Development has the proficiency and innovative ability required to create, own, provide facility management and ultimately divest attractive infrastructure projects such as highways, hospitals, schools and power generation stations to long-term investors.

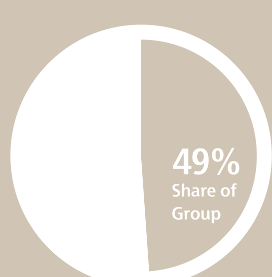
Sweden
Norway
Finland
Poland
Czech Republic and Slovakia
United Kingdom
United States
Latin America

Skanska plays an active part in developing the communities where we operate. In public-private partnerships (PPPs), we develop innovative, sustainable project solutions aimed at satisfying people's desire to improve their quality of life and well-being. We participate in construction, facility management, maintenance and financing of these projects.

2011



Revenue SEK 286 M
USD 44 M
EUR 32 M



Operating income SEK 4,726 M
USD 728 M
EUR 523 M

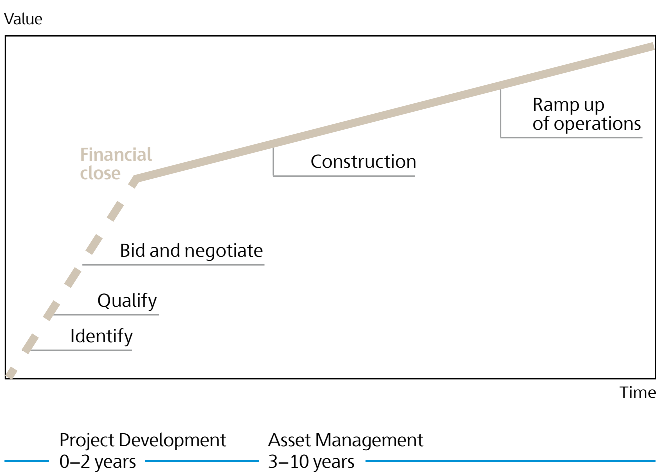
SEK M	2011	2010
Revenue	**286**	319
Operating income	**4,726**	297
Investments	**–988**	–692
Divestments	**5,808**	403
Operating cash flow from business operations[1]	**4,746**	–749
Capital employed, SEK bn	**1.4**	2.7
Gross present value, project portfolio	**4,980**	4,554
Employees	**146**	140

1 Before taxes, financing operations and dividends.

Intensive bidding activity means growth potential

In Skanska's business plan for 2011–2015, the ambition is to increase investments in infrastructure projects. This growth will occur while maintaining the same turnover rate in the project portfolio. The good potential returns of these operations were demonstrated well by the divestment of the Autopista Central highway in Chile, which also resulted in an extra dividend to Skanska's shareholders.

Value creation in infrastructure development



Achieving financial close is the first and largest step in value creation.

Value creation step by step

In public-private partnership projects, Skanska is involved in the entire development chain from design and financing to construction, operation and maintenance. By assuming this overall responsibility, Skanska optimizes both construction and operating costs.

The selection process is crucial to Skanska. Projects must be in product segments and markets where Skanska has proficiency and experience. They must of course also meet the yield requirements that Skanska has established. Skanska performs a thorough examination of risks and opportunities, in close collaboration with the Group's construction units. This results in a selection process in which Skanska focuses on a limited number of projects. Skanska usually forms a bidding consortium with one or more partners. After the consortium's bid has been successful, final negotiations with the customer and potential financiers begin. When binding contracts have been signed, usually at financial close, the assignment is included in the order bookings of the construction unit.

Generating value

Skanska's Infrastructure Development operations focus on three segments – highways including bridges and tunnels, social infrastructure such as hospitals and schools and utilities such as power generation stations. Skanska is involved in the entire value chain from project design to operation and maintenance, which implies a gradual reduction in the risk level of projects. Its business model is based on investing in long-term projects that increase in value upon completion, thereby enabling Skanska to sell them to investors that are interested in long-term, stable cash flows when the projects are in operation. Skanska's ambition is to expand its operations in the public-private partnership (PPP) sector.

Public-private partnerships mean that private market players provide facilities and buildings to public agencies. This implies a number of macroeconomic advantages for customers, taxpayers, users and builders. The model makes more room for investments in public facilities by spreading the cost of large investments over longer periods. PPP projects create value for Skanska by generating large construction assignments as well as potential capital gains from divestment of completed projects, as shown in Skanska's business model on page 8.

In addition to construction assignments, in many cases Skanska is also responsible for long-term service and maintenance assignments. Skanska Infrastructure Development creates assets characterized by reliable cash flows lasting many years, once "steady state" (the operation phase) begins.

Market

The market for PPP projects was characterized by intensive bidding activity during 2011. Meanwhile the processes for major projects are generally lengthy. This makes it difficult to estimate at what point in time they will result in concrete projects. For some years the United Kingdom has been the biggest market for PPP solutions, but due to cutbacks in the government budget the supply of new PPP projects has diminished in the British market.

Revenue

Revenue in Skanska Infrastructure Development comes mainly from Skanska's share of income in the companies that own assets in the project portfolio. Expenses consist mainly of bidding costs and the cost of Skanska's own employees. When these companies are divested, Skanska reports only the gain on the sale, or development gain, directly in operating income. Since Skanska owns minority holdings in these companies, no revenue is recognized.

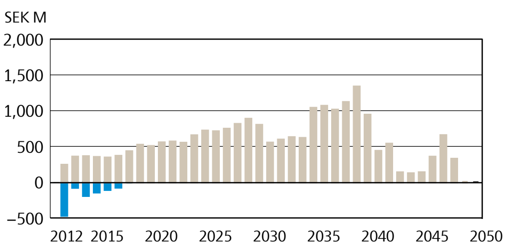
Earnings

Operating income in Skanska Infrastructure Development amounted to SEK 4,726 M (297). This includes gains of

Sjisjka wind farm, Gällivare, Sweden

- **Total investment**: SEK 1.1 billion
- **Construction start-up:** 2011
- **Height:** 130 meters (427 ft.)
- **Turbine blade length:** 50 meters (164 ft.)
- **Number of turbines:** 30
- **Annual production: Estimated at** 200 gigawatt hours, equivalent to the annual electricity needs of about 43,000 households

Estimated annual cash flow in Skanska Infrastructure Development's project portfolio, December 31, 2011 [1]



- Inflow: SEK 22.0 bn (interest, dividends and repayments)
- Outflow: SEK –1.0 bn (contracted future investments)

1 Cash flows have been translated into SEK at the exchange rates prevailing on December 31, 2011

Competitors

Balfour Beatty
ACS
Vinci

SEK 4,593 M on the divestment of the Autopista Central and Antofagasta highways in Chile. During the year, Skanska also sold the Midlothian Schools in the U.K. The very good outcome of the Autopista Central divestment was equivalent to about SEK 11 per share and resulted in an extra dividend of SEK 6.25, which was disbursed in May 2011.

Outlook

Political turmoil and the government financial situation in many countries will probably continue to affect decision-making related to public sector investments.

The British market is expected to remain affected by government budget austerity during 2012.

In the Nordic countries, the potential for new projects is expected to increase, for example in the construction of wind power facilities.

North America offers continued expansion potential, but at a slow pace. A number of U.S. states are planning public-private partnerships related to highway projects, but it is uncertain when these may materialize. In Latin America, there is major potential in the PPP market for highways and energy facilities.

Future PPP solutions in the Czech Republic and Poland primarily involve new highway projects.

Harnessing mountain breezes

SjisjkaVind
Ett samarbete mellan Skanska, O2 och Jämtkraft

Renewable energy is a new niche in Skanska's Green Initiative. After green offices, hospitals and homes, now Skanska is harnessing green energy in the form of wind power. In 2012 the mountain breezes in Sjisjka near Gällivare, Sweden – north of the Arctic Circle – will start to spin 30 turbines now under construction.

Skanska Infrastructure, the O2 wind power company and the Swedish power network Jämtkraft are jointly developing the Sjisjka wind farm.

The conditions are optimal. Nearly constant winds sweep in from Norway and the Atlantic. The average wind speed is 7.2 meters per second (16 mph), which is quite sufficient since only 3 meters per second is required to generate power.

The 30 wind turbines will generatean estimated 200 gigawatt hours per year, equivalent to the annual needs of some 43,000 households.

The turbine blades measure 50 meters (164 ft.). Including the tower, the total height of each turbine will be 130 meters (427 ft.). The wind exerts large forces when it blows, which is why the turbines must be firmly anchored to the ground. To minimize construction work in the mountains, Skanska Teknik designed turbine foundations that are poured in a factory and shipped to the construction site. Each foundation consists of sixteen large concrete elements, in which the quantity of concrete has been sharply reduced compared to site-poured foundations.

During 2011 preparatory work was carried out, and several foundations are on site. Beginning in the spring of 2012 the foundations, towers and turbines will be assembled. During the autumn, test runs will begin.

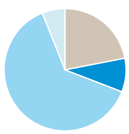
Construction work is being performed by Jemtska, a consortium of Skanska Sweden and Jämtkraft. Skanska Infrastructure Development has a 50 percent ownership stake in the project.

Project portfolio

Skanska's Infrastructure Development project portfolio spans all its geographic home markets and focuses on highways including bridges and tunnels, social infrastructure such as hospitals and schools and utilities such as power generation stations. Today this portfolio consists of projects in the Nordic countries, the U.K., Poland and Chile, mainly highways and social infrastructure. Projects currently in the construction phase comprise 70 percent of the estimated gross value in the portfolio.

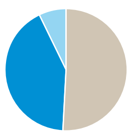
Estimated gross value

Geographic area



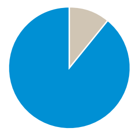
- Nordics, **22%**
- Other European countries, **9%**
- U.K., **63%**
- Chile, **6%**

Category



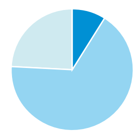
- Highways, **51%**
- Social infrastructure, **42%**
- Utilities, **7%**

Compensation type



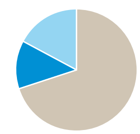
- Market risk, **11%**
- Availability, **89%**

Remaining concession



- < 10 years, **0%**
- 10–20 years, **9%**
- 20–30 years, **67%**
- > 30 years, **24%**

Phase



- Construction, **70%**
- Ramp-up, **13%**
- Steady state, **17%**

Major events

In 2011 Skanska completed the divestment of its stake in the Autopista Central highway in Santiago, Chile, Skanska's most successful project investment to date. The after-tax gain totaled SEK 4.5 billion. During the year, Skanska also divested 50 percent of its holding in a toll highway in Antofagasta, Chile, with a capital gain of about SEK 90 M, as well as the Midlothian Schools in the U.K.

A new contract was signed during the year for an upgrade of street lighting in the London boroughs of Croydon and Lewisham, with Skanska as part of a 50/50 consortium with John Laing Plc. The order amount for Skanska is about SEK 760 M.

The New Karolinska Solna (NKS) hospital in Sweden is Skanska's largest-ever construction project to date, with a construction contract worth about SEK 14.5 billion. Site work began during 2010 and continued as planned in 2011.

Project portfolio, SEK M

Category	Type	Country	Payment type	Phase	Concession ends	Ownership, %	Year in operation/ full operation	Invested capital, Dec 31, 2011	Total commitment
Highways									
A1 (phases 1&2)	Highway	Poland	Availability	Ramp up	2039	30	2007/2012	170	176
Antofagasta	Highway	Chile	Market risk	Construction	2030	50	2014	227	288
E18	Highway	Finland	Availability	Steady state	2029	41	2010	71	71
M25	Highway	U.K.	Availability	Construction	2039	40	2012	731	852
Nelostie	Highway	Finland	Availability	Steady state	2012	50	1998/1999	23	23
Social infrastructure									
Barts and The London	Hospitals	U.K.	Availability	Construction	2048	38	2006/2016	272	427
Essex BSF	Schools	U.K.	Availability	Ramp up	2036	52	2012	54	54
Bristol	Schools	U.K.	Availability	Steady state	2034	46	2007/2011	45	45
Coventry	Hospital	U.K.	Availability	Steady state	2042	25	2005/2007	87	87
Derby	Hospital	U.K.	Availability	Steady state	2043	25	2006/2008	104	104
Mansfield	Hospital	U.K.	Availability	Ramp up	2043	50	2006/2011	159	159
Walsall	Hospital	U.K.	Availability	Ramp up	2041	50	2007/2010	88	88
New Karolinska Solna	Hospital	Sweden	Availability	Construction	2040	50	2018	168	591
Utility									
Surrey	Street lighting	U.K.	Availability	Construction	2035	50	2015	0	49
Croydon and Lewisham	Street lighting	U.K.	Availability	Construction	2036	50	2017	0	46
Sjisjka	Wind power	Sweden	Market risk	Construction	2038	50	2013	173	234
Total capital invested								**2,372**	**3,294**
Accumulated share of earnings in joint venture								–732	
Carrying amount including cash flow hedges								**1,640**	
Cash flow hedges								1,328	
Carrying amount excluding cash flow hedges								**2,968**	

Estimated unrealized development gains in the portfolio totaled SEK 1.2 billion at year-end 2011.

Valuation on December 31, 2011 by category, SEK M

Category	Gross present value, Dec 2011	Discount rate, 2011, %	Net Present Value remaining investments[1]	Carrying amount, Dec 2011[2]	Unrealized development gain 2011
Highway	2,530	9.9	149	1,642	739
Social infrastructure	2,120	9.7	542	1,147	431
Utility	330	9.3	129	179	22
Total	**4,980**	**9.8**	**820**	**2,968**	**1,192**
Cash flow hedges					**1,561**[3]
Total					**2,753**

1 Nominal value SEK 922 M. 2 Invested capital and accumulated share of income in joint ventures before effect of cash flow hedges.
3 Of which SEK 1,328 M recognized against share of income in joint ventures and SEK 233 M as a provision.

Appraisal
Gross present value is the discounted present value of all cash flows, after taxes in the project company,between the project and Skanska.
The present value of remaining investments in ongoing projects is discounted at the same interest rate as the project.
Unrealized development gain shows net present value minus project carrying amount and is calculated before market appraisal of financial derivatives that are entered into by project companies in order to reduce their financial risk.

During the year, Skanska decided to participate as a 50 percent owner in the new Sjisjka wind farm near Gällivare, Sweden. It will be one of the country's largest land-based wind farms.

Portfolio value

The most important categories in Skanska's project portfolio are highways, which account for more than 50 percent of estimated gross present value, and social infrastructure with more than 40 percent. Around 70 percent of gross present value has a remaining concession period of between 20 and 30 years. So far the United Kingdom has been the largest PPP market for Skanska. At year-end 2011, the estimated gross present value of cash flows from projects totaled SEK 4,980 M (year-end 2010: 4,554, excluding the Autopista Central) at year-end 2011. Unrealized pre-tax development gain totaled about SEK 1,192M (1,752) at year-end. During 2011 this amount was affected positively by investments in new projects and by the time value effect when appraising future cash flows, but also negatively by the Antofagatsa divestment in Chile.

Compensation models

A project company in which Skanska is a part-owner normally receives compensation according to one of two different models: the availability model and the market risk model.

In the availability model, compensation is based on providing a given amenity and agreed services at a pre-determined price. In these projects, the customer is normally a national or local government and the project company's credit and payment risk is therefore low.

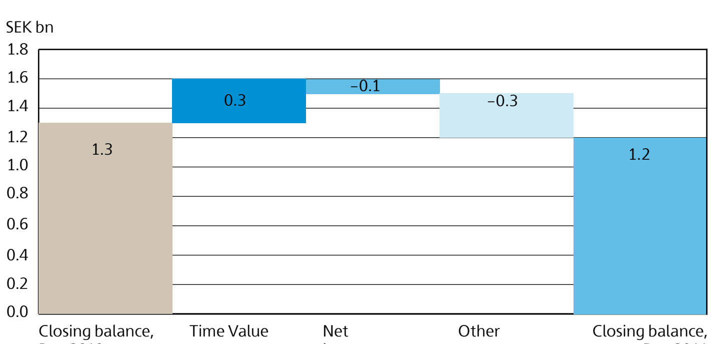
In the market risk model, compensation is based on the volume of utilization and the fees paid by end-users, for example tolls collected from motorists on a stretch of road. In this case, the project company's credit and payment risks are higher. Meanwhile it has major potential for increasing the return on its investment by means of more efficient operation and higher utilization.

The availability model is more common in Skanska's project portfolio and is the most prevalent model in Europe, while the market risk model is more common in the U.S. and Latin America.

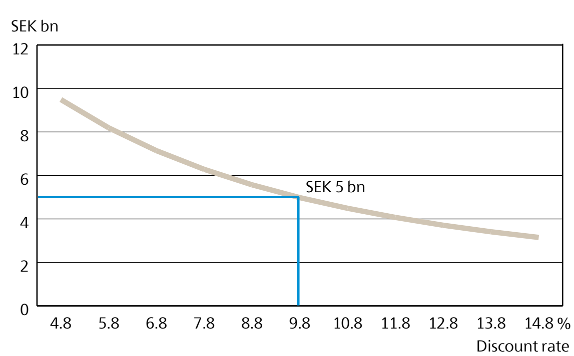
Discount rate

The discount rate that is used for calculating present values in the portfolio is based on the market interest rate during the long-term operational ("steady state") phase. Risk premiums are also added to this rate during the early development phase. The risk premium is at its highest early in the development phase and is then gradually lowered until the project reaches the steady state phase.

Changes in unrealized development gain before effect of cash flow hedges, 2011



Gross present value of cash flow from projects – sensitivity analysis



A1 Expressway, Poland

- **Route:** Gdańsk-Toruń, about 150 km (93 mi.)
- **Public-private partnership**
- **Owner company:** GTC holds the concession until 2039. Skanska owns 30 per cent of GTC
- **Payment form:** Shadow tolls
- **Construction contract:** SEK 11 billion
- **Construction assignment:** Skanska 80 percent
- **Construction start-up:** 2005
- **Completed:** 2011

150 safe kilometers

A car was one of the first things that Poland's inhabitants indulged in after the Iron Curtain fell. The number of cars on the roads has grown from year to year, and highway freight traffic has also grown rapidly, but the expansion of the infrastructure has not kept pace. This is perhaps true in most countries, but Poland had to begin from a low standard. There were very few kilometers of expressways, and the accident level was high on the country's narrow, winding roads.

Today continuous expansion is underway, and Skanska has contributed 150 km (93 mi.) of safe highway. The A1 is a four-lane expressway from Gdańsk to Toruń in central Poland. The new A1 is also a link in the trans-European transportation network that connects Gdańsk with Vienna, Austria and Brno, Czech Republic.

In 2008 the first 90 km (56 mi.) was completed, and in September 2011 the second phase opened, comprising 60 km (37 mi.). The project included constructing a completely new highway along the entire route, including 137 bridges of which two large bridges over the Vistula River. The longest bridge is nearly 2 km (1.2 mi.) long, with a main span of 180 meters (591 ft.). Construction time was shortened by one year. Like the previous phase, Phase 2 was completed ahead of schedule. Skanska's Polish construction workers gradually speeded up the project, which began in 2005. There is a strong incentive in public-private partnership projects. Early completion meant earlier toll revenue on the expressway, owned by Gdansk Transport Company (GTC), in which Skanska has a 30 percent stake. GTC will be responsible for the highway for 35 years, counting from 2004 when the contract was signed. Skanska Poland had 80 percent of the construction assignment, which totaled about SEK 11 billion.

Intensive site work at NKS

In 2010 New Karolinska Solna moved from the drawing board to the construction site, but it will still be another four years before it can welcome its first patients. Today the hospital is more of a construction operation than a surgical one.

In 2010 the Stockholm County Council chose Skanska and Innisfree to take full responsibility for financing, design and construction as well as facilities management and maintenance of the hospital.

New Karolinska Solna is the world's largest hospital procured as a public-private partnership (PPP). The construction contract, which amounts to SEK 14.5 billion, also makes it Skanska's largest assignment to date. It will also be a commitment that extends far into the future, since as a part-owner Skanska will be responsible for the hospital premises until the year 2040.

During 2011 construction work took off in earnest. Five large construction cranes punctuate the horizon on the border between Solna and Stockholm. Work is underway on a number of different fronts – from excavation and foundation work to erection of frames. Helped by the cranes, tons of concrete and steel sweep in above the big construction site. Meanwhile the tasks of pre-construction engineering and architectural design continue.

The parking and technological buildings, which will be completed first, have progressed furthest. Drilling for the geothermal heating unit will be completed in 2012. The total length of drilling holes will be about 30 kilometers (19 mi.), and the holes will supply both heating and cooling. The hospital will also generate all the electricity needed for its operation. These are some of the aspects that will make NKS the world's greenest university hospital. Otherwise the entire construction area is a green work site that uses sustainable solutions for haulage, waste management and other tasks.

About 800 people are working on the project – ranging from architects and consultants to Skanska's project management and construction workers. The on-site workforce will increase to about 2,000 people during the next few years. The project is also an example of diversity, with no fewer than 15 nationalities involved. The site office including construction management and employee facilities – the "shed establishment" – is also the largest and most modern in Sweden.

Progress report from Skanska's biggest construction project

- **Construction contract:** total of SEK 14.5 billion
- **Builder:** Skanska
- **Project company:** Swedish Hospital Partners (Skanska and Innisfree)
- **Workers in the construction project:** about 2,000 at the peak
- **Area:** 320,000 sq. m (3.44 million sq. ft.)
- **Number of floors:** 5–11
- **Number of rooms:** total of about 7,000
- **Inpatient beds:** 600 (incl. 137 intensive care beds) + 100 for outpatients, 100 in patient hotel
- **Number of operating rooms:** 36
- **Number of radiation bunkers:** 8
- **Number of reception rooms:** about 180

Timetable:

- **Parking structure, completion in 2012**
- **Technological Center, completion in 2014**
- **Hospital, part 1, completion in 2016**
- **All of NKS, completion in 2017**

Top left: **Čertovo břemeno golf club, Jistebnice, Czech Republic.** Top right: **Brent Civic Centre, London, U.K.**
Below: **Lustgården office building, Stockholm, Sweden.**

Sustainable development

Skanska is a leading green construction and project development company. Many of the projects and initiatives that Skanska completed during 2011 are the best in their class or the first of their kind. Through innovation and knowledge, we are taking our sustainability efforts beyond the requirements of conventional construction codes and voluntary certification systems.

Skanska builds physical infrastructure that societies need in order to develop. We continuously deepen our understanding of how to contribute to a more sustainable society. Our aim is to ensure that what we build will also generate value and quality of life in a long-term perspective.

2011

THE GLOBAL COMPACT
WE SUPPORT

Skanska has been a signatory of the United Nations Global Compact (UNGC) for more than a decade. We upload our annual Communication on Progress to the UNGC website.

Skanska's Journey to Deep Green™ accelerates

Skanska's Journey to Deep Green™ represents a new approach to construction and development, with the potential to create a more sustainable future. Skanska's Green Strategic Indicators (GSIs) were developed to support the Company's business plan and drive forward its ambition to be a leading green project developer and contractor.

Skanska's Green Strategic Indicators (GSIs) focus on three priority areas:

- **Our Image:** Strengthening and protecting our brand, in order to be perceived by all stakeholders as a leader in green project development and construction.
- **Our People:** Includes indicators related to green leadership and how green competency among employees and top managers is improving at Skanska.
- **Our Projects:** Encompasses technical aspects, influenced by urbanization and population growth that relate to energy, carbon, materials and water.

Green Strategic Indicators (GSIs) for Our Projects

GSIs for our projects are broken down into four high priority areas:

- Energy
- Carbon
- Materials
- Water

Green targets are connected to GSIs for Our Projects.

Skanska has always been in the forefront in terms of thinking green and delivering projects that challenge conventional standards and traditional views of what is possible. The Journey to Deep Green™ and the related Skanska Color Palette™ were launched in 2009 to provide a framework that sets the standard for future building and infrastructure projects. Skanska's conviction is that it is no longer enough merely to deliver projects that fulfill existing construction codes and voluntary certification requirements. Today we have all the knowledge, the materials and technologies needed to make Deep Green construction possible. During the past year, Skanska has begun or completed a number of projects which show that its Journey to Deep Green™ is accelerating.

Skanska's program for Deep Green construction takes our business substantially further than the more established frameworks that today generally serve as best practice benchmarks.

Energy

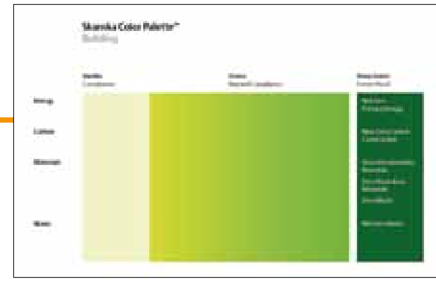
Breakthrough for passive housing on the way

Conserving energy is one of society's great challenges. Reducing energy consumption generally and transitioning to more sustainable energy sources for space heating, cooling and electricity are priorities for everyone, since the largest consumers of energy are the buildings we live and work in.

Passive housing standards for energy efficiency are rapidly becoming a measure of good residential construction. Skanska encourages its customers to use passive techniques wherever possible. In Sweden, it is estimated that more than ten percent of new homes completed in 2011 were passive housing. About half of these were built by Skanska. Passive housing is also gaining ground as a standard for renovation of residential buildings and for new construction of other types of buildings, such as office buildings and schools.

A holistic way of thinking

Skanska supports the development of meaningful voluntary certification standards, but most of these are still point-based measurements of a project's environmental characteristics at the design stage. A different way of thinking now gradually gaining broader support represents a more holistic approach to the construction and use of a building and weighs in many important aspects of sustainability. Skanska's Journey to Deep Green™ is a way to convert this to reality, as it is based on the idea that already existing technologies and materials can make Deep Green construction possible today. An example of such a performance-based holistic approach is the U.S. Green Building Council's Living Building Challenge (LBC) from the Pacific Northwest. Skanska is a supporter of the LBC and recently completed the Bertschi School project in Seattle, an early example of this in practice. Several other Skanska projects in the region are also slated to follow a similar approach.



Skanska Color Palette™

The Skanska Color Palette™ is a strategic communication tool for green projects. It is used to measure and illustrate progress during the Journey to Deep Green™.

Vanilla – The construction process or product is in compliance with laws, regulations, codes and standards.

Green – The construction process and product performance goes beyond compliance with laws, regulations, codes and standards, but cannot yet be considered to have near zero environmental impact. Green can be characterized by voluntary classification systems such as EU GreenBuilding, LEED, BREEAM and CEEQUAL.

Deep Green – The construction process or product is future-proof. Deep Green is the ultimate destination for the projects that Skanska carries out on behalf of forward-looking, visionary customers.

Deep Green targets for our projects

- Zero **net use of primary energy**
- Near zero **carbon** in construction
- Zero **unsustainable materials**
- Zero **hazardous materials**
- Zero **waste** to landfill
- Zero net **water** use for buildings
- Zero **potable water** use during infrastructure construction

Homes in need of renovation become passive housing in Brogården

- **Estimated average energy consumption** has decreased from 216 kWh per square meter (10.76 sq. ft.) to 92 kWh, including space heating, water and household electricity.
- **During the 1960s and 70s, about 400,000 homes in Sweden were built in a way similar to the apartments in Brogården.** They need renovation and are characterized by poor energy efficiency.
- **In Sweden's "million home program" there is good potential for saving energy by using passive housing solutions** when renovating these homes. Similar potential exists in other countries.

Renovating older buildings to the highest standard of energy efficiency is associated with many challenges. Using passive housing solutions , Skanska is renovating 16 three-story buildings in Brogården, Alingsås. The buildings were originally part of Sweden's "million home program", when a million homes – mainly apartments – were constructed during a ten-year period in the 60s and 70s in response to a chronic housing shortage. The 299 apartments in Brogården were run-down and in need of extensive renovation. Better insulation, efficient ventilation systems for heat recovery and district heating for the small amount of additional space heating needed will ensure these refurbished homes a new life. The Brogården renovation project has attracted a lot of attention. King Carl XVI Gustaf of Sweden and Prime Minister Fredrik Reinfeldt have both visited the project, which has also received extensive media coverage. In addition, Brogården has been backed with funding by the European Union, since the concepts used there have the potential for large-scale uptake in support of the EU Building Energy Efficiency for Massive Market Uptake (BEEM UP) initiative.

Telemark Rehabilitation Center

The Telemark Rehabilitation Center, currently being constructed by Skanska Norway, has been designed for a 50 percent reduction in carbon dioxide emissions from materials, energy use and transportation. A number of green solutions have been included, among them recycling of plaster and concrete with low carbon dioxide content. It will also be the first building in Norway constructed using hollow slabs with low carbon dioxide impact. The center will also be equipped with a pool of electric cars.

Initiatives in the carbon field

- Thanks to its ability to document the company's early steps to improve energy efficiency and reduce emissions, Skanska UK ranked highest of all construction companies in the first Performance League Table published by the U.K. government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This ranking was reinforced by Skanska UK's certification by the Carbon Emissions Measurement and Reduction Scheme (CEMARS), the first internationally accredited greenhouse gas certification system to meet the ISO 14065 standard.
- Through its support for the UN Environment Program's Sustainable Buildings and Climate Initiative, Skanska has helped develop the Common Carbon Metrics Protocol, a tool that measures energy efficiency improvement with the aim of reducing greenhouse gas emissions.
- In collaboration with the European Network of Construction Companies for Research and Development (ENCORD), Skanska has developed the Construction CO_2e Measurement Protocol. This protocol is based on the internationally recognized Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute, which are now being supported by international stakeholders. The next step is initiatives aimed at the supply chain.
- Skanska was one of three companies invited to contribute to the "Infrastructure and Construction" chapter in the Low Carbon Compendium, a report published by The Prince of Wales's EU Corporate Leaders Group on Climate Change (CLG). The report shows how some of the world's largest companies are contributing in a profitable way to a low climate risk economy.

Carbon footprinting

Energy efficiency and reduction of carbon emissions are important elements of Skanska's sustainability work. Both initiatives are interrelated, since energy efficiency concentrates on the service life of a building and its emissions while reduction of carbon emissions concentrates on energy use and emissions during the construction process. Near zero carbon emissions is one of Skanska's focus areas. One confirmation of the seriousness of this commitment is that for the second year in a row, Skanska was the only construction company included in the Nordic Carbon Disclosure Leadership Index, part of the Carbon Disclosure Project (CDP).

Effective carbon management depends on careful measurements and reporting. Skanska reports its carbon emissions according to the internationally recognized Greenhouse Gas Protocol to various external stakeholder categories. In 2011 our Scope 1 Absolute emissions were 432,000 metric tons and Scope 2 Absolute emissions were 76,100. We continue to develop our approach to Scope 3 emissions in line with emerging international reporting guidelines.

Carbon footprinting of office properties is moving ahead in the Nordic countries, Central Europe, the United Kingdom and the United States where over forty were completed during the year. Skanska continues to build up further expertise in footprinting and reduction of carbon emissions.

Sustainable materials and responsible procurement

Skanska has a key role to play in developing and promoting improvements in sustainable procurement and responsible sourcing . Most revenue in each project is distributed through the value chain, which means that Skanska can use its influence to encourage positive behavior by suppliers and subcontractors. During 2011 Skanska UK adopted the new BS 8903 sustainable construction framework as part of its procurement process. Skanska UK was also the first construction company that had all branches of its operations evaluated and certified by the Chartered Institute of Purchasing and Supply (CIPS).

At Skanska UK, improved sourcing procedures have not only led to new projects, but in the past two years have also saved an estimated GBP 11 M and reduced non-compliance costs by 35 percent. In November 2011 Skanska UK's success in sustainable sourcing was recognized by a CIPS award for "best contribution to corporate responsibility".

ISO 14001 external audits

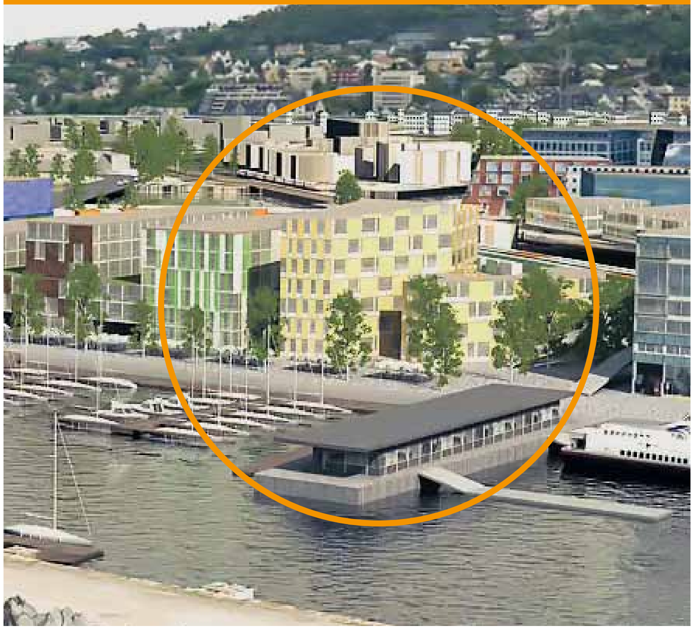
During the year, routine audits by external ISO 14001 experts identified a number of procedural weaknesses in the Environmental Management Systems of two Business units. Local management took immediate corrective actions to the satisfaction of the external auditors. The procedural weaknesses led to no environmental harm.

Innovative Lustgården

One ongoing project in Sweden, the Lustgården office property in Stockholm, is an example of how Skanska's engineers add innovation to a project. Low energy consumption and a highly efficient heating and cooling system have been developed by Skanska, including the use of two tried and tested techniques: drilling deep bore holes and using a water-based geothermal cooling system. The project will be completed in 2013.

Powerhouse One to be energy-positive

In Norway, Skanska is part of the Powerhouse alliance, which will build the country's first and the world's most northerly energy-positive office building in Trondheim. The Powerhouse alliance was established in April 2011. Aside from Skanska it includes the property company Entra Eiendom, architects Snøhetta, the environmental foundation ZERO and the aluminum company Hydro. The ambition is that Powerhouse One, expected to be completed in 2013, will be one of several energy-positive projects construction under the auspices of the alliance.



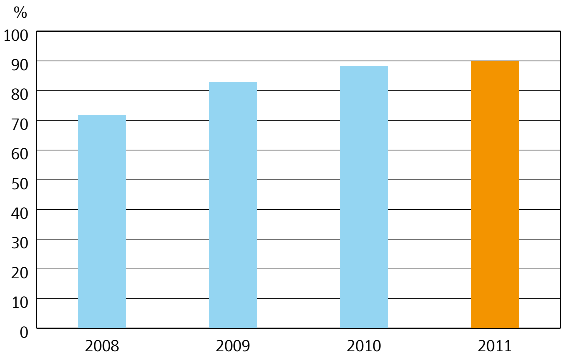
Waste

Most of it can be recycled

- In Norway, Skanska is working with the country's largest waste management contractor to ensure that all project waste is collected and either recycled or used for energy production in district heating plants.
- The Hangar 3 project in the Bromma Blocks retail center in Stockholm, Sweden involved the redevelopment of a 1940s airport hangar into a modern, energy-efficient shopping mall. Only 3 percent of waste material was sent to landfill, while more than 17,000 cubic meters of stone and construction waste were reused in the project.
- Similar recycling of materials was achieved in Skanska US Civil's Second Avenue Subway tunneling and infrastructure project in Manhattan, New York City. Material that would otherwise have gone to landfill is used for a new golf course being built by the city in Ferry Point Park, The Bronx.
- The construction of the Bertschi School in the U.S. involved extensive recycling of materials. In all, 98 percent of the construction waste generated during the project was recycled.
- Recycling was even higher in the Surrey Street Lighting Project in the U.K. – 100 percent to be exact, including removed lamps.

Total average amount of waste diverted from landfill 2008–2011

Percentage of waste diverted from landfill 2008-2011.
Target for 2011 was to reach 90%.



Water

Efficient use

Skanska is aware of the major contribution the construction industry can make to reduce water consumption, which is of especially great importance in regions with water shortages. In general, Skanska's ambition is to maximize efficiency by minimizing the use of potable water in construction and during operation of the structure and then recycle to the extent this is technically possible. One of Skanska's key indicators on the Journey to Deep Green™ is its ambition to achieve zero net water use for buildings during their service life and zero potable water use during civil and infrastructure construction.

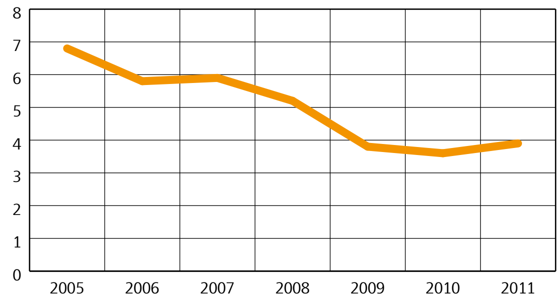
Skanska decided at an early stage to make health and safety at its work sites the most important task. Today its ambition is to achieve a 75 percent reduction in the number of accidents by 2015.

Programs for a safe and healthy work site

- Skanska Safety Road Map
- Global Safety Stand Down
- Executive Site Safety Visits
- Global Safety Leadership Team

Lost Time Accident Rate (LTAR) 2005–2011

(Number of lost time accidents times 1,000,000 hours) divided by (total labor hours).



Skanska has recorded its lost time accident rate (LTAR) on a global basis since 2005, which serves as the base year for these statistics.

Work site health and safety

Aiming at world-class standards

To achieve its target of zero work site accidents, Skanska realized that the Company had to inspire and act in ways previously not considered possible.

During the past five years, the Company has made good progress in training, management and organization of its work site health and safety efforts. Skanska has a safety program to create a healthy, safe working environment for employees, subcontractors and visitors. This program includes a Global Safety Stand Down, which is held after a fatal accident, Executive Site Safety Visits and the further development of Skanska's Global and National Safety Leadership Teams. These have been formed with cross-functional experts to drive the progress of Skanska's safety strategy.

Much remains to be done in order to achieve the zero accidents target. The Skanska Safety Road Map was introduced in November 2011 and will help speed up progress by focusing on five key issues in achieving world-class safety: culture, competency, communications, controls and contractors. Skanska uses its knowledge and experience from different parts of its business to encourage better working standards in all operations.

As an example of its commitment to raising safety standards throughout the construction industry, Skanska has been proactive in launching a program in Poland. Together with six of its competitors, Skanska is providing examples of best practices and working toward common safety standards throughout the industry. Similar cooperation is taking place at Skanska's business units in the U.K., Sweden and Finland.

Despite all these efforts and improvements, eight work-related fatalities occurred in Skanska's projects during 2011: four subcontractor employees and four Skanska employees. This is obviously unacceptable, and Skanska is taking the steps needed to eliminate these tragic accidents.

Safety Road Map
Using a number of performance criteria in five focus areas, every business unit has its own benchmarks. Practical advice, guidance and examples of good practices are built into the process, enabling each business unit to progress towards the world-class target. National Safety Leadership Teams help implement the Skanska Safety Road Map. From the left: Thomas Karlsson, Hichem Boughanmi and Anneli Lindbergh during construction of Bromma Blocks, Stockholm.

Skanska receives five safety awards

Skanska won as many as five of the seven Swedish Transport Administration safety awards in 2011. These awards are related to highway and railroad projects and are intended to encourage systematic safety programs to reduce work site accidents.

Skanska's award-winning projects are:

- **The Abisko Södra railyard extension.**
- **Upgrading and capacity expansion of the Ställdalen–Hällefors railroad.**
- **The eastern bypass highway in Katrineholm.**
- **Norra Länken (Northern Link) highway contract NL 52, Värtan Interchange.**
- **The Hallandsås rail tunnel project.**

Martin Hellgren, project manager, NL 52 (Swedish Transport Administration); **Björn Terstad**, project executive, Norra Länken (Swedish Transport Administration); **Mårten Leimar**, KMA NL52 (Skanska); **Mats Alexandersson**, project executive, NL52 (Skanska); **Markus Lindén**, production manager of NL52.

Ethics

Good business ethics more important than ever

Skanska is proud of its leading position in business ethics. The Company has been a signatory of the United Nations Global Compact for more than a decade, helped establish the World Economic Forum's Partnering Against Corruption Initiative (PACI) and is among the founders of the Swedish branch of Transparency International. During 2008 Skanska revised its Code of Conduct, which defines the principles for how Skanska employees shall work regardless of where they are in the world. During 2011 Skanska's internal ethical guidelines were made available to the general public. This encouraged a dialogue with national and regional authorities as well as other multinational companies that have sought contact with Skanska for more information on effective implementation of ethics policies.

Transparency in the business world is now more important than ever. Although legislation such as the U.K.'s Bribery Act helps set the agenda, responsible companies like Skanska must also help pursue further discussion. In 2011, Skanska contributed a speaker to PACI's biannual meeting in Rio de Janeiro and also provided the Swedish Ministry for Foreign Affairs with guidance on e-learning programs about ethics.

Skanska also supports the Construction Sector Transparency Initiative (CoST), a global initiative to increase transparency and accountability in the construction industry.

Our Code of Conduct defines how all Skanska employees work, no matter where we are in the world.
We are proud of the ethical business practices that we have established. We do not tolerate any form of corruption, bribery, unfair anti-competitive activities, discrimination or harassment.
On the contrary, we promote ethical business practices, fair treatment of all employees, including diversity and equal opportunities. Health and safety is another area of vital importance to us.
Our goal is to achieve zero work site injuries. Our commitment to create safe and healthy workplaces is described in our Code of Conduct. Likewise, we protect and care for the environment.
We are constantly striving to do more to reduce our environmental footprint.

Our first Code of Conduct was established in 2002.
In 2008, the Board of Directors approved this revised and updated Code.
I expect all Skanska employees to read, understand and live by the Code.
By doing this, Skanska will stay a strong company.

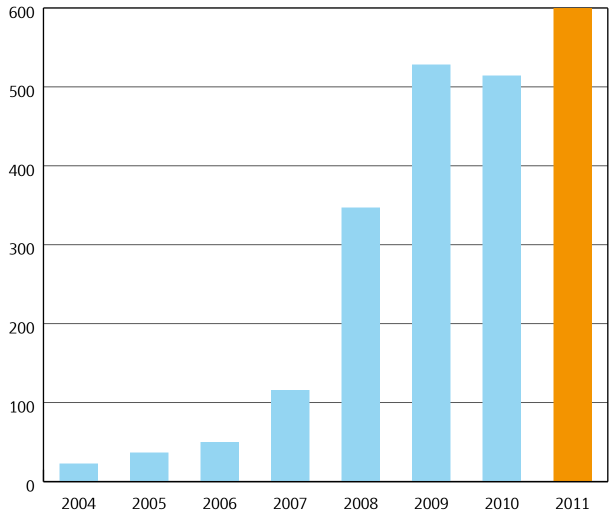
Johan Karlström
President and CEO

Skanska takes the lead

- Skanska Czech Republic is the first organization in that country to be certified according to the BS EN 16001 energy management standard.
- The City Green Court development project in Prague is the first office building in the Czech Republic to be pre-certified according to the Leadership in Energy and Environmental Design (LEED) Platinum standard.
- Poland's first LEED certified school is being constructed by Skanska in Konstancin-Jeziorna for the American School of Warsaw.
- Skanska's new office in Gothenburg, Sweden was the first commercial property in the country to be pre-certified according to LEED Platinum. Skanska's new office in Malmö, Sweden was the first LEED Platinum certified office renovation in Europe.
- The first LEED Platinum certified property constructed on behalf of a customer in Sweden was completed in Kalmar for the insurance company Länsförsäkringar.
- The Belmarsh West Prison project in the U.K. was awarded the first-ever planning stage BREEAM Outstanding rating. When fully certified, it will be the first BREEAM Outstanding correctional facility.
- Four new buildings being constructed by Skanska in Lerum, Sweden will produce more energy than they consume. These "plus-energy" buildings will deliver surplus heat into the district heating network.
- Skanska is the only construction company included in the Forest Footprint Disclosure Report. The report is endorsed by more than 70 international financial institutions and some of the world's largest non-governmental nature conservancy organizations.
- Skanska UK was the first construction company that had all branches of its operations evaluated and certified by the Chartered Institute of Purchasing and Supply (CIPS), according to the BS 8903 principles and framework for sustainable procurement.
- For the second year, Skanska has been included in the CDP's Nordic Carbon Disclosure Leadership Index. This index ranks those companies that have shown the greatest professionalism in their management and disclosures related to climate issues. Skanska tops the list among construction companies and is the only construction company among the 25 highest-scoring enterprises.

Eco Design professionals

Number of LEED, BREEAM, CEEQUAL and other eco-design professionals.



London's Sunday Times named Skanska UK the Best Green Company in the United Kingdom.

The newly installed street lighting network in Surrey, U.K. is energy-efficient thanks to a central control system.

Report of the Directors

The Board of Directors and the President of Skanska AB (publ) hereby submit their report in the operations of both the Company and the Group during 2011.

Expressed in Swedish kronor (SEK), sales were at the same level as in the preceding year.

Despite the general economic uncertainty that dominated the year, however, sales expressed in local currencies were higher than in the preceding year. Operating income was affected by the capital gain on the divestment of Skanska's stake in the Autopista Central toll highway in the amount of SEK 4,500 M. Construction operations also reported higher order bookings than revenue during 2011. To further strengthen and expand its Construction operations, Skanska carried out a number of company acquisitions during the year, including Industrial Contractors Inc. in the United States, Soraset Yhtiöt Oy in Finland and PUDiZ Group in Poland. The acquired companies will represent a total of more than SEK 5 billion in annual revenue.

Construction operations increased their revenue but had lower profitability than the preceding year, mainly due to project impairment losses and provisions in Finland and Norway. The profitability of Residential Development operations was affected by higher costs in certain projects in the Swedish market, impairment losses on the value of land in Estonia and Slovakia and costs for establishing a presence in new markets. Commercial Property Development operations divested a number of properties with good capital gains at attractive yield levels. During the year, Skanska started 16 new Commercial Property Development projects. Infrastructure Development operations carried out three divestments during 2011. One of these was the divestment of Skanska's stake in the Autopista Central in Chile, which had provided an annual after-tax return of about 20 percent during the period that Skanska was an owner of the concession. These divestments show that Skanska's business model, where capital generated in Construction is invested in profitable development projects, which in turn generate construction assignments and future development gains, is working well.

Construction

The market in building construction remains stable. In the U.S., there is continued good demand in certain building construction sectors such as healthcare, the pharmaceutical industry and facilities for the information technology (IT) industry. The Nordic market is generally showing stable development but the residential construction market in Sweden and Finland is characterized by continued uncertainty. The Czech and United Kingdom markets remain weak.

The civil construction market remains stable in most of Skanska's markets. The number of bidders is still high, with a large presence of international players, which further squeezes bidding margins. In the U.S., the Czech Republic and the U.K., the market is affected by public sector austerity programs. In the U.S., increased private construction investments in the energy sector, for example, may partly offset the decline in public sector construction investments. In Latin America, the market for energy sector facilities is good.

Residential Development

The residential market is characterized by tighter lending from banks and by great uncertainty, especially in the Swedish and Finnish markets. In these markets, prices have begun to fall somewhat, and it takes a longer time to sell new homes. In Norway, demand is good and the price trend is stable. In the Czech Republic, the market trend remains weak.

Commercial Property Development

There is continued good demand for modern, efficient and green properties, resulting in attractive valuations for this property category. Vacancy rates for office space are stable in most of the Nordic, Central European and U.S. cities where Skanska performs commercial property development, but due to the uncertain economic situation the mobility of potential tenants is decreasing.

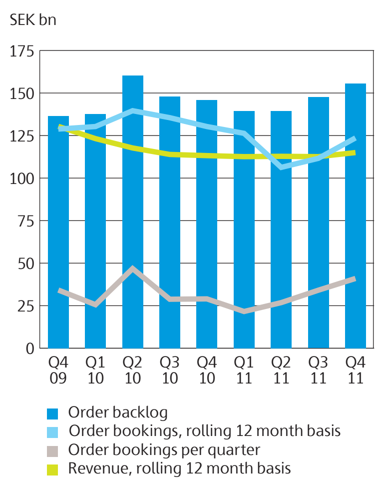
In the metropolitan regions in the Nordic countries, Central Europe and the U.S. where Skanska performs commercial property development, there is good potential to develop new office projects. Skanska's financial position enables the Group to invest in new projects without being dependent on external financing.

Infrastructure Development

Due to the tightening of British public expenditures, there has been a general reduction in public sector construction investments in the U.K., which may affect the number of new public-private partnership (PPP) projects.

In other European markets, the supply of projects is limited, although interest in PPP solutions has increased in some markets. There is also good potential for new projects in the U.S. and Latin America, but the lead times for these are difficult to predict.

Order bookings and backlog



Order bookings

Order bookings decreased by 5 percent to SEK 123.6 (130.3) billion. Adjusted for currency rate effects, order bookings rose by 1 percent. Order bookings in SEK were 7 (15) percent higher than revenue in 2011.

During the year, order bookings increased in local currency in Skanska's Norwegian, Finnish, Polish, U.S. and Latin American operations, while other units showed a decline in order bookings.

Among the contracts that were signed during 2011, a number of major contracts in segments important to Skanska deserve particular mention.

Nordic countries

In Norway, Skanska secured a number of major assignments during the year. The two largest contracts were the task of constructing Statoil's new office building in Bergen, with a value totaling about SEK 1.5 billion – executed in accordance with Skanska's Green Workplace concept – and a contract to build a double track railroad on the Vestfold Line worth about SEK 1.6 billion. Skanska also received an assignment to widen a 10.2 kilometer (6.3 mi.) section of the E18 highway in southern Norway, valued at about SEK 880 M. In addition, Skanska was awarded an assignment to extend taxiways and expand the infrastructure at Oslo Gardermoen Airport, with a contract value of about SEK 780 M.

In Sweden, Skanska received an order to renovate a property in central Stockholm, worth about SEK 750 M. The comparative figures for Sweden in the table below are affected by the fact that the New Karolinska Solna hospital construction contract, worth SEK 14.5 billion, was signed in 2010.

Other European markets

In the Czech Republic, Skanska received the construction assignment related to the extension of a subway line in Prague. The project includes the technical part of the construction of four new stations, with a contract value of about SEK 1.3 billion. In the U.K., Skanska received an assignment to be responsible for construction of the Crossrail Paddington Station, part of a project which will connect east and west London. The contract is worth about SEK 770 M. Skanska also received an assignment to upgrade street lighting in the London boroughs of Croydon and Lewisham. The construction contract totals about SEK 760 M and the project is being carried out as a public-private partnership (PPP). In the U.K., Skanska was also awarded a design-build contract for the new HMP Grampian prison in Aberdeen, worth about SEK 590 M, and the assignment to build a green commercial property in Bevis Marks, London, valued at about SEK 517 M.

The Americas

During 2011 Skanska was awarded a number of major projects. Skanska USA Civil received a contract to extend the light rail system in Los Angeles County, California, worth about SEK 2.4 billion. In northern California, Skanska USA Civil also secured a design-build contract for a 16 kilometer (10 mi.) extension of the Bay Area Rapid Transit (BART) system, valued at SEK 2.2 billion. Skanska USA Civil also received a contract to fabricate and erect the steel structure for the "Oculus" building at the new World Trade Center Transportation Hub in New York City, valued at about SEK 1.3 billion. Skanska USA Civil received two further major assignments in New York City. One was to furnish and install finishes in the No. 7 Line subway extension, a project worth about SEK 2.4 billion. The other assignment was to perform preparatory work for the 86th Street subway station, a contract worth SEK 1.3 billion. During 2011 Skanska USA Building secured contracts for a number of hospital projects. In Wilmington, Delaware, Skanska USA Building received an assignment to expand a children's hospital, worth about SEK 1.3 billion. In New Orleans, Louisiana, Skanska USA Building was awarded the first phase of the construction of a state-of-the-art medical center, worth about SEK 3 billion. Skanska USA Building was contracted to construct a new hospital campus in North Carolina, an order worth about SEK 890 M. Skanska USA Building also received an assignment to complete the final phase of a campus expansion at the City University of New York. The contract amount was about SEK 2.4 billion. In Latin America, Skanska Latin America received an assignment to construct a natural gas power plant in Rio de Janeiro, Brazil, worth about SEK 3.2 billion. Skanska was also awarded a contract to modernize and expand an existing lubricant plant and construct a new one, also in Rio de Janeiro, Brazil, for about SEK 590 M.

Order bookings and backlog

Business unit	Order bookings		Order backlog	
SEK M	2011	2010	2011	2010
Sweden	24,493	39,459 [1]	29,468	31,935 [1]
Norway	17,786	12,893 [2]	15,414	10,132 [2]
Finland	8,427	8,685	6,614	5,903
Poland	9,135	6,854	6,913	8,962
Czech Republic	5,988	6,786	7,497	8,399
United Kingdom	9,138	14,950	20,141	23,512
USA Building	25,928	25,576	35,936	30,649
USA Civil	13,142	7,129	24,807	20,812
Latin America	9,550	7,961	8,908	5,633
Total	**123,587**	**130,293**	**155,698**	**145,937**

1 Adjustment of SEK –1,073 M in 2010
2 Adjustment of SEK –67 M in 2010

Order backlog

Order backlog increased by 7 percent and totaled SEK 155.7 (145.9) billion at the end of 2011. Adjusted for currency rate effects, order backlog also increased by 7 percent, of which 1 percentage point was acquired order backlog. Order backlog was equivalent to about 16 (16) months of construction.

Skanska's North American and Latin American, Nordic and other European operations accounted for 45, 33 and 22 percent of order backlog, respectively.

The portion of order backlog that is planned for execution during 2012 was equivalent to SEK 83.1 billion at closing day exchange rates.

Segment and IFRS reporting

The Group reports its Residential Development and Commercial Property Development segments according to a method in which sales revenue and gains on the divestment of properties, residential as well as commercial, are recognized when binding sales contracts are signed. When reporting in compliance with IFRSs, revenue and gains on divestment of properties are recognized when the purchaser takes possession of the property or home.

The differences between the two methods, with regard to revenue and operating income, are summarized in the tables below.

Effective from 2011, holdings in joint ventures and associated companies in the Residential Development income statement are divided into revenue and expenses in segment reporting. Historical comparative figures have not been changed.

Revenue

SEK M	2011	2010
Revenue by business stream according to segment reporting		
Construction	114,972	113,213
Residential Development	8,550	7,581
Commercial Property Development	5,633	4,648
Infrastructure Development	286	319
Central and eliminations	–6,907	–4,098
Total revenue according to segment reporting	**122,534**	**121,663**
Reconcilation according to IFRSs	–3,800	561
Total revenue according to IFRSs	**118,734**	**122,224**

Revenue according to segment reporting rose by 1 percent to SEK 122.5 (121.7) billion. In local currencies, the revenue increase was 7 percent. In the Construction business stream, revenue rose in SEK by 2 percent and in local currencies by 8 percent. SEK 14.7 (10.1) billion of revenue in Construction, equivalent to 13 (9) percent, was generated by the Group's project development operations. To reconcile with IFRSs, add the revenue from the homes and properties that were sold during prior period but were handed over during the year. Then subtract the homes and properties that were sold during the year but where the purchaser had not yet taken possession. Of the SEK 8,550 M in Residential Development revenue, SEK 947 consisted of revenue from joint ventures included according to the proportional method of accounting.

Operating income

SEK M	2011	2010
Operating income by business stream according to segment reporting		
Construction	3,467	4,388
Residential Development	345	559
Commercial Property Development	1,196	920
Infrastructure Development	4,726	297
Central	–699	–792
Eliminations	52	–33
Operating income according to segment reporting	**9,087**	**5,339**
Reconciliation with IFRSs	–674	119
Operating income according to IFRSs	**8,413**	**5,458**

Operating income according to segment reporting amounted to SEK 9,087 M (5,339). The increase in earnings was explained by the capital gain from the divestment of the Autopista Central in Chile, which was recognized in the Infrastructure Development business stream and totaled SEK 4,500 M. Currency rate effects reduced operating income by SEK 249 M.

Impairment losses on current and non-current assets including goodwill were charged to operating income in the amount of SEK 175 M (250). To reconciled with IFRSs, add the gain from the homes and properties that were sold during prior periods but were handed over during the year. Then subtract the homes and properties that were sold during the year but where the purchaser had not yet taken possession.

Construction

In the Construction business stream, operating income decreased by 21 percent and amounted to SEK 3,467 M (4,388). The operating margin decreased compared to the preceding year and amounted to 3.0 (3.9) percent. Earnings were adversely affected by project impairment losses and provisions. In Norway and Finland, project impairment losses and provisions were recognized in the total amount of SEK 1,020 M. This was the result of an in-depth analysis of these operations and project portfolios in order to resolve problems and improve profitability.

Residential Development

In Residential Development, operating income totaled SEK 345 M (559). The operating margin in the business stream amounted to 4.0 (7.4) percent. The deterioration in the operating margin was mainly due to lower profitability in certain projects in the Swedish market and impairment losses in the value of land in Estonia and Slovakia. In addition, the operating margin was adversely affected in the short term by investments for establishing a presence in new markets such as the U.K. and Poland. Impairment losses on current assets (land) were charged to earnings in the amount of SEK 76 M (35).

Commercial Property Development

Operating income in Commercial Property Development totaled SEK 1,196 M (920). During the year, the business stream carried out divestments worth SEK 5,025 M (3,942) with capital gains amounting to SEK 1,266 M (791).

Infrastructure Development

Operating income in Infrastructure Development totaled SEK 4,726 M (297). The gain on the divestment of the Autopista Central, 50 percent of the Antofagasta highway in Chile and the Midlothian Schools in the U.K. accounted for a total of SEK 4,600 M of earnings.

Central

Central expenses including businesses that are being closed down totaled SEK –699 M (–792).

Eliminations of intra-Group profits

Eliminations/reversals of intra-Group profits amounted to SEK 52 M (–33). At the Group level, this included elimination of profits in Construction operations related to property projects. Eliminations are reversed when the projects are divested.

Income according to IFRSs

SEK M	2011	2010
Revenue	118,734	122,224
Cost of sales	–107,410	–109,774
Gross income	**11,324**	**12,450**
Selling and administrative expenses	–7,853	–7,533
Income from joint ventures and associated companies	4,942	541
Operating income	**8,413**	**5,458**

Gross income was SEK 11,324 M (12,450). Gross income encompassed income from operating activities, including gains on divestments in Residential Development and Commercial Property Development. It also included impairment losses on project development operations and on property, plant and equipment totaling SEK 137 M (134) most of it related to impairment losses on land.

Divestments of commercial properties resulted in a capital gain of SEK 1,189 M (1,300).

Selling and administrative expenses increased to SEK –7,853 M (–7,533), which was equivalent to 7 (6) percent of revenue.

Income from joint ventures and associated companies, totaling SEK 4,942 M (541), mainly encompassed holdings reported in the Infrastructure Development business stream and also included gains on divestments of holdings in projects.

Income after financial items

SEK M	2011	2010
Operating income	**8,413**	**5,458**
Interest income	178	218
Pension interest	57	59
Interest expenses	–338	–261
Capitalized interest expenses	134	46
Net interest income	**31**	**62**
Change in fair value	31	–36
Other financial items	–50	–61
Income after financial items	**8,425**	**5,423**

Net financial items amounted to SEK 12 M (–35).

Net interest income decreased to SEK 31 M (62). Interest income decreased to SEK 178 M (218), among other things due to a certain downturn in interest-bearing assets. Interest expenses increased to SEK –388 M (–261), which is explained primarily by an increase in interest-bearing liabilities and sharply higher interest rates in Argentina.

Capitalization of interest expenses in ongoing projects for Skanska's own account increased because a relatively large share of projects were in their early stages and totaled SEK 134 M (46).

Net interest on pensions, which refers to the estimated net amount of interest expenses related to pension obligations and return on pension plan assets on January 1, 2011, decreased somewhat to SEK 57 M (59).

Change in fair value of financial instruments amounted to SEK 31 M (–36). The improvement was mainly due to a favorable trend in interest rate differences related to currency rate hedging of net investments in Skanska's businesses outside Sweden, primarily in U.S. dollars, euros, Norwegian kroner and Czech korun.

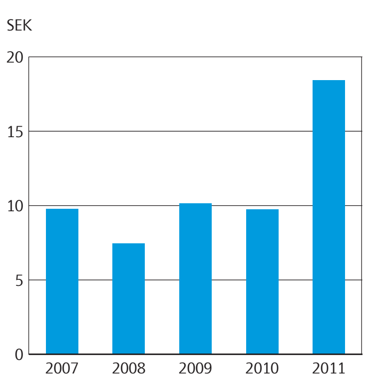
Other financial items totaled SEK –50 M (–61) and mainly consisted of currency rate effects and various fees for credit facilities and bank guarantees.

Profit for the year

SEK M	2011	2010
Income after financial items	**8,425**	**5,423**
Taxes	–830	–1,395
Profit for the year	**7,595**	**4,028**
Profit for the year attributable to:	,	,
Equity holders	7,589	4,022
Non-controlling interests	6	6
The year's earnings per share, SEK	18.43	9.76

After subtracting the year's tax expense, SEK –830 M (–1,395), equivalent to a tax rate of 10 (26) percent, profit for the year attributable to equity holders amounted to SEK 7,589 M (4,022). The main reason for the lower tax burden was that the divestment of the Autopista Central was executed as a tax-free sale of shares. Taxes paid for the year amounted to SEK 1,712 M (1,636). Earnings per share amounted to SEK 18.43 (9.76).

Earnings per share



Comparative figures for 2007–2008 have not been adjusted for the effects of IFRIC 12 and 15.

Comprehensive income for the year

SEK M	2011	2010
Profit for the year	7 595	4 028
Other comprehensive income		
Translation differences attributable to equity holders	–458	–1 809
Translation differences attributable to non-controlling interests	–1	–15
Hedging of exchange rate risk in foreign operations	106	363
Effects of actuarial gains and losses on pensions	–3 106	889
Effects of cash flow hedges	–1 326	127
Tax attributable to other comprehensive income	868	–293
Other comprehensive income for the year	**–3 917**	**–738**
Total comprehensive income for the year	**3 678**	**3 290**
Total comprehensive income attributable to		
Equity holders	3 673	3 299
Non-controlling interests	5	–9

"Other comprehensive income for the year" amounted to SEK –3,917 M (–738). The change in translation differences attributable to equity holders totaled SEK –458 M (–1,809). This item – which consists of the change in accumulated translation differences when translating the financial reports of operations outside Sweden – mainly includes negative translation differences in Polish zloty and Brazilian reai as well as positive translation differences in U.S. dollars. About 30 percent of net investments outside Sweden were currency hedged during 2011, which contributed a positive effect of SEK 106 M (363) to "Other comprehensive income for the year". See also Note 6.

The effects of actuarial gains and losses on pensions totaled SEK –3,106 M (889). This actuarial net loss was due to lower discount rates in Sweden and the U.K., increased life expectancy in Sweden and a return on pension plan assets that fell short of actuarial assumptions.

Effects of cash flow hedges amounted to SEK –1,326 M (127).

Hedge accounting is applied primarily in the Infrastructure Development business stream and the operations of Skanska Poland. The item includes changes in unrealized gains and losses on hedging instruments. It included a change in unrealized loss related to fair value measurement of interest rate swaps from joint venture companies in Infrastructure Development operations. Interest rate swaps are used for long-term hedging of interest expenses related to certain long-term Infrastructure Development projects. During 2011, lower long-term interest rates had an impact of about SEK –1,030 M on the cash flow reserve.

Earlier unrealized gains related to currency swaps in Polish operations have now been realized, affecting the cash flow reserve in the amount of SEK –290 M, including the effect of exchange rate changes during the year. Total comprehensive income for the year amounted to SEK 3,678 M (3,290).

Investments/Divestments

SEK M	2011	2010
Operations – Investments		
Intangible assets	–70	–72
Property, plant and equipment	–2,206	–1,338
Assets in Infrastructure Development	–988	–692
Shares	–366	–155
Current-asset properties	–10,773	–8,492
of which Residential Development	–7,288	–5,367
of which Commercial Property Development	–3,485	–3,125
Investments	**–14,403**	**–10,749**
Operations – Divestments		
Intangible assets	1	4
Property, plant and equipment	198	240
Assets in Infrastructure Development	5,808	403
Shares	4	16
Current-asset properties	9,518	11,955
of which Residential Development	5,696	5,366
of which Commercial Property Development	3,822	6,589
Divestments	**15,529**	**12,618**
Net investments/divestments in operations	**1,126**	**1,869**
Strategic investments		
Acquisitions of businesses	–1,444	0
Strategic investments	**–1,444**	**0**
Strategic divestments		
Divestments of businesses	0	4
Divestments of shares	0	–19
Strategic divestments	**0**	**–15**
Net strategic investments/divestments	**–1,444**	**–15**
Total net investments/divestments	**–318**	**1,854**
Depreciation/amortization, non-current assets	–1,393	–1,301

The Group's investments totaled SEK –15,847 M (–10,749). Of this, SEK –1,444 M (0) was related to acquisitions of businesses, which refers primarily to the acquisition of U.S.-based Industrial Contractors and the acquisitions of Finland's Soraset Yhtiöt Oy and Poland's PUDiZ Group. Divestments totaled SEK 15,529 M (12,603), and the Group's net divestments amounted to SEK –318 M (1,854).

Investments in property, plant and equipment, which mainly consisted of continuous replacement investments in operations, amounted to SEK –2,206 M (–1,338). Divestments of property, plant and equipment amounted to SEK 198 M (240).

Depreciation on property, plant and equipment amounted to SEK –1,304 M (–1,222).

Net investments in current-asset properties amounted to SEK –1,255 M (3,463). Projects were sold for SEK 9,518 M (11,955), while investments amounted to SEK –10,773 M (–8,492).

In Residential Development, investments in current-asset properties amounted to SEK –7,288 M (–5,367) and total investments amounted to SEK –7,688 M (–5,562), of which about SEK –1,346 M (–1,876) was related to acquisitions of land equivalent to 5,442 building rights. Total investments also included shares and participations in associated companies, such as Täby Galopp, a future residential area outside Stockholm, which represented investments of SEK –329 M. Completed homes were sold for SEK 5,696 M (5,366).

In Commercial Property Development, investments in current-asset properties amounted to SEK 3,485 M (–3,125), and total investments amounted to SEK –3,493 M (–3,147). Of this, SEK –1,027 M (–806) was related to investments in land. Divestments of current-asset properties totaled SEK 3,822 M (6,589). Net divestments of current-asset properties in Commercial Property Development amounted to SEK 337 M (3,464).

Investments in the form of equity and subordinated loans in Infrastructure Development amounted to SEK –988 M (–692). Divestments, which largely refer to the Autopista Central in Chile, but also the Antofagasta highway in Chile and the Midlothian Schools in the U.K., amounted to SEK 5,808 M (403). Net divestments in Infrastructure Development totaled SEK 4,820 M (–289).

Cash flow

The Group's operating cash flow

SEK M	2011	2010
Cash flow from business operations before change in working capital	3,309	4,528
Change in working capital	–443	48
Net investments/divestments in the business	1,126	1,869
Adjustments in payment dates of net investments	368	–160
Taxes paid in business operations	–1,758	–1,655
Cash flow from business operations	**2,602**	**4,630**
Net interest items and other financial items	–154	–62
Taxes paid in financial activities	46	19
Cash flow from financial activities	**–108**	**–43**
Cash flow from operations	**2,494**	**4,587**
Strategic net investments	–1,444	–15
Taxes paid on strategic divestments	0	0
Cash flow from strategic divestments	**–1,444**	**–15**
Dividend etc[1]	–5,096	–2,873
Cash flow before change in interest-bearing receivables and liabilities	**–4,046**	**1,699**
Change in interest-bearing receivables and liabilities	2,771	–4,199
Cash flow for the year	**–1,275**	**–2,500**
Cash and cash equivalents, January 1	6,654	9,409
Exchange rate differences in cash and cash equivalents	–70	–255
Cash and cash equivalents, December 31	**5,309**	**6,654**
1 Of which repurchases of shares	–184	–252

Cash flow for the year amounted to SEK –1,275 M (–2,500).

Reduced cash flows from a majority of the units in all business streams contributed to the decrease in cash flow from business operations before change in working capital to SEK 3,309 M (4,528).

Tied-up working capital increased during the year, and the change amounted to SEK –443 M (48).

Overall, net divestments in business operations decreased by SEK 743 M to SEK 1,126 M (1,869), despite the divestment of the Autopista Central. This was due, among other things, to increased investments in Residential Development.

Taxes paid in business operations amounted to SEK –1,758 M (–1,655).

Change in interest-bearing receivables and liabilities amounted to SEK 2,771 M (–4,199).

Cash flow for the year, SEK –1,275 M (–2,500), together with exchange rate differences of SEK –70 M (–255) decreased cash and cash equivalents to SEK 5,309 M (6,654).

Financing and liquidity

At year-end 2011, the Group had interest-bearing net receivables, including provisions, amounting to SEK 2,929 M (9,914). The Group's unutilized credit facilities totaled SEK 7,102 M (7,350) at year-end. Of these, SEK 6,688 M was an unutilized long-term credit that runs through June 2014. The proportion of interest-bearing net assets in foreign currencies, after taking derivatives into account, increased to 61 (28) percent. A large part of this decrease is attributable to a relative decrease in SEK-denominated net assets, among other things as a consequence of the regular and extra dividend. Interest-bearing assets decreased to SEK 13,510 M (14,845). Of these, receivables in foreign currencies accounted for 71 (75) percent. The average interest rate refixing period for all of the Group's interest-bearing assets was 0.3 (0.5) years, and the interest rate amounted to 1.22 (0.91) percent at year-end.

Change in interest-bearing assets and liabilities

SEK M	2011	2010
Net interest-bearing receivables, January 1	**9,914**	**8,091**
Cash flow from business operations	2,602	4,630
Cash flow from financing activities excluding changes in interest-bearing liabilities and receivables	–108	–43
Cash flow from strategic investments	–1,444	–15
Dividend etc[1]	–5,096	–2,873
Acquired/divested interest-bearing liabilities	37	–4
Exchange rate differences	–353	–726
Change in pension liability	–2,593	760
Reclassifications	0	0
Other changes	–30	94
Net interest-bearing receivables, December 31	**2,929**	**9,914**
1 Of which repurchases of shares	–184	–252

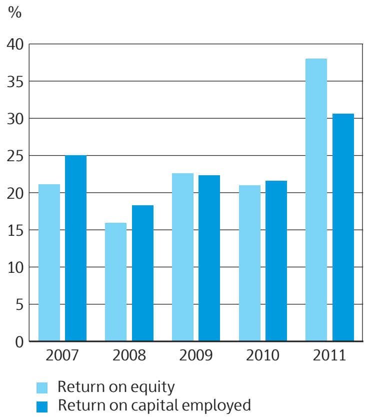
The Group's interest-bearing liabilities and provisions increased to SEK 10,581 M (4,931), of which pension liabilities and provisions amounted to SEK 3,822 M (1,265) and construction loans to cooperative housing associations totaled SEK 2,980 M (1,111). The average interest rate refixing period, excluding pension liabilities, for all interest-bearing liabilities was 0.5 (0.9) years, and the average maturity was 1.5 (1.4) years.

The interest rate for all Group interest-bearing liabilities, excluding pension liabilities, amounted to 3.02 (3.09) percent at year-end. The proportion of loans in foreign currencies decreased to 27 (44) percent.

The Group's total assets and liabilities/equity amounted to SEK 82.8 (77.7) billion. Due to currency rate effects, the total decreased by SEK 0.6 billion.

Return on equity and capital employed

Return on equity and capital employed



Comparative figures for 2007–2008 have not been adjusted for the effects of IFRIC 12 and IFRIC 15.

At year-end 2011, the equity of the Group attributable to equity holders amounted to SEK 19,413 M (20,670). Aside from total comprehensive income for the year, SEK 3,673 M, the change in equity is explained mainly by disbursement of a dividend of SEK –4,945 M and repurchases of shares totaling SEK –184 M as well as long-term employee ownership and share award programs totaling SEK 228 M.

Return on equity increased to 38.0 (21.0) percent.

Capital employed amounted to SEK 30,164 M (25,723). Return on capital employed amounted to 30.6 (21.6) percent.

Equity/assets and debt/equity ratio

The net debt/equity ratio amounted to –0.1 (–0.5), and the equity/assets ratio was 23.7 (26.8) percent.

Parent Company

The Parent Company carries out administrative work and includes the Senior Executive Team and management units.

Profit for the year amounted to SEK 2,461 M (3,703) and mainly consisted of dividends from subsidiaries. The average number of employees was 91 (84).

Material risks and uncertainty factors

The construction and project development business is largely about risk management. Practically every project is unique, with size, shape and environment varying for each new assignment. The construction industry differs in this way from a typical manufacturing company that has permanent facilities and serial production.

In Skanska's operations there are many different types of risks. Identifying, managing and pricing these risks are of fundamental importance to profitability. These risks are normally of a technical, legal and financial nature, but political, ethical, social and environmental aspects are also part of assessing potential risks. There are many different types of contractual mechanisms in Skanska's operations. The degree of risk associated with the price of goods and services varies greatly depending on the contract type.

In Construction operations, sharp increases in prices of materials may pose a risk, especially in long projects with fixed-price commitments. Shortages of human resources as well as certain intermediate goods may potentially have an adverse impact on operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

Certain counterparties – for example customers, subcontractors or suppliers – may have difficulty living up to their contractual obligations. Skanska regularly makes assessments of counterparty risks in order to be prepared for this.

To ensure a systematic and uniform assessment of construction projects, Skanska uses a common model for identifying and managing risks throughout the Group. With the help of this model, Skanska evaluates construction projects continuously, from tender preparations to completion of the assignment.

In Residential Development operations, there are risks in all phases from concept to completed project. Such external factors as interest rates and the willingness of customers to buy homes are of crucial importance to all decisions in the process. Homes are built to be sold individually. To minimize risks, the goal is to completely develop and sell the units in a given project during a single economic cycle, when variations in market conditions are small and predictable. New projects are normally started when a predetermined percentage of homes is sold or pre-booked.

Greater standardization, with shorter lead times, reduces exposure to the risk of fluctuations in market demand.

Due to lengthy planning and permitting processes, ample lead time is required to ensure a supply of building rights (a "land bank") for construction that will meet demand.

Commercial Property Development manages risks connected with external factors, customers' space needs and the willingness of investors to buy commercial properties. By means of frequent customer contacts, Skanska tracks the space requirements of customers continuously.

Risks are limited because the Commercial Property Development and Residential Development business streams have established ceilings on how much capital may be tied up in holdings in projects that have not been pre-leased or sold.

Investments made in Infrastructure Development require efficient risk management during the development phase, that is, before and after financial close.

During the construction phase, the greatest risk is that the asset cannot go into service on schedule and that quality standards are not met. Depending on the type of asset, there are risks during the entire steady state phase, which may extend over decades. Examples of such risks are external factors – demographic, environmentally related and financial – that are managed during the service life of a project. There is also a risk that life-cycle costs and operating and maintenance costs will exceed the forecasts that were made.

For a further account of material risks and uncertainty factors, see the section on market outlook as well as Note 2, "Key estimates and judgments." Financial risks are described in Note 6, "Financial instruments and financial risk management." Ongoing litigation is described in Note 33, "Assets pledged, contingent liabilities and contingent assets."

CORPORATE GOVERNANCE REPORT

This corporate governance report for 2011 has been reviewed by the Company's external auditors in compliance with Chapter 9, Section 31 of the Swedish Companies Act. The report is part of the Report of the Directors, in compliance with Chapter 6, Section 6 of the Annual Accounts Act. According to the latter section, the corporate governance report shall include certain specific disclosures. These are provided partly in the running text below. Other mandatory information has been gathered under the heading "Other mandatory disclosures in compliance with Chapter 6, Section 6, Annual Accounts Act".

Corporate governance principles

Skanska AB is a Swedish public limited company. Skanska AB's Series B shares are listed on the NASDAQ OMX Stockholm. Skanska AB and the Skanska Group are governed in accordance with the Articles of Association, the Swedish Companies Act, the NASDAQ OMX Stockholm rule book for issuers and other applicable Swedish and foreign laws and ordinances.

Skanska applies the Swedish Code of Corporate Governance ("the Code"), which is available at www.corporategovernanceboard.se. The Group's most important governing documents, in addition to those based on laws or other statutes, are available on Skanska's website,www.skanska.com.

Articles of Association

The Articles of Association are adopted by the Annual Shareholders' Meeting and shall contain a number of disclosures of a more fundamental nature for the Company, among other things what operations it shall conduct, the size and registered office of the Board of Directors, the size of the share capital, any regulations on different types of shares and conversion of shares, number of shares and how notice of a Shareholders' Meeting shall be provided. The complete Articles of Association are available on Skanska's website.

Annual Shareholders' Meeting

At the Annual Shareholders' Meeting, Skanska's shareholders decide on central issues, such as adoption of income statements and balance sheets, the dividend to the shareholders, the composition of the Board, discharging the members of the Board of Directors and the President and CEO from liability for the financial year, amendments to the Articles of Association, election of auditors and principles of remuneration to senior executives. Shareholders listed in the register of shareholders on the record date who notify the Company of their intention to participate in the meeting are entitled to attend it either personally or by proxy through a representative or substitute.

Every shareholder is entitled to have an item of business dealt with at the Shareholders' Meeting. Well before notice of the meeting is issued, the Company's website provides information on how shareholders shall proceed in order to have an item of business dealt with.

The 2011 Annual Shareholders' Meeting

The Annual Shareholders' Meeting was held on April 5, 2011 in Stockholm. At the Meeting, a total of 643 shareholders were present personally or through proxy, representing about 56.5 percent of the total voting power in the Company. The Meeting re-elected Stuart E. Graham, Johan Karlström, Sverker Martin-Löf, Sir AdrianMontague, Lars Pettersson, Josephine Rydberg-Dumont, Charlotte Strömberg and Matti Sundberg as members of the Board of Directors. Finn Johnsson resigned from the Board.

The Meeting elected Fredrik Lundberg as a new member of the Board. The Meeting re-elected Sverker Martin-Löf as Chairman of the Board. The employees were represented on the Board by Inge Johansson, Roger Karlström and Alf Svensson as members, with Richard Hörstedt, Jessica Karlsson and Thomas Larsson as deputy members. All 15 members and deputy members of the Board as well as the Company's auditors were present at the Annual Shareholders' Meeting.

Among other things, the Meeting approved a dividend to the shareholders totaling SEK 12.00 per share, of which SEK 5.75 per share as a regular dividend and SEK 6.25 as a conditional extra dividend. Complete information about the 2011 Annual Meeting plus minutes of the Meeting are available on Skanska's website.

The 2012 Annual Shareholders' Meeting

The next Annual Shareholders' Meeting of Skanska AB will be held at 11:00 a.m. on April 13, 2012 at Berwaldhallen in Stockholm, Sweden.

Information has been provided on Skanska's website to shareholders on how they should proceed if they wish to have an item of business dealt with at the 2012 Annual Shareholders' Meeting.

The Nomination Committee

Among the tasks of the Nomination Committee is to propose candidates for election as members of the Board of Directors.

The 2011 Annual Shareholders' Meeting gave the Chairman of the Board a mandate to allow the four to five largest shareholders in terms of voting power each to appoint a representative to comprise, together with the Chairman, a Nomination Committee in preparation for the 2012 Annual Shareholders' Meeting. The Nomination Committee has the following composition: Carl-Olof By, Chairman of the Nomination Committee; Jan Andersson; Mats Guldbrand; Bo Selling; and Sverker Martin-Löf, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can submit their own proposals to the Nomination Committee by sending an e-mail to the Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2011 Annual Shareholders' Meeting. At the same time, these proposals and an explanatory statement will be available on Skanska's website.

The Nomination Committee, 2011

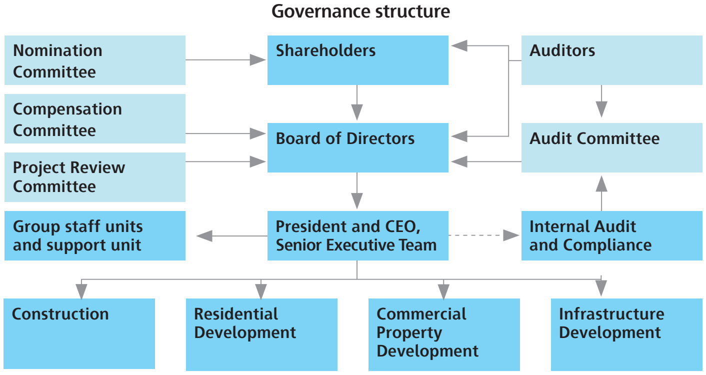
Representative on the Nomination Committee in preparation for the 2012 Annual Shareholders' Meeting	Representing	December 31, 2011 % of voting power
Carl-Olof By	AB Industrivärden	23.6
Mats Guldbrand	LE Lundbergföretagen AB	10.9
Bo Selling	Alecta	6.4
Jan Andersson	Swedbank Robur Funds	3.3
Sverker Martin-Löf	Chairman of the Board, Skanska AB	–

The Board of Directors

The Board of Directors makes decisions concerning overall issues about the Parent Company and the Group, such as Group strategy, publication of interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO as well as the organizational structure of the Group.

The Board has established three special committees:
- The Audit Committee
- The Compensation Committee
- The Project Review Committee

Governance structure



The members of the Board

The Board of Directors consists of nine members elected by the Annual Shareholders' Meeting without deputies plus three members and three deputy members appointed by the employees. The Annual Shareholders' Meeting selected Sverker Martin-Löf as Chairman of the Board, and the Board selected Stuart E. Graham as Vice Chairman. The President and CEO is a member of the Board.

For more detailed information about individual Board members and deputy members, see page 184.

Seven of the Board members elected by the Shareholders' Meeting are independent in relation to the Company and its management. Of these, more than two members are also deemed independent in relation to the Company's largest shareholders. Only one member (the President and CEO) is active in the management of the Company.

The work of the Board in 2011

The work of the Board of Directors follows a yearly agenda, which is stipulated in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives supporting documentation compiled according to established procedures. These procedures are aimed at ensuring that the Board receives relevant information and documentation for decision making before all its meetings. All documentation is formulated in the English language.

During the year, the Board held nine meetings including its statutory meeting. Of these meetings, two were held per capsulam. At its September 2011 meeting, the Board visited Skanska's U.S. business units. In conjunction with this meeting, the Board made work site visits that included the renovation of United Nations headquarters.

Among the more important issues that the Board dealt with during the year were the Group's 2011–2015 business plan, internal control, governance of operations, risk management, acquisition matters and employee health and safety.

During the year, the Board examined the relevance and timeliness of all legally mandated instructions.

The committees of the Board

In its Procedural Rules, the Board has specified the duties and decision-making powers that the Board has delegated to its committees. All committees report orally to the Board at each meeting in accordance with the mechanisms that are stipulated in the Procedural Rules. Minutes of all committee meetings are provided to the Board.

Audit Committee

The main task of the Audit Committee is to assist the Board in overseeing financial reporting, report procedures and accounting principles, as well as monitoring the auditing of the accounts for the Parent Company and the Group. The Committee also evaluates the quality of the Group's reporting, internal auditing and risk management functions and studies the reports and opinions of the Company's external auditors. The Company's external auditors are present at all meetings of the Audit Committee. At least once a year, the Committee meets the auditors without anyone from Company management being present. The Audit Committee consists of Stuart Graham (Chairman), Charlotte Strömberg and Sverker Martin-Löf. During 2011, the committee held five meetings.

Compensation Committee

The main task of the Compensation Committee is to prepare the Board's decisions concerning employment of the President and CEO and other members of the Senior Executive Team, as well as the salary and other compensation of the President and CEO. The committee makes decisions on the remuneration, pensions and other terms of employment of other members of the Senior Executive Team.

The committee prepares the Board's decisions on general incentive programs and examines the outcomes of variable salary elements. During 2011, the committee evaluated Skanska's variable remuneration programs for its management and also monitored and evaluated the

The members and deputy members of the Board

Member	Position	Born	Nationality	Year elected	Audit Commitee	Compensation Committee	Project Review Committee	Independent in relation to the Company and its management	Independent in relation to major shareholders
Sverker Martin-Löf	Chairman	1943	Sweden	2001	■	■	■	Yes	No
Stuart E. Graham	Vice Chairman	1946	U.S.	2009	■	■	■	No	No
Finn Johnsson[1]	Member	1946	Sweden	1998				Yes	No
Johan Karlström	President and CEO	1957	Sweden	2008			■	No	Yes
Fredrik Lundberg[2]	Member	1951	Sweden	2011			■	Yes	No
Sir Adrian Montague	Member	1948	U.K.	2007			■	Yes	Yes
Lars Pettersson	Member	1954	Sweden	2006		■		Yes	Yes
Josephine Rydberg-Dumont	Member	1955	Sweden	2010				Yes	Yes
Charlotte Strömberg	Member	1959	Sweden	2010	■			Yes	Yes
Matti Sundberg	Member	1942	Finland	2007			■	Yes	Yes
Richard Hörstedt	Employee Rep. (Deputy)	1963	Sweden	2007				–	–
Inge Johansson	Employee Representative	1951	Sweden	1999			■	–	–
Jessica Karlsson	Employee Rep. (Deputy)	1975	Sweden	2005				–	–
Roger Karlström	Employee Representative	1949	Sweden	2008				–	–
Ann-Christin Kutzner[1]	Employee Rep. (Deputy)	1947	Sweden	2004				–	–
Thomas Larsson[2]	Employee Rep. (Deputy)	1969	Sweden	2011				–	–
Alf Svensson[3]	Employee Representative	1960	Sweden	2007				–	–
Anders Fogelberg[4]	Employee Representative	1951	Sweden	2011				–	–

■ Chairman ■ Member

1 Until April 5, 2011
2 From April 5, 2011
3 Until October 1, 2011
4 From November 8, 2011

application of the principles for remuneration to senior executives as well as the existing remuneration structure and remuneration levels.

The committee consists of Stuart Graham (Chairman), Sverker Martin-Löf and Lars Pettersson. Stuart Graham is dependent in relation to the Company and its management. This diverges from the rules in the Code. The reason for the divergence is that Stuart Graham is highly familiar with the Company's remuneration structure and variable remuneration programs. He is thus especially suitable for this task. During 2011, the committee held seven meetings.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual construction and real estate projects, investments and divestments in Infrastructure Development and project financing packages. Projects that include especially high or unusual risks or other special circumstances may be referred to the Board for its decision. The committee consists of Stuart Graham (Chairman), Sverker Martin-Löf, Johan Karlström, Fredrik Lundberg, Sir Adrian Montague, Matti Sundberg and Inge Johansson. During 2010, the committee held thirteen meetings.

Evaluation of the work of the Board

The work of the Board is evaluated yearly through a systematic and structured process, among other things aimed at gathering good supporting documentation for improvements in the Board's own work. The evaluation provides the Chairman of the Board with information about how the members of the Board perceive the effectiveness and collective competence of the Board as well as the need for changes in the Board. When evaluating the work of the Chairman, the Board is led by a specially designated member. The Chairman of the Board and the specially designated member inform the Nomination Committee of the results of these evaluations.

Fees to the Board of Directors

Total fees to the Board members elected by the Shareholders' Meeting were approved by the 2011 Annual Shareholders' Meeting in the amount of SEK 5,500,000.

The Chairman of the Board received SEK 1,500,000 in fees, the Vice Chairman of the Board received SEK 1,000,000 and other Board members SEK 500,000 each. This represented approximately an 11 percent increase compared to 2010.

In addition, in accordance with the decision of the Shareholders' Meeting, members elected by the Shareholders' Meeting and serving on the Board's committees each received SEK 75,000 for their work on the Compensation Committee, SEK 175,000 for their work on the Project

Review Committee and SEK 100,000 per member of the Audit Committee and SEK 150,000 to its Chairman. For a further account, see Note 37, "Remuneration to senior executives and Board members."

The Board's communication with the Company's auditors

As mentioned above, the Company's external auditors participate in all meetings of the Audit Committee. According to its Procedural Rules, the Board of Directors meets with the auditors twice a year. On these occasions, the auditors orally present the findings of their auditing work. At least once per year, the Board meets the auditors without senior executives being present.

Attendance of Board and committee meetings

Member	Board meetings	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	**9**	**5**	**7**	**13**
Sverker Martin-Löf	9	5	6	10
Stuart E. Graham	9	5	7	13
Finn Johnsson[1]	2			
Johan Karlström	9			13
Fredrik Lundberg[2]	7			9
Sir Adrian Montague	8			11
Lars Pettersson	9		7	
Josephine Rydberg-Dumont	9			
Charlotte Strömberg	9	5		
Matti Sundberg	9			10
Richard Hörstedt	9			
Inge Johansson	9			12
Jessica Karlsson	9			
Roger Karlström	9			
Ann-Christin Kutzner[1)]	2			
Thomas Larsson[2)]	6			
Alf Svensson[3)]	7			
Anders Fogelberg[4)]	2			

1 Until April 5, 2011 2 From April 5, 2011 3 Until October 1, 2011 4 From November 8, 2011

Operational management and internal control

The President and CEO and the Senior Executive Team

The President and Chief Executive Officer (CEO) is responsible for day-to-day management and oversight of the Group's operations. The work of the President and CEO is specially evaluated at one Board meeting each year at which no senior executives are present. The President and CEO and the eight Executive Vice Presidents form the Senior Executive Team (SET). The Company's Procedural Rules stipulate that if the President and CEO cannot fulfill his duties, these duties devolve upon the Chief Financial Officer (CFO), or in his or her absence the Executive Vice President with the longest period of service in this position. For information on the President and CEO and the Senior Executive Team, see page 182. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies. He owns no shares in companies that have significant business dealings with companies in the Skanska Group.

Group staff units and support unit

At Skanska Group headquarters in Solna, Sweden, there are Group staff units plus the support unit Skanska Financial Services AB. The Group staff units and support unit assist the President and CEO and the Senior Executive Team on matters concerning Groupwide functions, coordination and controls.

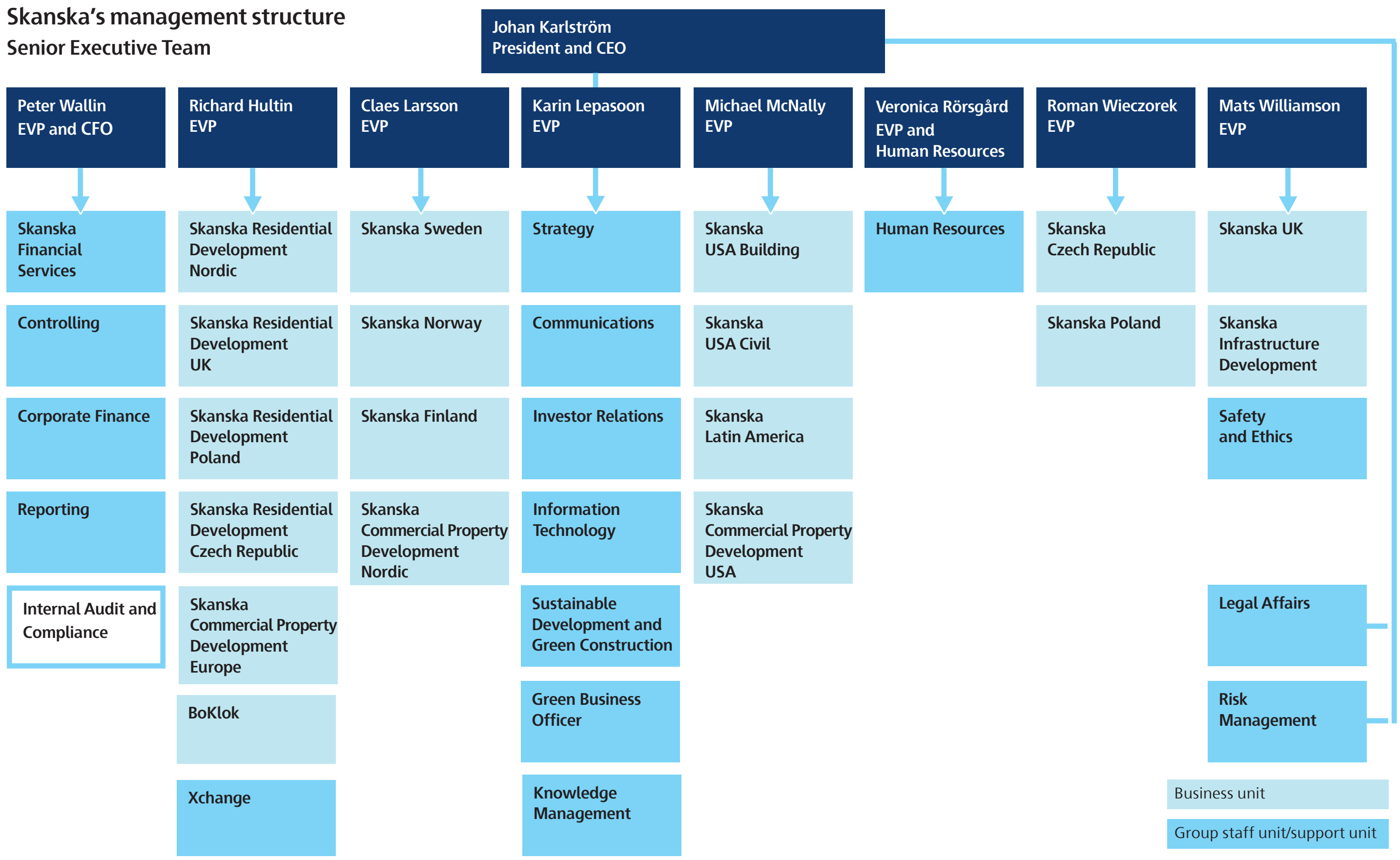
In addition, they provide support to the business units. The head of each Group staff unit, aside from the head of Internal Audit and Compliance, reports directly to a member of the Senior Executive Team. The head of Internal Audit and Compliance reports to the Board via its Audit Committee. A presentation of the Group staff units and support unit is found on page 183.

The business units and their governance

The organizational structure of the Skanska Group is characterized by clear decentralization and a large measure of delegation of authority and responsibility to the business units. Each business unit is headed by a President and has its own staff units and other resources in order to conduct its operations effectively.

Skanska's management structure

Senior Executive Team



Aside from day-to-day operations of the business units, there are matters related to the strategic development of the units as well as matters concerning their strategic investments and divestments. These items of business are prepared by the management team at each respective unit and are then submitted to the Senior Executive Team or Skanska AB's Board of Directors for approval, depending on the size of the item of business. The Boards of Directors of the business units consist of representatives of Skanska AB, individuals from other business units as well as of the respective business unit's own management team. In each business unit, the Chairman of the Board is a member of Skanska's Senior Executive Team. Where appropriate, employee representatives are included.

Each business unit follows a structured, step-by-step risk management process. Depending among other things on the size, type and geographic location of projects, a structured risk management report to the proper decision-making level is required before final decisions are made.

Governing documents

As part of the governance of Group operations, Skanska AB's Board of Directors has adopted a number of policy documents.

In addition, the Senior Executive Team has adopted more detailed guidelines for the Group. These policies and guidelines are available to all business units on Skanska's intranet and are updated regularly to reflect changes in operations and new requirements. Among the more important governing documents are the Board's Procedural Rules and the Group's Financial Policy, Information Policy, Risk Management Policy and Code of Conduct. The Board's Procedural Rules state what items of business shall be decided by the Board of Skanska AB, by the President and CEO/Senior Executive Team or at the business unit level. The threshold levels for decisions stated in the Procedural Rules are further broken down in the business units' own decision-making rules. The business units provide regular, systematic feedback on compliance with the more important governing documents, such as the Financial Policy and the Code of Conduct, to the Senior Executive Team.

Remuneration to the Senior Executive Team

The 2011 Annual Shareholders' Meeting approved principles for the salaries and other remuneration to senior executives. These principles, as well as the Board's proposal for new principles to be approved at the 2012 Annual Shareholders' Meeting, can be seen on pages 94 and 158.

Information about salaries and other remuneration to the President and CEO and the other members of the Senior Executive Team as well as share award and share-related incentive programs outstanding are found in Note 37.

The Company's auditors

The 2009 Annual Shareholders' Meeting selected the accounting firm KPMG AB as auditor of Skanska AB. This assignment runs until the 2013 Annual Shareholders' Meeting. The auditor in charge is George Pettersson, Authorized Public Accountant. For information on fees and other remuneration to KPMG, see the table below.

Fees and other remuneration to the auditors

SEK M	2011	2010
Audit assignments	55	55
Tax advisory services	10	12
Other services	11	11
Total	**76**	**78**

Internal control

This description has been drafted in compliance with Chapter 6, Section 6, Paragraph 2 of the Annual Accounts Act and includes the most important features of the Company's internal control and risk management systems in connection with financial reporting.

Control environment

The Board of Directors' Procedural Rules and instructions for the President and CEO and the committees of the Board ensure a clear division of roles and responsibilities in order to foster effective management of business risks. The Board has also adopted a number of fundamental rules of importance to the internal control task. Examples of these are the Company's risk management system, Financial Policy and Code of Conduct. All these rules are available to all business units on Skanska's intranet. The Senior Executive Team reports regularly to the Board on the basis of established procedures. In addition, the Audit Committee presents reports on its work. The Senior Executive Team is responsible for the system of internal controls required to manage material risks in operating activities. Among other things, this includes instructions to various employees for the maintenance of good internal control.

Risk assessment and control activities

Skanska has identified the material risks in its operations that may, if not managed correctly, lead to errors in financial reporting and/or have an impact on the Company's results. This work is limited to risks that may individually have an effect of SEK 10 M or more.

The Company has then made certain that there are policies and procedures in the Group to ensure that these risks are managed.

During 2011, all business units plus Skanska Financial Services carried out self-evaluations to assess compliance with Group policies and procedures. These self-evaluations have been reviewed by Skanska's internal auditors.

Information and communication

Essential accounting principles, manuals and other documents of importance to financial reporting are updated and communicated regularly to the affected employees. There are several information channels to the Senior Executive Team and the Board of Directors for essential information from employees. For external communication, there is an information policy document that ensures that the Company lives up to the existing requirements for correct information to the market.

Monitoring

The Board of Directors continually evaluates the information supplied by the Senior Executive Team and the Audit Committee. Of particular importance is the Audit Committee's work, in compliance with Chapter 8, Section 49b of the Swedish Companies Act, in monitoring the effectiveness of the Senior Executive Team's work with internal control. This work includes ensuring that steps are taken concerning shortcomings and proposed actions that have emerged from internal and external auditing.

Internal Audit and Compliance

Internal Audit and Compliance, a Group staff unit established in 2006, is responsible for monitoring and evaluating risk management and internal control work. This task includes examining compliance with Skanska's guidelines. The Group staff unit is independent of the Senior Executive Team and reports directly to the Board of Directors via its Audit Committee.

Internal Audit and Compliance plans its work in consultation with the Audit Committee and regularly reports the findings of its examinations to the Committee. The unit communicates continuously with Skanska's external auditors on matters concerning internal control.

During 2011, the Internal Audit and Compliance unit concentrated its activities on reviewing the risks that have been identified in the business. These audits were conducted in projects as well as in business-critical processes and the central support functions. A total of about 90 audits were conducted during the year in all business units. These audits were carried out in accordance with a uniform audit methodology.

Other mandatory disclosures in compliance with Chapter 6, Section 6, Annual Accounts Act

Due to the requirements in Chapter 6, Section 6 of the Annual Accounts Act concerning certain specific disclosures that must be provided in the corporate governance report, the following is herewith disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs directly or indirectly have a shareholding that represents at least one tenth of the voting power for all shares in the Company. On December 31, 2011, Industrivärden's holding amounted to 23.6 percent of total voting power and Lundbergs held 11.2 percent of total voting power.
- There are no limitations concerning how many votes each shareholder may cast at a Shareholders' Meeting.
- The Articles of Association prescribe that the appointment of Board members shall occur at the Company's Annual Shareholders' Meeting. The Articles of Association do not include any regulations on the dismissal of Board members or on amending the Articles of Association.
- The 2011 Annual Shareholders' Meeting approved a resolution authorizing the Company's Board of Directors to decide on acquisitions of Skanska's own Series B shares via a regulated market on the following conditions:
  A. Acquisitions of Series B shares may only be made on the NASDAQ OMX Stockholm.
  B. The authorization may be used on one or more occasions, however, not longer than until the 2012 Annual Shareholders' Meeting.
  C. A maximum of 4,500,000 Series B shares in Skanska may be acquired for securing delivery of shares to participants in the Skanska Employee Ownership Program.
  D. Acquisitions of Series B shares in Skanska on the NASDAQ OMX Stockholm may only be made at a price on the NASDAQ OMX Stockholm within the applicable price range at any given time, meaning the interval between the highest purchase price and lowest selling price.

Disclosures required for compliance with Annual Accounts Act, Chapter 6, Section 2 a

Disclosures in compliance with the Swedish Annual Accounts Act, Chapter 6, Section 2 a, concerning information about certain circumstances that may affect the possibility of taking over the Company through a public buyout offer related to the shares in the Company are provided in Note 64, "Disclosures in compliance with Annual Accounts Act, Chapter 6, Section 2 a."

Research and Development

The main fields of activity are to promote risk analysis, provide technical support, develop and establish networks of experts and pursue general research and development. The goals are focused on increasing efficiency, industrialization, improving the various operations of the Group and developing completely new business concepts for the future.

During 2011 a group of experienced employees in the Skanska Risk Team helped strengthen risk management by providing analyses of high-risk structures and systemic errors that may arise through repetition and standardization.

New challenges have led to a need for technical support, collaboration and increased use of Skanska's internal and external networks of experts. Skanska's ambition to contribute to sustainable social development, among other things with a number of projects in the energy field that support ongoing operations in its business areas, has been another high-priority field.

In the United States, Skanska's Innovation Grant Program has led to very positive results, including the development and implementation of a number of good products such as the iSite Monitor, DayFacts, the Daily Superintendent Report and other work site applications. However, the most important result is that the program has stimulated Skanska's employees to work together with external scientific experts at universities, which are expected to yield positive follow-up consequences in the future.

During 2011 Skanska initiated a similar project in the United Kingdom, based on British culture and legislation.

Sustainable development

Sustainable development is a Group staff unit responsibility at Skanska, supported by groups of experts at Skanska AB and at the individual business units.

Since 2006 Skanska has used an internationally recognized framework, the Global Reporting Initiative (GRI), to communicate its progress in relation to its sustainable development agenda to its stakeholders. The ambition of this "Triple Bottom Line" is to achieve a long-term balance between financial results, social responsibility and sound environmental management.

Skanska has signed the United Nations Global Compact and remains committed to its ten principles concerning human rights, labor standards, environment and anti-corruption. Skanska publishes an annual Communication on Progress (COP) on the Global Compact website. Skanska has also signed the Global Compact's Caring for Climate (C4C) statement and participates in the UN's Global Compact Nordic Network, in which more than 125 Nordic companies exchange best practices related to the ten principles.

Business ethics remains a high priority as an element of Skanska's social responsibility. The Corporate Ethics Committee as well as the ethics committees at each business units meet regularly during the year. In addition, an Ethics Export Group consisting of members from the Group and the various ethics committees, meets twice a year to exchange best practices. This working method has attracted the attention of various influential external organizations, which have invited Skanska to share its experiences or to support different activities.

Ensuring safe work sites for employees, subcontractors and suppliers is of the greatest importance to Skanska. During 2011, 65 percent of the workforce was formally covered by OHSAS 18001, an international health and safety management standard. All Skanska employees are covered by the Group's Health and Safety Policy, guidelines and standards. During 2011 the Global Safety Leadership Team launched its "Health and Safety Map" to achieve its target by 2015: to be the industry leader in work site health and safety. During the autumn, Skanska held its seventh annual Safety Week, with "empowerment" as the year's theme. For Skanska, this means that everyone who works in its projects is entitled and obligated to report conditions that do not meet safe work site standards and take steps to improve work site safety.

During 2011 the number of work-related accidents resulting on one or more days of lost working time was 3.9 (3.6) per million hours worked. Skanska must regretfully report that the number of work-related fatalities totaled eight. Four of these were employees of subcontractors and four were Skanska employees. Each of these tragic events was communicated within the Group with the help of the Global Safety Stand Down program, in order to inform Skanska employees of the reason for the accident and what lessons can be learned, while observing a shared minute of silence to show respect for those who lost their lives and their families.

Environmental responsibility is a core value for Skanska. During 2011, 95 percent of Skanska's units were certified in accordance with the international environmental management system ISO 14001. This standard is the basis for how the Company oversees and follows up changes in local, national and international environmental legislation at the business unit level. No serious environmental incidents were reported at any of Skanska's business units during 2011. During the year's routine audits, external ISO 14001 auditors identified a number of procedural weaknesses in the environmental management systems of two business units. Corrective actions were implemented by the local management teams and were approved by the external auditors. The procedural weaknesses that were identified did not lead to any environmental damage.

ISO 14001 provides a good platform for risk management in the environmental field and opportunities for continuous improvements. It provides support for Skanska to "take care of its own house" properly. It also serves as a good starting point for taking advantage of the opportunities offered by the growing demand for green buildings and infrastructure. This is driven by global population growth, combined with urbanization as well as sharply increasing demand for energy, materials and water. One example of this is climate change and the related impact of energy. Since about 40 percent of the carbon dioxide emissions caused by humans comes from the built environment, Skanska sees business opportunities as a result of stricter rules, building codes, taxes and trading in emission allowances, which may lead to increased demand in our markets.

Growing demand for green projects connected to external environmental certifications such as LEED (United States). GreenBuilding (European Union), BREEAM and CEEQUAL (United Kingdom) provide good business opportunities for Skanska, especially in Europe and the U.S.

Skanska continued to play an active role in Green Building Councils (GBCs) in the Czech Republic, Finland, Hungary, Norway, Poland, Sweden, the U.K. and the U.S. Skanska has representatives on the boards of many of these and assumed the chairmanship of the USGBC late in 2011. During the year, Skanska provided support to the World GBC and its newly created European GBC network. The objective of these non-profit GBCs is to promote green development by means of industry-wide agreements in each country.

Human resources

The average number of employees during 2011 was 52,557 (51,645), of whom 10,500 (9,982) in Sweden. Employee turnover was at a low level and the share of employees who left the Group on their own initiative (excluding retirement) was below the target of 10 percent.

Skanska has a strong focus on attracting, recruiting and introducing new employees to the organization.

The Skanska Employee Ownership Program (SEOP) is aimed at attracting and retaining employees in the Group and creating greater affinity and dedication. All permanent employees of the Skanska Group are entitled to participate in the program. At present, 16 (19) percent of them participate in the program.

The Group works with annual employee surveys in order to obtain a picture of job satisfaction, morale and professional development needs. These surveys are conducted at all Skanska business units and are measured using a global index. The results have improved over time, due to focused efforts to address high-priority areas. The results from the 2011 survey show that the positive trend in the Group is continuing.

One of the most important factors in attracting and retaining employees is the opportunity for continued professional development within the Company. Skanska thus devotes great effort to creating a culture in which managers and other employees provide each other with mutual feedback, where employees can undertake new, challenging assignments and where proficiency-raising special training programs are offered. At the Group level, the Skanska Top Executive Program (STEP) is run in collaboration with the IMD strategic and leadership institute in Switzerland.

During 2011 a global talent program, Skanska Stretch, was also developed. It is aimed at key talented individuals who are at an early stage of their career and are moving into a management role. The program has a clear international emphasis and all participants have an opportunity to work abroad after completing the program. In addition, all business units have training programs that match the needs of the respective unit and target employees at all levels.

The yearly Talent Review process provides the basis for succession planning and professional development of employees. It is administered in a uniform way in all of the Group's business units in order to obtain a Groupwide picture of competencies and development needs at both the individual and business unit level.

Work with Skanska Unlimited, a program aimed at increasing exchanges of expertise within the Group and provide opportunities to try an international career, continued during 2011. This program gives employees the opportunity to carry out assignments at another business unit for 3–6 months.

For Skanska, diversity is a matter of embracing and utilizing the abilities of every individual. Skanska's actions are based on the conviction that it will become a more competitive company if its employees are satisfied with their job situation and have the opportunity for professional development, regardless of gender, ethnicity or educational background. Today a sizeable number of women are active at the project level, but the percentage of women in management positions is still too low. Efforts to increase diversity are underway both at the Group level and in each business unit. The Group works continuously to set new targets for its business units with regard to diversity, for example to increase the percentage of newly recruited women or increase knowledge and awareness about diversity within the organization.

Remuneration to senior executives

For information about the most recently approved guidelines for determining salaries and other remuneration to the President and CEO as well as other executive officers, see Note 37, "Remuneration to senior executives and Board members."

The Board will present to the Annual Meeting in April 2012 the following proposal on guidelines for salary and other remuneration to senior executives, for approval by the Meeting.

The proposal of the Board for salary and other remuneration to senior executives, for approval by the 2012 Annual Meeting

Remuneration to senior executives of Skanska AB shall consist of fixed salary, variable remuneration if any, other customary benefits and pension. Senior executives are defined as the President and CEO and the other members of the Senior Executive Team. The combined remuneration for each senior executive shall be market-related and competitive in the labor market in which the executive is working, and outstanding performance shall be reflected in total remuneration.

Fixed salary and variable remuneration shall be related to the responsibility and authority of the executive. The variable remuneration shall be payable in cash and/or shares and it shall have a ceiling and be related to fixed salary. The allocation of shares shall require a three-year vesting period and shall be part of a long-term incentive program. Variable remuneration shall be based on outcome in relation to established targets and be designed with the aim of achieving increased alignment between the interests of the executive and the Company's shareholders. The terms of variable remuneration should be designed in such a way that if exceptional economic conditions are prevailing, the Board has the opportunity to limit or refrain from paying variable remuneration if such payment is deemed unreasonable and incompatible with the Company's other responsibilities toward shareholders, employees and other stakeholders.

To the extent that a Board member performs work on behalf of the Company in addition to his or her Board work, a consultant fee and other compensation for such work may be payable.

In case of termination or resignation, the normal notice period is 6 months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period with a maximum of 24 months.

Pension benefits shall be either defined-benefit or defined-contribution, or a combination of these, and should entitle the executive to receive a pension from the age of 65. In individual cases, however, the pension age may be as early as 60. To qualify for a full defined-benefit pension, employment is required to have existed during as long a period as is required according to the Company's general pension plan in each respective country. Variable remuneration shall not be pensionable, except in cases where it follows from the rules in a general pension plan, for example Sweden's ITP occupational pension plan.

The Board of Directors may diverge from these guidelines, if there are special reasons to do so in an individual case.

Matters related to the salary and other remuneration of the President and CEO are prepared by the Compensation Committee and decided by the Board. Matters related to the salary and other remuneration of other senior executives are decided by the Compensation Committee.

Groupwide share incentive programs

During 2011 Skanska had three Groupwide share incentive programs, the long-term

Skanska Share Award Plan that was applicable during 2005–2007 and the Skanska Employee Ownership Programs for 2008–2010 and 2011–2013.

Long-term Share Award Plan (SAP), 2005–2007

The Skanska Share Award Plan applied during 2005–2007, with disbursement in the form of Skanska shares during 2009–2011. The Plan covers about 300 managers.

To ensure the delivery of shares to those who are covered by the plan, 490,000 Series D shares held by the Company were converted into Series B shares during 2011. A total of 488,583 Series B shares were transferred to participants in the 2007 program. With this share allotment, the program is closed.

Skanska Employee Ownership Program (SEOP)

Employee-related expenses for the Employee Ownership Program (SEOP)

SEK M	SEOP 1	SEOP 2	Total Programs
Employee-related costs for share awards [1]			
Total estimated cost for the programs	669	229	898
Expensed January 1	–343	0	–343
Cost for the year	–181	–47	–228
Total expensed December 31	–524	–47	–571
Remaining to be expensed	145	182	327
Of which expensed in: 2012	113	77	190
2013 or later	32	105	137
Total	**145**	**182**	**327**
Share awards earned but not yet distributed through 2011			
Number of shares	3,579,663	283,090	3,862,753
Dilution through 2011	0.86%	0.07%	0.93%
Maximum dilution at end of programs	1.16%	0.51%	1.67%
Share awards earned at end of programs			
Number of shares	6,736,161	2,115,507	8,851,668
Series B shares distributed	1,922,147	0	1,922,147
Total undistributed share awards	**4,814,014**	**2,115,507**	**6,929,521**
Series B shares in own custody			**8,323,103**

1 Excluding social insurance contributions

The purpose of the SEOP program is to strengthen the Group's ability to retain and recruit qualified personnel and to align employees more closely to the Company and its shareholders.

The program gives employees the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional share awards. This allocation is predominantly performance-based.

The allotment of shares earned by the employees does not take place until after a three year vesting (or "lock-up") period. To be able to earn matching shares and performance shares, a person must be employed during the entire vesting period and have retained the shares purchased within the framework of the program. Under the initial program, SEOP 1, which ran during the period 2008–2010, allotment of matching shares and performance shares occurred during 2011 for the shares that employees had invested in during 2008 and kept during the three-year vesting period.

During the year Skanska also initiated a new program, SEOP 2, with 2011–2013 and its investment years. The program is essentially identical to SEOP 1.

At present, 16 percent of the Group's permanent employees are participating in the 2011–2013 program.

The principles applied for reporting the employee ownership programs can be seen in Note 1, IFRS 2, "Share-based Payment."

Repurchases of shares

In order to ensure delivery of shares to the participants in Skanska's share incentive programs, the 2011 Annual Shareholders' Meeting of Skanska gave the Board of Directors a mandate to repurchase Skanska's own shares. The decision means that the Company may buy a maximum of 4,500,000 of Skanska's own Series B shares.

During the year, Skanska repurchased a total of 1,800,000 shares at an average price of SEK 101.91. The average price of all repurchased shares is SEK 104.79.

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 6.00 (5.75) per share. The proposal is equivalent to a regular dividend totaling SEK 2,469 M (2,364). The Board proposes April 18 as the record date for the dividend. In May 2011, the gain on the divestment of the Autopista Central enabled Skanska to pay an extra dividend of SEK 6.25 per share, totaling SEK 2,570 M.

No dividend is paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in Skanska's long-term share award plans.

The Board's reasons for its proposed dividend

The nature and scale of Skanska's operations can be seen in the Articles of Association and this Annual Report. The operations carried out in the Group do not pose risks beyond those that occur or can be assumed to occur in its industry or the risks that are otherwise associated with carrying out business operations. The Group's dependence on the economic does not deviate from what otherwise occurs in its industry.

The equity/assets ratio of the Group amounts to 23.7 (26.8) percent. The proposed dividend does not jeopardize the investments that have been deemed necessary. The financial position of the Group does not give rise to any judgment except that the Group can continue its operations and that the Group can be expected to meet its short- and long-term obligations.

With reference to the above and what has otherwise come to the Board's attention, it is the judgment of the Board that the dividend is justified with reference to the demands that the nature, scale and risks of its operations place on the size of the Company's and the Group's equity and the Group's consolidation requirements, liquidity and position otherwise. Future profits are expected to cover both the growth of business operations and the growth of the regular dividend.

Consolidated income statement

SEK M	Note	2011	2010
Revenue	8,9	118,734	122,224
Cost of sales	9	–107,410	–109,774
Gross income		**11,324**	**12,450**
Selling and administrative expenses	11	–7,853	–7,533
Income from joint ventures and associated companies	20	4,942	541
Operating income	10, 12, 13, 22, 36, 38, 40	**8,413**	**5,458**
Financial income		290	342
Financial expenses		–278	–377
Net financial items	14	**12**	**–35**
Income after financial items	15	**8,425**	**5,423**
Taxes	16	–830	–1,395
Profit for the year		**7,595**	**4,028**
Profit for the year attributable to			
Equity holders		7,589	4,022
Non-controlling interests		6	6
Earnings per share, SEK	26, 44	18.43	9.76
Earnings per share after dilution	26, 44	18.31	9.66
Proposed regular dividend per share, SEK		6.00	5.75
Proposed extra dividend per share, SEK		–	6.25

Consolidated statement of comprehensive income

SEK M	2011	2010
Profit for the year	**7,595**	**4,028**
Other comprehensive income		
Translation differences attributable to equity holders	–458	–1,809
Translation differences attributable to non-controlling interests	–1	–15
Hedging of exchange rate risk in foreign operations	106	363
Effects of actuarial gains and losses on pensions	–3,106	889
Effects of cash flow hedges[1]	–1,326	127
Tax attributable to other comprehensive income	868	–293
Other comprehensive income for the year	**–3,917**	**–738**
Total comprehensive income for the year	**3,678**	**3,290**
Total comprehensive income for the year attributable to		
Equity holders	3,673	3,299
Non-controlling interests	5	–9
1 of which in joint ventures and associated companies	–1,030	–149

See also Note 26.

Consolidated statement of financial position

SEK M	Note	Dec 31, 2011	Dec 31, 2010
ASSETS			
Non-current assets			
Property, plant and equipment	17, 40	7,018	5,906
Goodwill	18	5,012	3,917
Other intangible assets	19	158	354
Investments in joint ventures and associated companies	20	2,526	1,775
Financial non-current assets	21	2,108	2,122
Deferred tax assets	16	1,671	1,472
Total non-current assets		**18,493**	**15,546**
Current assets			
Current-asset properties	22	23,411	20,406
Inventories	23	1,014	926
Financial current assets	21	6,361	6,321
Tax assets	16	436	506
Gross amount due from customers for contract work	9	5,108	4,941
Trade and other receivables	24	22,638	21,304
Cash	25	5,309	6,654
Assets held for sale	5	0	1,108
Total current assets		**64,277**	**62,166**
TOTAL ASSETS	32	**82,770**	**77,712**
of which interest-bearing financial non-current assets	31	2,070	2,072
of which interest-bearing current assets	31	11,440	12,773
		13,510	**14,845**

Consolidated statement of financial position

SEK M	Note	Dec 31, 2011	Dec 31, 2010
EQUITY	26		
Share capital		1,260	1,269
Paid-in capital		938	710
Reserves		–1,290	331
Retained earnings		18,505	18,360
Equity attributable to equity holders		**19,413**	**20,670**
Non-controlling interests		170	122
TOTAL EQUITY		**19,583**	**20,792**
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	27	1,335	1,107
Pensions	28	3,757	1,216
Deferred tax liabilities	16	927	1,637
Non-current provisions	29	17	28
Total non-current liabilities		**6,036**	**3,988**
Current liabilities			
Financial current liabilities	27	5,563	2,786
Tax liabilities	16	263	1,003
Current provisions	29	5,930	5,037
Gross amount due to customers for contract work	9	16,827	16,937
Trade and other payables	30	28,568	27,169
Total current liabilities		**57,151**	**52,932**
TOTAL LIABILITIES		**63,187**	**56,920**
TOTAL EQUITY AND LIABILITIES	32	**82,770**	**77,712**
of which interest-bearing financial liabilities	31	6,759	3,666
of which interest-bearing pensions and provisions	31	3,822	1,265
		10,581	**4,931**

Information about the Group’s assets pledged and contingent liabilities can be found in Note 33.

Consolidated statement of changes in equity

				Equity attributable to equity holders				
SEK M	Share capital	Paid-in capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity, January 1, 2010	**1,269**	**502**	**2,221**	**–517**	**16,522**	**19,997**	**170**	**20,167**
Profit for the year					4,022	4,022	6	4,028
Other comprehensive income for the year			–1,446	73	650	–723	–15	–738
Dividend to shareholders					–2,582	–2,582	–39	–2,621
Repurchases of 2,110,000 Series B shares					–252	–252		–252
Change in share-based payments for the year		208				208		208
Equity, December 31, 2010/ Equity, January 1, 2011	**1,269**	**710**	**775**	**–444**	**18,360**	**20,670**	**122**	**20,792**
Profit for the year					7,589	7,589	6	7,595
Other comprehensive income for the year			–352	–1,269	–2,295	–3,916	–1	–3,917
Dividend to shareholders					–4,945	–4,945	–2	–4,947
Change in Group structure					–29	–29	45	16
Redemption of 3,150,000 Series D shares	–9				9	0		0
Repurchases of 1,800,000 Series B shares					–184	–184		–184
Change in share-based payments for the year		228				228		228
Equity, December 31, 2011	**1,260**	**938**	**423**	**–1,713**	**18,505**	**19,413**	**170**	**19,583**

See also Note 26.

Consolidated cash flow statement

SEK M	2011	2010
Operating activities		
Operating income	8,413	5,458
Adjustments for items not included in cash flow	–5,105	–930
Income tax paid	–1,734	–1,641
Cash flow from operating activities before change in working capital	**1,574**	**2,887**
Cash flow from change in working capital		
Investments in current-asset properties	–10,453	–8,434
Divestments of current-asset properties	9,566	11,737
Change in inventories and operating receivables	–1,378	427
Changes in operating liabilities	936	–379
Cash flow from change in working capital	**–1,329**	**3,351**
Cash flow from operating activities	**245**	**6,238**
Investing activities		
Acquisitions of businesses	–1,444	0
Investments in intangible assets	–70	–72
Investments in property, plant and equipment	–2,206	–1,338
Investments in Infrastructure Development assets	–988	–692
Investments in shares	–366	–155
Increase in interest-bearing receivables, loans provided	–381	–2,830
Disposals of businesses	0	–15
Divestments of intangible assets	1	4
Divestments of property, plant and equipment	198	240
Divestments of Infrastructure Development assets	5,808	403
Divestments of shares	4	16
Decrease in interest-bearing receivables, repayments of loans provided	386	603
Income tax paid	–24	–14
Cash flow from investing activities	**918**	**–3,850**
Financing activities		
Net interest items	–26	3
Other financial items	–93	–65
Borrowings	3,443	473
Repayment of debt	–677	–2,445
Dividend paid	–4,945	–2,582
Shares repurchased	–184	–252
Dividend to/Contribution from non-controlling interests	–2	–39
Income tax paid	46	19
Cash flow from financing activities	**–2,438**	**–4,888**
Cash flow for the year	**–1,275**	**–2,500**
Cash and cash equivalents, January 1	6,654	9,409
Translation differences in cash and cash equivalents	–70	–255
Cash and cash equivalents, December 31	**5,309**	**6,654**

Change in interest-bearing net receivables

SEK M	2011	2010
Interest-bearing net receivables, January 1	**9,914**	**8,091**
Cash flow from operating activities	245	6,238
Cash flow from investing activities excluding change in interest-bearing receivables	913	–1,623
Cash flow from financing activities excluding change in interest-bearing liabilities	–5,204	–2,916
Change in pension liability	–2,593	760
Net receivable/liability acquired/divested	37	–4
Translation differences	–353	–726
Other items	–30	94
Interest-bearing net receivables, December 31	**2,929**	**9,914**

See also Note 35.

Consolidated cash flow statement

Consolidated operating cash flow statement and change in interest-bearing net receivables

SEK M	2011	2010
Construction		
Cash flow from business operations	5,004	5,896
Change in working capital	–19	1,459
Net investments	–1,911	–1,079
Cash flow adjustment[1]		1
Total Construction	**3,074**	**6,277**
Residential Development		
Cash flow from business operations	–756	–648
Change in working capital	–179	–826
Net investments	–1,989	–281
Cash flow adjustment[1]	360	–179
Total Residential Development	**–2,564**	**–1,934**
Commercial Property Development		
Cash flow from business operations	–52	121
Change in working capital	–52	–170
Net investments	238	3,424
Cash flow adjustment[1]	8	18
Total Commercial Property Development	**142**	**3,393**
Infrastructure Development		
Cash flow from business operations	–177	–80
Change in working capital	103	–380
Net investments	4,820	–289
Cash flow adjustment[1]	0	0
Total Infrastructure Development	**4,746**	**–749**
Central and eliminations		
Cash flow from business operations	–710	–761
Change in working capital	–296	–35
Net investments	–32	94
Cash flow adjustment[1]	0	0
Total central and eliminations	**–1,038**	**–702**
Total cash flow from business operations	3,309	4,528
Total change in working capital	–443	48
Total net investments	1,126	1,869
Total cash flow adjustment[1]	368	–160
Total	**4,360**	**6,285**

SEK M	2011	2010
Taxes paid in business operations	–1,758	–1,655
Cash flow from business operations	**2,602**	**4,630**
Net interest items and other net financial items	–154	–62
Taxes paid in financing operations	46	19
Cash flow from financing operations	**–108**	**–43**
Cash flow from operations	**2,494**	**4,587**
Net strategic investments	–1,444	–15
Taxes paid on strategic divestments	0	0
Cash flow from strategic investments	**–1,444**	**–15**
Dividend etc.[2]	–5,096	–2,873
Cash flow before change in interest-bearing receivables and liabilities	**–4,046**	**1,699**
Change in interest-bearing receivables and liabilities	2,771	–4,199
Cash flow for the year	**–1,275**	**–2,500**
1 Refers to payments made during the year in question related to investments/divestments in prior years, and unpaid investments/divestments related to the year in question.		
2 Of which repurchases of shares	–184	–252

See also Note 35.

Parent Company income statement

SEK M	Note	2011	2010
Net sales	46	337	285
Gross income		**337**	**285**
Selling and administrative expenses		–656	–585
Operating income	49, 50, 62	**–319**	**–300**
Income from holdings in Group companies	47	2,882	4,286
Income from other financial non-current assets	47	9	18
Interest expenses and similar items	47	–111	–71
Income after financial items		**2,461**	**3,933**
Tax on profit for the year	48	0	–230
Profit for the year[1]		**2,461**	**3,703**

1 Coincides with comprehensive income for the year

Parent Company balance sheet

SEK M	Note	Dec 31, 2011	Dec 31, 2010
ASSETS			
Intangible non-current assets	49	7	9
Property, plant and equipment	50		
Plant and equipment		2	3
Total property, plant and equipment		**2**	**3**
Financial non-current assets	51		
Holdings in Group companies	52	10,608	10,565
Holdings in joint ventures	53	1	1
Other non-current holdings of securities		0	0
Receivables from Group companies	63	368	1,287
Deferred tax assets	48	60	60
Other non-current receivables		94	95
Total financial non-current assets		**11,131**	**12,008**
Total non-current assets		**11,140**	**12,020**
Current receivables			
Current receivables from Group companies	63	197	29
Tax assets		10	0
Other current receivables		74	95
Prepaid expenses and accrued income	54	20	10
Total current receivables		**301**	**134**
Total current assets		**301**	**134**
TOTAL ASSETS	59	**11,441**	**12,154**

SEK M	Note	Dec 31, 2011	Dec 31, 2010
EQUITY AND LIABILITIES			
Equity	55		
Share capital		1,260	1,269
Restricted reserves		598	598
Restricted equity		**1,858**	**1,867**
Retained earnings		1,423	2,646
Profit for the year		2,461	3,703
Unrestricted equity		**3,884**	**6,349**
Total equity		**5,742**	**8,216**
Provisions	56		
Provisions for pensions and similar obligations	57	204	195
Other provisions		72	73
Total provisions		**276**	**268**
Non-current interest-bearing liabilities	58		
Liabilities to Group companies	63	5,286	3,316
Total non-current interest-bearing liabilities		**5,286**	**3,316**
Current liabilities	58		
Trade accounts payable		29	15
Liabilities to Group companies	63	21	29
Tax liabilities		0	238
Other liabilities		15	5
Accrued expenses and prepaid income		72	67
Total current liabilities		**137**	**354**
TOTAL EQUITY AND LIABILITIES	59	**11,441**	**12,154**
Assets pledged	60	93	95
Contingent liabilities	60	99,320	109,285

Parent Company statement of changes in equity

SEK M	Share capital	Restricted reserves	Unrestricted equity	Total equity
Equity, January 1, 2010	**1,269**	**598**	**5,463**	**7,330**
Repurchases of 2,110,000 Series B shares			–252	–252
Dividend			–2,582	–2,582
Share-based payments			17	17
Profit for 2010[1]			3,703	3,703
Equity, December 31, 2010/January 1, 2011	**1,269**	**598**	**6,349**	**8,216**
Repurchases of 1,800,000 Series B shares			–184	–184
Redemption of 3,150,000 Series D shares	–9		9	0
Compensation from subsidiaries for shares issued according to employee ownership program			128	128
Dividend			–4,945	–4,945
Share-based payments			66	66
Profit for 2011[1]			2,461	2,461
Equity, December 31, 2010	**1,260**	**598**	**3,884**	**5,742**

1 Coincides with comprehensive income for the year

See also Note 55.

Parent Company cash flow statement

SEK M	2011	2010
Operating activities		
Operating income	–319	–300
Adjustment for items not included in cash flow	3	9
Income tax	–275	7
Cash flow from operating activities before change in working capital	**–591**	**–284**
Cash flow from change in working capital		
Change in operating receivables	–157	–11
Change in operating liabilities	238	101
Cash flow from change in working capital	**81**	**90**
Cash flow from operating activities	**–510**	**–194**
Investing activities		
Acquisitions of intangible assets	0	–5
Acquisitions of property, plant and equipment	0	–2
Increase in interest-bearing receivables, loans provided	0	–10
Divestments of intangible assets	0	4
Cash flow from investing activities	**0**	**–13**
Financing activities		
Net interest items	–102	–53
Dividends received	2,882	4,286
Borrowings	2,832	0
Repayment of debt	0	–1,206
Dividends paid	–4,945	–2,582
Repurchases of shares	–184	–252
Income tax	27	14
Cash flow from financing activities	**510**	**207**
Cash flow for the year	**0**	**0**
Cash and cash equivalents, January 1	0	0
Cash and cash equivalents, December 31	**0**	**0**

See also Note 61.

Notes including accounting and valuation principles

Amounts in millions of Swedish kronor (SEK M) unless otherwise specified. Income is reported in positive figures and expenses in negative figures. Both assets and liabilities are reported in positive figures. Interest-bearing net receivables/liabilities are reported in positive figures if they are receivables and negative figures if they are liabilities. Accumulated depreciation/amortization and accumulated impairment losses are reported in negative figures.

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Note 01 Consolidated accounting and valuation principles

Conformity with laws and standards

In compliance with the ordinance approved by the European Union (EU) on the application of international accounting standards, the consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the IFRS Interpretations Committee and its predecessor the Standing Interpretations Committee (SIC), to the extent these standards and interpretations have been approved by the EU. In addition, the Swedish Financial Reporting Board's Recommendation RFR 1, "Supplementary Rules for Consolidated Financial Statements" has been applied, as have the Statements of the Swedish Financial Reporting Board.

The Parent Company applies the same accounting principles as the Group, except in those cases stated below in the section "Parent Company accounting and valuation principles."

The Parent Company's annual accounts and the consolidated annual accounts were approved for issuance by the Board of Directors on February 7, 2012. The Parent Company income statement and balance sheet and the consolidated income statement and statement of financial position, respectively, will be subject to adoption by the Annual Shareholders' Meeting on April 13, 2012.

Conditions when preparing the Group's financial reports

The functional currency of the Parent Company is Swedish crowns or kronor (SEK), which is also the reporting currency of the Parent Company and of the Group. This implies that the financial reports are presented in Swedish kronor. All amounts are rounded off to the nearest million, unless otherwise stated.

Preparing the financial reports in compliance with IFRSs requires management to make judgments and estimates as well as make assumptions that affect the application of accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may diverge from these estimates and judgments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Judgments made by management when applying IFRSs that have a substantial impact on the financial reports and estimates that may lead to significant adjustments in the financial reports of subsequent years are described in more detail in Note 2.

The accounting principles for the Group stated below have been applied consistently for all periods that are presented in the consolidated financial reports, unless otherwise indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company, Group companies, associated companies and joint ventures.

New standards and interpretations

Effective from 2011, segment reporting of joint ventures in Residential Development with ongoing projects is applying a new principle. The proportional method is being used for joint ventures that have an ongoing project begun after 2010 or that sold residential units after 2010. The change in principle is being applied only prospectively. Historical comparative figures in segment reporting have thus not been restated.

Because of amendments to the Swedish Companies Act, the requirements for disclosures of absences due to illness and tax assessment values have been removed.

Application in advance of revised IFRSs and interpretations

Amended IFRSs or interpretations have not been applied in advance.

Amendments of standards and new interpretations that have not yet begun to be applied

Of published standards and amendments of standards, it is mainly IFRS 11, "Joint Arrangements" and the revised IAS 19, "Employee Benefits" that are deemed likely to have a somewhat larger impact on Skanska. IFRS 11 and the revised IAS 19 are intended to become applicable starting on January 1, 2013 but have not yet been approved by the EU.

According to IFRS 11, a joint arrangement shall be classified either as a joint venture or as a joint operation. A joint venture is accounted for according to the equity method and a joint operation by the proportionate consolidation (or proportional) method. The new standard may have some effect on the statement of financial position, since certain joint ventures according to the standard now in force may be deemed joint operations according to the new IFRS 11.

The revised IAS 19 will mean, among other things, that when calculating expected return on pension plan assets, the same interest rate shall be used as in the discounting of the pension obligation. The difference between actual return and expected return shall be recognized in other comprehensive income. In addition, taxes connected to pension benefits shall be taken into account in actuarial assumptions.
How this will occur is still under study. The "corridor approach" will no longer be permitted. This revision will have no effect, since Skanska already recognizes all actuarial gains and losses when they arise.

IAS 1, "Presentation of Financial Statements"

Income statement

Reported as revenue are project revenue, compensation for other services performed, divestment of current-asset properties, deliveries of materials and merchandise, rental income and other operating revenue. Revenue from the sale of machinery, equipment, non-current-asset properties and intangible assets are not included here, but are instead recognized on a net basis among operating expenses against the carrying amounts of the assets.

Reported as cost of sales are, among others, direct and indirect manufacturing expenses, loss risk provisions, the carrying amounts of divested current-asset properties, bad debt losses and warranty expenses. Also included is depreciation on property, plant and equipment that is used for construction, manufacturing and property management. Changes in the fair value of derivatives connected to operations are recognized under operating income.

Selling and administrative expenses include customary administrative expenses, technical expenses and selling expenses, as well as depreciation of machinery and equipment that have been used for selling and administration. Goodwill impairment losses are also reported as a selling and administrative expense.

Income/loss from joint ventures and associated companies is recognized separately in the income statement, allocated between operating income (share of income after financial items) and taxes.

Financial income and expenses are recognized divided into two items: "Financial income" and "Financial expenses." Among items recognized under financial income are interest income, dividends, gains on divestments of shares and other financial items. Among financial expenses are interest expenses and other financial items. Changes in the fair value of financial instruments, primarily derivatives connected to financial activities, are recognized as a separate sub-item allocated between financial income and financial expenses. The net amount of exchange rate differences is recognized either as financial income or financial expenses. Financial income and expenses are described in more detail in Note 6 and in Note 14.

Comprehensive income

Aside from profit for the year, the consolidated statement of comprehensive income includes the items that are included under "Other comprehensive income." These include translation differences, hedging of exchange rate risks in foreign operations, actuarial gains and losses on pensions, effects of cash flow hedges and tax on these items.

Statement of financial position

Assets

Assets are allocated between current assets and non-current assets. An asset is regarded as a current asset if it is expected to be realized within twelve months from the closing day or within the Company's operating cycle. Operating cycle refers to the period from the signing of a contract until the Company receives cash payment on the basis of a final inspection or deliveries of goods (including properties). Since the Group performs large contracting projects and project development, the operating cycle criterion means that many more assets are labeled as current assets than if the only criterion were "within twelve months."

Cash and cash equivalents consist of cash and immediately available deposits at banks and equivalent institutions plus short-term liquid investments with a maturity from the acquisition date of less than three months, which are subject to only an insignificant risk of fluctuations in value. Checks that have been issued reduce liquid assets only when cashed. Cash and cash equivalents that cannot be used freely are reported as current assets (current receivables) if the restriction will cease within twelve months from the closing day. In other cases, cash and cash receivables are reported as non-current assets. Cash and cash equivalents that belong to a construction consortium are cash and cash equivalents with restrictions if they may only be used to pay the debts of the consortium.

Assets that meet the requirements in IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," are accounted for as a separate item among current assets.

Note 31 shows the allocation between interest-bearing and non-interest-bearing assets.

In Note 32, assets are allocated between amounts for assets expected to be recovered within twelve months from the closing day and assets expected to be recovered after twelve months from the closing day. The division for non-financial non-current assets is based on expected annual depreciation. The division for current-asset properties is mainly based on outcomes during the past three years. This division is even more uncertain than for other assets, since the outcome during the coming year is strongly influenced by the dates when large individual properties are handed over.

Equity

The Group's equity is allocated between "Share capital," "Paid-in capital," "Reserves," "Retained earnings" and "Non-controlling interests."

Acquisitions of the Company's own shares and other equity instruments are recognized as a deduction from equity. Proceeds from the divestment of equity instruments are recognized as an increase in equity. Any transaction costs are recognized directly in equity.

Dividends are recognized as a liability, once the Annual Shareholders' Meeting has approved the dividend.

A description of equity, the year's changes and disclosures concerning capital management are provided in Note 26.

Liabilities

Liabilities are allocated between current liabilities and non-current liabilities. Recognized as current liabilities are liabilities that are either supposed to be paid within twelve months from the closing day or, although only in the case of business-related liabilities, are expected to be paid within the operating cycle. Since the operating cycle is thus taken into account, no non-interest-bearing liabilities, for example trade accounts payable and accrued employee expenses, are recognized as non-current. Liabilities that are recognized as interest-bearing due to discounting are included among current liabilities, since they are paid within the operating cycle. Interest-bearing liabilities can be recognized as non-current even if they fall due for payment within twelve months from the closing day, if the original maturity was longer than twelve months and the company has reached an agreement to refinance the obligation long-term before the annual accounts are submitted. Information on liabilities is provided in Notes 27 and 30.

In Note 32, liabilities are allocated between amounts for liabilities to be paid within twelve months of the closing day and liabilities to be paid after twelve months from the closing day. Note 31 also provides information about the allocation between interest-bearing and non-interest-bearing liabilities.

IAS 27, "Consolidated and Separate Financial Statements"

The consolidated financial statements encompass the accounts of the Parent Company and those companies in which the Parent Company, directly or indirectly, has a controlling influence. "Controlling influence" implies a direct or indirect right to shape a company's financial and operating strategies for the purpose of obtaining financial benefits. This normally requires ownership of more than 50 percent of the voting power of all participations, but a controlling influence also exists when there is a right to appoint a majority of the Board of Directors. When judging whether a controlling influence exists, potential voting shares that can be utilized or converted without delay must be taken into account. If, on the acquisition date, a Group company meets the conditions to be classified as held for sale in compliance with IFRS 5, it is reported according to that accounting standard.

The sale of a portion of a subsidiary is recognized as a separate equity transaction when the transaction does not result in a loss of controlling interest. If control of a Group company engaged in business ceases, any remaining holding shall be recognized at fair value. Non-controlling interests may be recognized as a negative amount if a partly-owned subsidiary operates at a loss.

Acquired companies are consolidated from the quarter within which the acquisition occurs. In a corresponding way, divested companies are consolidated up to and including the final quarter before the divestment date.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety when preparing the consolidated financial statements.

Gains that arise from intra-Group transactions and that are unrealized from the standpoint of the Group on the closing day are eliminated in their entirety. Unrealized losses on intra-Group transactions are also eliminated in the same way as unrealized gains, to the extent that the loss does not correspond to an impairment loss.

Goodwill attributable to operations abroad is expressed in local currency. Translation to SEK complies with IAS 21.

IFRS 3, "Business Combinations"

This accounting standard deals with business combinations, which refers to mergers of separate companies or businesses. If an acquisition does not relate to a business, which is normal when acquiring properties, IFRS 3 is not applied. In such cases, the cost is instead allocated among the individual identifiable assets and liabilities based on their fair values on the acquisition date, without recognizing goodwill and any deferred tax assets/liability as a consequence of the acquisition.

Acquisitions of businesses, regardless of whether the acquisition concerns holdings in another company or a direct acquisition of assets and liabilities, are reported according to the purchase method of accounting. If the acquisition concerns holdings in a company, the method implies that the acquisition is regarded as a transaction through which the Group indirectly acquires the assets of a Group company and assumes its liabilities and contingent liabilities. Cost in the consolidated accounts is determined by means of an acquisition analysis in conjunction with the business combination. The analysis establishes both the cost of the holdings or the business and the fair value of acquired identifiable assets plus the liabilities and contingent liabilities assumed. The difference between the cost of holdings in a Group company and the net fair value of acquired assets and liabilities and contingent liabilities assumed is goodwill on consolidation. If non-controlling interests remain after the acquisition, the calculation of goodwill is normally carried out only on the basis of the Group's stake in the acquired business.

Transaction costs related to business combinations are recognized as expenses immediately. In case of step acquisitions, previous holdings are re-measured at fair value and recognized in the income statement when a controlling interest is achieved. Contingent consideration is recognized on the acquisition date at fair value. If the amount of contingent consideration changes in subsequent financial statements, the change is recognized in the income statement.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated among cash-generating units and subjected to annual impairment testing in compliance with IAS 36.

In case of business combinations where the cost of acquisition is below the net value of acquired assets and the liabilities and contingent liabilities assumed, the difference is recognized directly in the income statement.

IAS 21, "The Effects of Changes in Foreign Exchange Rates"

Foreign currency transactions

Foreign currency transactions are translated into an entity's functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the closing day. Exchange rate differences that arise from translations are recognized in the income statement. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rate on the transaction date.

Functional currency is the currency of the primary economic environment where the companies in the Group conduct their business.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated to Swedish kronor at the exchange rate prevailing on the closing day. Revenue and expenses in a foreign operation are translated to Swedish kronor at the average exchange rate. If a foreign operation is located in a country with hyperinflation, revenue and expenses are to be translated in a special way if it is expected to have a material effect on the Group. In the year's financial statements, it has not been necessary to do this. Translation differences that arise from currency translation of foreign operations are recognized under "Other comprehensive income."

Net investment in a foreign operation

Translation differences that arise in connection with translation of a foreign net investment and accompanying effects of hedging of net investments are recognized under "Other comprehensive income." When divesting a foreign operation, the accumulated translation differences attributable to the operation are realized in the consolidated income statement after subtracting any currency hedging.

Foreign currency loans and currency derivatives for hedging of translation exposure (equity loans) are carried at the exchange rate on the closing day. Exchange rate differences are recognized, taking into account the tax effect, under "Other comprehensive income." Hedging of translation exposure reduces the exchange rate effect when translating the financial statements of foreign operations to SEK. Any forward contract premium is accrued until maturity and is recognized as interest income or an interest expense.

IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

A discontinued operation is a portion of a company's operations that represents a separate line of business or a major operation in a geographic area and is part of a single coordinated plan to dispose of a separate line of business or a major operation carried out in a geographic area, or is a Group company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon divestment, or at an earlier date when the operation meets the criteria to be classified as held for sale. A disposal group that is to be shut down can also qualify as a discontinued operation if it meets the above size criteria.

If a non-current asset or disposal group is to be classified as held for sale, the asset (disposal group) must be available for sale in its present condition. It must also be highly probable that the sale will occur. In order for a sale to be highly probable, a decision must have been made at management level, and active efforts to locate a buyer and complete the plan must have been initiated. The asset or disposal group must be actively marketed at a price that is reasonable in relation to its fair value, and it must be probable that the sale will occur within one year. Skanska also applies the principle that with regard to a single non-current asset, its value must exceed EUR 20 M.

Depreciation or amortization of a non-current asset is not made as long as it is classified as held for sale.

Non-current assets classified as held for sale as well as disposal groups and liabilities attributable to them are presented separately in the statement of financial position.

IAS 28, "Investments in Associates"

Reported as associated companies are companies in which the Skanska Group exercises significant but not controlling influence, which is presumed to be the case when the Group's holding amounts to a minimum of 20 percent and a maximum of 50 percent of the voting power. In addition, it is presumed that this ownership is one element of a long-term connection and that the holding shall not be reported as a joint venture.

The equity method

From the date when Skanska obtains a significant influence, holdings in associated companies are included in the consolidated financial statements according to the equity method. Any difference upon acquisition between the cost of the holding and the owner company's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is recognized in compliance with IFRS 3. The equity method implies that the carrying amount of the Group's shares in associated companies is equivalent to the Group's proportion of their share capital as well as goodwill in the consolidated accounts and any other remaining consolidated surpluses and deductions of internal profits. The Group's share of the associated company's income after financial items is recognized as "Income from joint ventures and associated companies" in the income statement. Any depreciation/amortization and impairment losses on acquired surpluses are taken into account. The Group's proportion of the tax expense of an associated company is included in "Taxes." Dividends received from an associated company reduce the carrying amount of the investment.

When the Group's share of recognized losses in an associated company exceeds the carrying amount of the holdings in the consolidated financial statements, the value of the holding is reduced to zero. Settlement of losses also occurs against long-term unsecured financial assets which, in substance, form part of Skanska's net investment in the associated company and are thus recognized as shares. Continued losses are not recognized unless the Group has provided guarantees to cover losses arising in the associated company.

Elimination of internal profits

When profits arise from transactions between the Group and an associated company, the portion equivalent to the Group's share of ownership is eliminated. If the carrying amount of the Group's holding in the associated company is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions. The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss arises from a transaction between the Group and an associated company, the loss is eliminated only if it does not correspond to an impairment loss on the asset. If a profit or loss has arisen in the associated company, the elimination affects the income recognized under "Income from joint ventures and associated companies."

The equity method is applied until the date when significant influence ceases.

Note 20 provides information about associated companies.

IAS 31, "Interests in Joint Ventures"

Companies operated jointly with other companies, and in which control is exercised jointly according to agreement, are reported as joint ventures.

The equity method, which is described in the section on associated companies, is applied when preparing the consolidated financial statements. The consolidated income statement recognizes the Group's share of the income in joint ventures after financial items among "Income from joint ventures and associated companies." Any depreciation, amortization and impairment losses on acquired surpluses have been taken into account. The Group's share of the tax expense of a joint venture is included in "Taxes." Dividends received from a joint venture are subtracted from the carrying amount of the investment.

In connection with infrastructure projects, the Group's investment may include either holdings in or subordinated loans to a joint venture. Both are treated in the accounts as holdings.

Elimination of internal profits

Internal profits that have arisen from transactions between the Group and a joint venture are eliminated based on the Group's share of ownership. If the carrying amount of the Group's holding in a joint venture is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions. The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss arises from a transaction between the Group and a joint venture, the loss is eliminated only if it does not correspond to an impairment loss on the asset. If a profit or loss has arisen in a joint venture, the elimination affects the income recognized under "Income from joint ventures and associated companies."

Note 20 provides information about joint ventures.

IAS 11, "Construction Contracts"

Project revenues are reported in compliance with IAS 11. This implies that the income from a construction project is reported successively as the project accrues. The degree of accrual is mainly determined on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. If the outcome cannot be estimated in a satisfactory way, revenue is reported as equivalent to accumulated expenses on the closing day (zero recognition). Anticipated losses are immediately reported as expenses.

Recognized as project revenue are the originally agreed contract amount as well as additional work, claims for special compensation and incentive payments, but normally only to the extent that these have been approved by the customer. All services that are directly related to the construction project are covered by IAS 11. Other services are covered by IAS 18. For projects related to construction of real estate, IFRIC 15 provides guidance about in which cases IAS 11 or IAS 18 shall be applied.

If substantial non-interest-bearing advance payments have been received, the advance payment is discounted and recognized as an interest-bearing liability. The difference between a nominal amount and a discounted amount constitutes project revenue and is recognized as revenue according to the percentage of completion method. The upward adjustment in the present value of the advance payment in subsequent financial statements is reported as an interest expense.

The difference between accrued project revenue and a not yet invoiced amount is recognized as an asset (gross amount due from customers for contract work) according to the percentage of completion method. Correspondingly, the difference between an invoiced amount and not yet accrued project revenue is reported as a liability (gross amount due to customers for contract work). Major machinery purchases that are intended only for an individual project and significant start-up expenses are included to the extent they can be attributed to future activities as claims on the customer and are included in the asset or liability amount stated in this paragraph, however without affecting accrued project revenue.

Tendering expenses are not capitalized but are charged against earnings on a continuous basis. Tendering expenses that arose during the same quarter that the order was received, and that are attributable to the project, may be treated as project expenditures. In the case of infrastructure projects, instead of the quarter when the order was received, this applies to the quarter when the Group receives the status of preferred bidder, provided that it is deemed highly probable that a final agreement will be reached. Tendering expenses that were recognized in prior interim or annual financial statements may not be recognized as project expenses in later financial statements.

Forward contracts related to hedging of operating transaction exposures are recognized at fair value on the closing day. If hedge accounting is not applicable, the liquidity effect when extending a forward contract that meets future cash flow is included among operating expenses. If the amount has a significant impact, it shall be excluded when determining degree of completion.

A construction consortium that has been organized to perform a single construction assignment is not an independent legal entity, since the participating co-owners are also directly liable for its obligations. Skanska's share of the construction assignment is thus recognized as a business operated by Skanska.

Most construction contracts contain clauses concerning warranty obligations on the part of the contractor, with the contractor being obliged to remedy errors and omissions discovered within a certain period after the contracted work has been handed over to the customer. Such obligations may also be required by law. The main principle is that a provision for warranty obligations must be calculated for each individual project. Provision must be made continuously during the course of the project and the estimated total provision must be included in the project's expected final expenses. For units with similar projects, the provision may occur in a joint account instead and be calculated for the unit as a whole with the help of ratios that have historically constituted a satisfactory provision for these expenses.

IAS 18, "Revenue"

Revenue other than project revenue is recognized in compliance with IAS 18. For lease income, this means that the revenue is divided evenly over the period of the lease. The total cost of benefits provided is recognized as a reduction in lease income on a straight-line basis over the lease period. Compensation for services performed that does not comprise project revenue is recognized as revenue based on the degree of completion on the closing day, which is normally determined as services performed on the closing day in proportion to the total to be performed. The difference that may then arise between services invoiced and services performed is recognized in the statement of financial position among "Other operating receivables" (or "Other operating liabilities"). Deliveries of merchandise are reported as revenue when the essential risks and rewards associated with ownership of the merchandise have been transferred to the buyer.

A dividend is recognized as revenue when the right to receive payment has been established.

Income from the sale of financial investments is recognized when the significant risks and rewards associated with ownership of the instruments have been transferred to the buyer and the Group no longer controls the instruments.

Interest is recognized using an interest rate that provides a uniform return on the asset in question, which is achieved by applying the effective interest method. Effective interest is the interest rate at which the present value of all future payments is equal to the carrying amount of the receivable.

Revenue is carried at the fair value of what is received or will be received. This means that receivables arising at the time of divestments are regarded as having been acquired at fair value (discounted present value of future incoming payments) if the interest rate on the date of the purchase is below the market interest rate and the difference is significant.

Revenue is recognized only if it is probable that the economic benefits will flow to the Group. If uncertainty later arises with regard to the possibility of receiving payment for an amount that has already been recognized as revenue, the amount for which payment is no longer probable is instead recognized as an expense, instead of as an adjustment of the revenue amount that was originally recognized.

A divestment of a portion of a Group company to non-controlling interests is recognized only as an equity transaction when controlling interest has not been lost. Thus no gain or loss arises from such a transaction.

IFRIC 12, "Service Concession Arrangements"

IFRIC 12, which affects Skanska Infrastructure Development, deals with the question of how the operator of a service concession should account for the infrastructure as well as the rights it receives and the obligations it undertakes under the agreement. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and maintains the infrastructure (operation services) for a specified period of time. The consideration (payment) that the operator receives is allocated between construction or upgrade services and operation services according to the relative fair values of the respective services. Construction or upgrade services are reported in compliance with IAS 11 and operation services in compliance with IAS 18. For construction or upgrade services, the consideration may be rights to a financial asset or an intangible asset. If the operator has an unconditional right in specified or determinable amounts, it is a financial asset. If the operator instead has the right to charge the users of the public service, it is an intangible asset.

IFRIC 15, "Agreements for the Construction of Real Estate"

IFRIC 15 is applied to accounting for revenue and expenses when a company undertakes the construction of real estate. The interpretation addresses the issue of whether accounting for construction of real estate should be in accordance with IAS 11 or IAS 18, and when the revenue from the construction of real estate should be recognized. It assumes that the company retains neither an involvement nor effective control over the real estate to an extent that would preclude recognition of the consideration as revenue. IAS 11 shall be applied when the buyer can specify the structural elements of the design of the real estate before construction begins, or specify major changes once construction is in progress. Otherwise IAS 18 shall be applied. If IAS 11 is applied, the percentage of completion method is used. If IAS 18 is applied, it must first be determined whether the agreement is an agreement for the rendering of services or for the sale of goods. If the company is not required to acquire or supply construction materials, it is an agreement for rendering of services, and revenue is recognized according to the percentage of completion method. If the company is required to provide services together with construction materials, it is an agreement for the sale of goods. Revenue is then recognized when, among other things, the company has fulfilled the criterion that it has transferred to the buyer the significant risks and rewards associated with ownership, which normally occurs upon the transfer of legal ownership, which often coincides with the date the purchaser takes possession of the property.

For Residential Development and Commercial Property Development, IFRIC 15 means that revenue recognition of a property divestment occurs only when the purchaser gains legal ownership of the property, which normally coincides with taking possession of the property. For residential projects in Finland and Sweden that are initiated by Skanska, housing corporations and cooperative housing associations are often used to reach the individual home buyer. In these cases revenue recognition occurs when the home buyer takes possession of the home.

IAS 17, "Leases"

The accounting standard distinguishes between finance and operating leases. A finance lease is characterized by the fact that the economic risks and rewards incidental to ownership of the asset have substantially been transferred to the lessee. If this is not the case, the agreement is regarded as an operating lease.

Finance leases

Finance lease assets are recognized as an asset in the consolidated statement of financial position. The obligation to make future lease payments is recognized as a non-current or current liability. Leased assets are depreciated during their respective useful life. When making payments on a finance lease, the minimum lease payment is allocated between interest expense and reduction of the outstanding liability. Interest expense is allocated over the lease period in such a way that each reporting period is charged an amount equivalent to a fixed interest rate for the liability recognized during each respective period. Variable payments are recognized among expenses in the periods when they arise.

Assets leased according to finance leases are not recognized as property, plant and equipment, since the risks incidental to ownership have been transferred to the lessee. Instead a financial receivable is recognized, related to future minimum lease payments.

Operating leases

As for operating leases, the lease payment is recognized as an expense over the lease term on the basis of utilization, and taking into account the benefits that have been provided or received when signing the lease.

The Commercial Property Development business stream carries out operating lease business. Information on future minimum lease payments (rents) is provided in Note 40, which also contains other information about leases.

IAS 16, "Property, Plant and Equipment"

Property, plant and equipment are recognized as assets in the statement of financial position if it is probable that the Group will derive future economic benefits from them and the cost of an asset can be reliably estimated. Property, plant and equipment are recognized at cost minus accumulated depreciation and any impairment losses. Cost includes purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition to be operated in the intended manner. Examples of directly attributable expenses are delivery and handling costs, installation, ownership documents, consultant fees and legal services. Borrowing costs are included in the cost of self-constructed property, plant and equipment. Impairment losses are applied in compliance with IAS 36.

The cost of self-constructed property, plant and equipment includes expenditures for materials and compensation to employees, plus other applicable manufacturing costs that are considered attributable to the asset.

Further expenditures are added to cost only if it is probable that the Group will enjoy future economic benefits associated with the asset and the cost can be reliably estimated. All other further expenditures are recognized as expenses in the period when they arise.

What is decisive in determining when a further expenditure is added to cost is whether the expenditure is related to replacement of identified components, or their parts, at which time such expenditures are capitalized. In cases where a new component is created, this expenditure is also added to cost. Any undepreciated carrying amounts for replaced components, or their parts, are disposed of and recognized as an expense at the time of replacement. If the cost of the removed component cannot be determined directly, its cost is estimated as the cost of the new component adjusted by a suitable price index to take into account inflation. Repairs are recognized as expenses on a continuous basis.

Property, plant and equipment that consist of parts with different periods of service are treated as separate components of property, plant and equipment. Depreciation occurs on a straight-line basis during estimated useful life, or based on degree of use, taking into account any residual value at the end of the period. Office buildings are divided into foundation and frame, with a depreciation period of 50 years; installations, depreciation period 35 years; and non-weight-bearing parts, depreciation period 15 years. Generally speaking, industrial buildings are depreciated during a 20-year period without allocation into different parts. Stone crushing and asphalt plants as well as concrete mixing plants are depreciated over 10 to 25 years depending on their condition when acquired and without being divided into different parts. For other buildings and equipment, division into different components occurs only if major components with divergent useful lives can be identified. For other machinery and equipment, the depreciation period is normally between 5 and 10 years. Minor equipment is depreciated immediately. Gravel pits and stone quarries are depreciated as materials are removed. Land is not depreciated. Assessments of an asset's residual value and period of service are performed annually.

The carrying amount of a property, plant and equipment item is removed from the statement of financial position when it is disposed of or divested, or when no further economic benefits are expected from the use or disposal/divestment of the asset.

Provisions for the costs of restoring an asset are normally made in the course of utilization of the asset, because the prerequisites for an allocation at the time of acquisition rarely exist.

IAS 38, "Intangible Assets"

This accounting standard deals with intangible assets. Goodwill that arises upon acquisition of companies is recognized in compliance with the rules in IFRS 3.

An intangible asset is an identifiable non-monetary asset without physical substance that is used for producing or supplying goods or services or for leasing and administration. To be recognized as an asset, it is necessary both that it be probable that future economic advantages that are attributable to the asset will benefit the company and that the cost can be reliably calculated. It is especially worth noting that expenditures recognized in prior annual or interim financial statements may not later be recognized as an asset.

Research expenses are recognized in the income statement when they arise. Development expenses, which are expenses for designing new or improved materials, structures, products, processes, systems and services by applying research findings or other knowledge, are recognized as assets if it is probable that the asset will generate future revenue. Other development expenses are expensed directly. Expenses for regular maintenance and modifications of existing products, processes and systems are not recognized as development expenses. Nor is work performed on behalf of a customer recognized as development expenses. Intangible assets other than goodwill are recognized at cost minus accumulated amortization and impairment losses. Impairment losses are applied in compliance with IAS 36.

Amortization is recognized in the income statement on a straight-line basis, or based on the degree of use, over the useful life of intangible assets, to the extent such a period can be determined. Consideration is given to any residual value at the end of the period. Purchased service agreements are amortized over their remaining contractual period (in applicable cases 3–6 years). Purchased software (major computer systems) is amortized over a maximum of five years.

Further expenditures for capitalized intangible assets are recognized as an asset in the statement of financial position only when they increase the future economic benefits of the specific asset to which they are attributable.

IAS 36, "Impairment of Assets"

Assets covered by IAS 36 are tested on every closing day for indications of impairment. The valuation of exempted assets, for example inventories (including current-asset properties), assets arising when construction contracts are carried out and financial assets included within the scope of IAS 39 is tested according to the respective accounting standard.

Impairment losses are determined on the basis of the recoverable amount of assets, which is the higher of fair value less costs to sell and value in use. In calculating value in use, future cash flows are discounted using a discounting factor that takes into account risk-free interest and the risk associated with the asset. Estimated residual value at the end of the asset's useful life is included as part of value in use. For an asset that does not generate cash flows that are essentially independent of other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are independent of other assets or groups of assets. For goodwill, the cash-generating unit is mainly the same as the Group's business unit or other unit reporting to the Parent Company. Exempted from the main rule are operations that are not integrated into the business unit's other operations. The same business unit may also contain a number of cash-generating units if it works in more than one business stream.

In Construction, recoverable amount of goodwill is based exclusively on value in use, which is calculated by discounting expected future cash flows. The discounting factor is the weighted average cost of capital (WACC) applicable to the operation. In Residential Development, the fair values of land parcels, minus selling expenses, are also taken into account. See Note 18.

Impairment of assets attributable to a cash-generating unit is allocated mainly to goodwill. After that, a proportionate impairment loss is applied to other assets included in the unit.

Goodwill impairment is not reversed. A goodwill-related impairment loss recognized in a previous interim report is not reversed in a later full-year report or interim report.

Impairment losses on other assets are reversed if there has been a change in the assumptions on which the estimate of recoverable amount was based.

An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that the asset would have had if no impairment loss had occurred, taking into account the amortization that would then have occurred.

IAS 23, "Borrowing Costs"

Borrowing costs are capitalized provided that it is probable that they will result in future economic benefits and the costs can be measured reliably. Generally speaking, capitalization of borrowing costs is limited to assets that take a substantial period of time for completion, which in the Skanska Group's case implies that capitalization mainly covers the construction of current-asset properties and properties for the Group's own use (non-current-asset properties). Capitalization occurs when expenditures included in cost have arisen and activities to complete the building have begun. Capitalization ceases when the building is completed. Borrowing costs during an extended period when work to complete the building is interrupted are not capitalized. If separate borrowing has occurred for the project, the actual borrowing cost is used. In other cases, the cost of the loan is calculated on the basis of the Group's borrowing cost.

IAS 12, "Income Taxes"

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized directly under "Other comprehensive income," in which case the accompanying tax effect is also recognized there. Current tax is tax to be paid or received that is related to the year in question, applying the tax rates that have been decided or in practice have been decided as of the closing day; this also includes adjustment of current tax that is attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method, on the basis of temporary differences between carrying amounts of assets and liabilities and their values for tax purposes. The amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates and tax rules that have been decided or announced as of the closing day. The following temporary differences are not taken into account: for a temporary difference that has arisen when goodwill is first recognized, the first recognition of assets and liabilities that are not business combinations and on the transaction date affect neither recognized profit nor taxable profit. Also not taken into account are temporary differences attributable to shares in Group companies and associated companies that are not expected to reverse in the foreseeable future. Offsetting of deferred tax assets against deferred tax liabilities occurs when there is a right to settle current taxes between companies.

Deferred tax assets related to deductible temporary differences and loss carry-forwards are recognized only to the extent that they can probably be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

IAS 2, "Inventories"

Aside from customary inventories of goods, the Group's current-asset properties are also covered by this accounting standard. Both current-asset properties and inventories of goods are measured item by item at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs for completion and the estimated costs necessary to make the sale.

When item-by-item measurement cannot be applied, the cost of inventories is assigned by using the first-in, first-out (FIFO) formula and includes expenditures that have arisen from acquisition of inventory assets and from bringing them to their present location and condition. For manufactured goods, cost includes a reasonable share of indirect costs based on normal capacity utilization. Materials not yet installed at construction sites are not recognized as inventories, but are included among project expenses.

Except for properties that are used in Skanska's own business, the Group's property holdings are reported as current assets, since these holdings are included in the Group's operating cycle. The operating cycle for current-asset properties amounts to about 3 to 5 years.

Acquisitions of properties are recognized in their entirety only when the conditions exist for completion of the purchase. If advance payments related to ongoing property acquisitions have been made, these are recognized under the item for current-asset properties in the statement of financial position. Property acquisitions through purchases of property-owning companies are recognized when the shares have been taken over by Skanska.

Current-asset properties are allocated between Commercial Property Development and Residential Development. They are also allocated between "Development properties," "Properties under construction" and "Completed properties." Note 22 provides information about these properties.

Before impairment loss, properties both completed and under construction are carried at directly accumulated costs, a reasonable proportion of indirect costs and interest expenses during the construction period. Information on market appraisal of properties is provided at the end of this note.

Information on customary inventories of goods is found in Note 23.

IAS 37, "Provisions, Contingent Liabilities and Contingent Assets"

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Skanska makes provisions for future expenses due to warranty obligations according to construction contracts, which imply a liability for the contractor to remedy errors and omissions that are discovered within a certain period after the contractor has handed over the property to the customer. Such obligations may also exist according to law. More about the accounting principle applied can be found in the section on IAS 11 in this note.

A provision is made for disputes related to completed projects if it is probable that a dispute will result in an outflow of resources from the Group. Disputes related to ongoing projects are taken into consideration in the valuation of the project and are thus not included in the item "Reserve for legal disputes," which is reported in Note 29.

Provisions for restoration expenses related to stone quarries and gravel pits do not normally occur until the period that materials are being removed.

Provisions for restructuring expenses are recognized when a detailed restructuring plan has been adopted and the restructuring has either begun or been publicly announced.

When accounting for interests in joint ventures and associated companies, a provision is made when a loss exceeds the carrying amount of the interest and the Group has a payment obligation.

Contingent liabilities

Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Also reported as contingent liabilities are obligations arising from past events but that have not been recognized as a liability because it is not likely that an outflow of resources will be required to settle the obligation or the size of the obligation cannot be estimated with sufficient reliability.

The amounts of contract fulfillment guarantees are included until the contracted work has been transferred to the customer, which normally occurs upon its approval in a final inspection. If the guarantee covers all or most of the contract sum, the amount of the contingent liability is calculated as the contract sum minus the value of the portion performed. In cases where the guarantee only covers a small portion of the contract sum, the guarantee amount remains unchanged until the contracted work is handed over to the customer. The guarantee amount is not reduced by being offset against payments not yet received from the customer. Guarantees that have been received from subcontractors and suppliers of materials are not taken into account, either. If the Group receives reciprocal guarantees related to outside consortium members' share of joint and several liability, these are not taken into account. Tax cases, court proceedings and arbitration are not included in contingent liability amounts. Instead a separate description is provided.

In connection with contracting assignments, security is often provided in the form of a completion guarantee from a bank or insurance institution. The issuer of the guarantee, in turn, normally receives an indemnity from the contracting company or other Group company. Such indemnities related to the Group's own contracting assignments are not reported as contingent liabilities, since they do not involve any increased liability compared to the contracting assignment.

Note 33 presents information about contingent liabilities.

Contingent assets

Contingent assets are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

In the Group's construction operations, it is not unusual that claims for additional compensation from the customer arise. If the right to additional compensation is confirmed, this affects the valuation of the project when reporting in compliance with IAS 11. As for claims that have not yet been confirmed, it is not practicable to provide information about these, unless there is an individual claim of substantial importance to the Group.

IAS 19, "Employee benefits"

This accounting standard makes a distinction between defined-contribution and defined-benefit pension plans. Defined-contribution pension plans are defined as plans in which the company pays fixed contributions into a separate legal entity and has no obligation to pay further contributions even if the legal entity does not have sufficient assets to pay all employee benefits relating to their service until the closing day. Other pension plans are defined-benefit. The calculation of defined-benefit pension plans uses a method that often differs from local rules in each respective country. Obligations and costs are to be calculated according to the "projected unit credit method." The purpose is to recognize expected future pension disbursements as expenses in a way that yields more uniform expenses over the employee's period of employment. Actuarial assumptions about wage or salary increases, life expectancy, inflation and return on plan assets are taken into account in the calculation. Pension obligations concerning post-employment benefits are discounted to present value. Discounting is calculated for all three countries where Skanska has defined-benefit pension plans using an interest rate based on the market return on high quality corporate bonds including mortgage bonds, with maturities matching the pension obligations. Pension plan assets are recognized at fair value on the closing day. In the statement of financial position, the present value of pension obligations is recognized after subtracting the fair value of plan assets. The pension expense and the return on plan assets recognized in the income statement refer to the pension expense and return estimated on January 1. Divergences from actual pension expense and return comprise actuarial gains and losses. These divergences and the effect of changes in assumptions are not recognized in the income statement, but are instead included under "Other comprehensive income."

If the terms of a defined-benefit plan are significantly amended, or the number of employees covered by a plan is significantly reduced, a curtailment occurs. Obligations are recalculated according to the new conditions. The effect of the curtailment is recognized in the income statement.

When there is a difference between how pension expense is determined in a legal entity and the Group, a provision or receivable is recognized concerning the difference for taxes and social insurance contributions based on the Company's pension expenses. The provision or receivable is not calculated at present value, since it is based on present-value figures. Social insurance contributions on actuarial gains and losses are recognized under "Other comprehensive income."

Obligations related to contributions to defined-contribution plans are recognized as expenses in the income statement as they arise.

The Group's net obligation related to other long-term employee benefits, aside from pensions, amounts to the value of future benefits that employees have earned as compensation for the services they have performed during the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted at present value, and the fair value of any plan assets is subtracted. The discount rate is the interest rate on the closing day for high quality corporate bonds including mortgage bonds, or government bonds, with a maturity matching the maturity of the obligations.

A provision is recognized in connection with termination of employees only if the Company is obligated through its own detailed formal termination plan – and there is no realistic possibility of annulling the plan – to end employment before the normal retirement date, or when benefits are offered in order to encourage voluntary resignation. In cases where the Company terminates employees, the provision is calculated on the basis of a detailed plan that at least includes the location, function and approximate number of employees affected as well as the benefits for each job classification or function and the time at which the plan will be implemented.

Only an insignificant percentage of the Group's defined-benefit pension obligations were financed by premiums to the retirement insurance company Alecta. Since the required figures cannot be obtained from Alecta, these pension obligations are reported as a defined-contribution plan. Since the same conditions apply to the new AFP plan in Norway, this is also reported as a defined-contribution plan.

IFRS 2, "Share-based Payment"

The SEOP 1 and SEOP 2 employee ownership programs are recognized as share-based payments that are settled with equity instruments, in compliance with IFRS 2. This means that fair value is calculated on the basis of estimated fulfillment of established income targets during the measurement period. This value is allocated over the respective vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period except for changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

Social insurance contributions

Social insurance contributions that are payable because of share-based payments are reported in compliance with Statement UFR 7 of the Swedish Financial Reporting Board. The cost of social insurance contributions is allocated over the period when services are performed. The provision that arises is reappraised on each financial reporting date to correspond to the estimated contributions that are due at the end of the vesting period.

IAS 7, "Cash Flow Statements"

In preparing its cash flow statement, Skanska applies the indirect method in compliance with the accounting standard. Aside from cash and bank balance flows, cash and cash equivalents are to include short-term investments whose transformation into bank balances may occur in an amount that is mainly known in advance. Short-term investments with maturities of less than three months are regarded as cash and cash equivalents. Cash and cash equivalents that are subject to restrictions are reported either as current receivables or as non-current receivables.

In addition to the cash flow statement prepared in compliance with the standard, the Report of the Directors presents an operating cash flow statement that does not conform to the structure specified in the standard. The operating cash flow statement was prepared on the basis of the operations that the various business streams carry out.

IAS 33, "Earnings per Share"

Earnings per share are reported directly below the consolidated income statement and are calculated by dividing the portion of profit for the year that is attributable to the Parent Company's equity holders (shareholders) by the average number of shares outstanding during the period.

For the SEOP 1 and SEOP 2 employee ownership programs, the dilution effect is calculated by dividing potential ordinary shares by the number of shares outstanding. The calculation of potential ordinary shares occurs in two stages. First there is an assessment of the number of shares that may be issued when established targets are fulfilled. The number of shares for the respective year covered by the programs is then determined the following year, provided that the condition of continued employment is met. In the next step, the number of potential ordinary shares is reduced by the value of the consideration that Skanska is expected to receive, divided by the average market price of a share during the period.

IAS 24, "Related Party Disclosure"

According to this accounting standard, information must be provided about transactions and agreements with related companies and physical persons. In the consolidated financial statements, intra-Group transactions fall outside this reporting requirement. Notes 36, 37 and 39 provide disclosures in compliance with the accounting standard. As for the Parent Company, this information is provided in Notes 62 and 63.

IAS 40, "Investment Property"

Skanska reports no investment properties. Properties that are used in the Group's own operations are reported in compliance with IAS 16. The Group's holdings of current-asset properties are covered by IAS 2 and thus fall outside the application of IAS 40.

IFRS 8, "Operating Segments"

According to this standard, an operating segment is a component of the Group that carries out business operations, whose operating income is evaluated regularly by the chief operating decision maker and about which separate financial information is available.

Skanska's operating segments consist of its business streams: Construction, Residential Development, Commercial Property Development and Infrastructure Development.

The Senior Executive Team is the Group's chief operating decision maker.

The segment reporting method for Residential Development and Commercial Property Development has been changed and now diverges from IFRSs on two points. In segment reporting, a divestment gain is recognized on the date that a binding sales contract is signed. Effective from 2011, segment reporting of joint ventures in Residential Development with ongoing projects is applying a new principle. The proportional method is being used for joint ventures that have an ongoing project begun after 2010 or that sold residential units after 2010. The change in principle is being applied only prospectively and historical comparative figures have not been restated. Note 4 presents a reconciliation between segment reporting and the income statement in compliance with IFRSs.

Note 4 provides information about operating segments. The financial reporting that occurs to the Senior Executive Team focuses on the areas for which each respective operating segment is operationally responsible: operating income in the income statement and capital employed. For each respective operating segment, the note thus reports external and internal revenue, cost of sales, selling and administrative expenses and capital employed. Capital employed refers to total assets minus tax assets and receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. Acquisition goodwill has been reported in the operating segment to which it is related.

In transactions between operating segments, pricing occurs on market terms.

Certain portions of the Group do not belong to any operating segment. These include Skanska's headquarters and businesses that are being closed down (Denmark and International Projects). These portions are reported in Note 4 under the heading "Central and eliminations." Because the income of the operating segments also includes intra-Group profits, these are eliminated during reconciliation with the consolidated income statement and the consolidated statement of financial position.

In addition to information about operating segments, Note 4 provides disclosures on external revenue for the entire Group, divided among Sweden, the United States and other countries and disclosures on the allocation of certain assets between Sweden and other countries.

IAS 10, "Events After the Reporting Period"

Events after the end of the reporting period may, in certain cases, confirm a situation that existed on the closing day. Such events shall be taken into account when financial reports are prepared. Information is provided about other events after the closing day that occur before the signing of the financial report if its omission would affect the ability of a reader to make a correct assessment and a sound decision.

Information is provided in Note 41.

IAS 32, "Financial Instruments: Presentation"

Offsetting of financial assets and financial liabilities occurs when a company has a legal right to offset items against each other and intends to settle these items with a net amount or, at the same time, divest the asset and settle the liability.

Prepaid income and expenses as well as accrued income and expenses that are related to the business are not financial instruments. Thus "Gross amount due from (or to) customers for contract work" is not included. Pension liabilities and receivables from or liabilities to employees are not financial instruments either. Nor are assets and liabilities not based on contracts, for example income taxes, financial instruments.

Information in compliance with the accounting standard is provided mainly in Notes 6, 21 and 27.

IAS 39, "Financial Instruments: Recognition and Measurement"

The accounting standard deals with measurement and recognition of financial instruments. Excepted from application in compliance with IAS 39 are, among others, holdings in Group companies, associated companies and joint ventures, leases, the rights under employment contracts, the Company's own shares and financial instruments to which IFRS 2, "Share-based Payments" applies.

All financial instruments covered by this standard, including all derivatives, are reported in the statement of financial position.

A derivative is a financial instrument whose value changes in response to changes in an underlying variable, that requires no initial investment or one that is small and that is settled at a future date. An embedded derivative is a contract condition that causes the value of the contract to be affected in the same way as if the condition were an independent derivative. This is the case, for example, when a construction contract is expressed in a currency which is a foreign currency for both parties. If it is customary for the foreign currency to be used for this type of contract, the embedded derivative will not be separated. A reassessment of whether embedded derivatives shall be separated from the host contract is carried out only if the host contract is changed.

A financial asset or financial liability is recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Trade accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the contractual rights are realized or expire or the Group loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. The same applies to a portion of a financial liability.

Acquisitions and divestments of financial assets are recognized on the transaction date, which is the date that the Company undertakes to acquire or divest the asset.

Financial instruments are initially recognized at cost, equivalent to the instrument's fair value plus transaction costs, except instruments in the category "assets at fair value through profit or loss," which are recognized exclusive of transaction costs. Recognition then occurs depending on how they are classified as described below.

Financial assets, including derivatives, are classified as "assets at fair value through profit or loss," "held-to-maturity investments," "loans and receivables" and "available-for-sale assets." An asset is classified among "available-for-sale assets" if the asset is not a derivative and the asset has not been classified in any of the other categories. Equity instruments with unlimited useful lives are classified either as "assets at fair value through profit and loss" or "available-for-sale assets."

"Assets at fair value through profit or loss," and "available-for-sale assets" are measured at fair value in the statement of financial position. Change in value of "assets at fair value through profit or loss" is recognized in the income statement, while change in value of "available-for-sale assets" is recognized under "Other comprehensive income." When the latter assets are divested, accumulated gains or losses are transferred to the income statement, but impairment losses on "available-for-sale assets" as well as changes in exchange rates, interest and dividends on instruments in this category are recognized directly in the income statement. "Held-to-maturity investments" and "loans and receivables" are measured at amortized cost. Impairment losses on "held-to-maturity investments," "loans and receivables" and "available-for-sale assets" occur when the expected discounted cash flow from the financial asset is less than the carrying amount.

Financial liabilities including derivatives are classified as "liabilities at fair value through profit or loss" and "other financial liabilities."

"Liabilities at fair value through profit or loss" are measured at fair value in the statement of financial position, with change of value recognized in the income statement. "Other financial liabilities" are measured at amortized cost.

In reporting both financial assets and financial liabilities in Note 6, Skanska has chosen to separately report "Hedge accounted derivatives," which are included in "assets (or liabilities) at fair value through profit or loss."

Skanska uses currency derivatives and foreign currency loans to hedge against fluctuations in exchange rates. Recognition of derivatives varies depending on whether hedge accounting in compliance with IAS 39 is applied or not.

Unrealized gains and losses on currency derivatives related to hedging of operational transaction exposure (cash flow hedging) are measured in market terms and recognized at fair value in the statement of financial position. The entire change in value is recognized directly in operating income, except in those cases that hedge accounting is applied. In hedge accounting, unrealized gain or loss is recognized under "Other comprehensive income." When the hedged transaction occurs and is recognized in the income statement, accumulated changes in value are transferred from other comprehensive income to operating income.

Unrealized gains and losses on embedded currency derivatives in commercial contracts are measured and recognized at fair value in the statement of financial position. Changes in fair value are recognized in operating income.

Currency derivatives and foreign currency loans for hedging translation exposure are carried at fair value in the statement of financial position. Because hedge accounting is applied, exchange rate differences after taking into account tax effect are recognized under "Other comprehensive income." If a foreign operation is divested, accumulated exchange rate differences attributable to that operation are transferred from other comprehensive income to the income statement. The interest component and changes in the value of the interest component of currency derivatives are recognized as financial income or expenses.

In Infrastructure Development projects, interest rate derivatives are used in order to achieve fixed interest on long-term financing. Hedge accounting is applied to these interest rate derivatives.

Skanska also uses interest rate derivatives to hedge against fluctuations in interest rates. Hedge accounting in compliance with IAS 39 is not applied to these derivatives, however.

Unrealized gains and losses on interest rate derivatives are recognized at fair value in the statement of financial position. Changes in value excluding the current interest coupon portion, which is recognized as interest income or an interest expense, are recognized as financial income or expenses in the income statement.

IFRS 7, "Financial Instruments: Disclosures"

The Company provides disclosures that make it possible to evaluate the significance of financial instruments for its financial position and performance. It also provides disclosures that make it possible to evaluate the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the end of the report period. These disclosures must also provide a basis for assessing how these risks are managed by the Company. This standard supplements the principles for recognizing, measuring and classifying financial assets and liabilities in IAS 32 and IAS 39.

The standard applies to all types of financial instruments, with the primary exception of holdings in subsidiaries, associated companies and joint ventures as well as employers' rights and obligations under post-employment benefit plans in compliance with IAS 19. The disclosures that are provided thus include accrued interest income, deposits and receivables for properties divested. Accrued income from customers for contract work is not a financial instrument.

The disclosures provided are supplemented by a reconciliation with other items in the income statement and in the statement of financial position.

Disclosures in compliance with this accounting standard are presented in Note 6.

IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"

"Government assistance" refers to action by government designed to provide an economic benefit specific to one company or a range of companies that qualify under certain criteria. Government grants are assistance by government in the form of transfers of resources to a company in return for past or future compliance with certain conditions relating to its operations.

Government grants are recognized in the statement of financial position as prepaid income or reduction in the investment when there is reasonable assurance that the grants will be received and that the Group will meet the conditions associated with the grant.

The Swedish Financial Reporting Board's recommendation RFR 1, "Supplementary Accounting Regulations for Groups"

The recommendation specifies what further disclosures must be provided in order for the annual accounts to conform with Sweden's Annual Accounts Act. The additional information mainly concerns personnel-related disclosures.

Disclosure on the number of employees, allocated between women and men as well as among countries, is provided in Note 36. The number of employees during the year was calculated as an average of the average number of employees during the quarters included in the year. In this calculation, part-time employment is equivalent to 60 percent of full-time employment. Operations divested during the year are not included.

Disclosure on the allocation between women and men for senior executives specifies the situation on the closing day. "Senior executives" in the various Group companies refers to the members of the management team of the respective business units. The information is provided in Notes 36 and 37.

In addition to Board members and the President and CEO, all other persons in the Group's Senior Executive Team must be included in the group for which a separate account shall be provided of the total amounts of salaries and other remuneration as well as expenses and obligations related to pensions and similar obligations. Furthermore, the same disclosures must be provided at an individual level for each of the Board members and for the President as well as previous holders of these positions. Employee representatives are exempted.

Note 36 provides information about loans, assets pledged and contingent liabilities on behalf of members of the Boards of Directors and Presidents in the Skanska Group.

Information must also be provided on remuneration to auditors and the public accounting firms where the auditors work. See Note 38.

Order bookings and order backlog

In Construction assignments, an order booking refers to a written order confirmation or signed contract, provided that financing has been arranged and construction is expected to start within twelve months. If an order received earlier is canceled during a later quarter, the cancellation is recognized as a negative item when reporting the order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Property Development. For services related to fixed-price work, the order booking is recorded when the contract is signed, and for services related to cost-plus work, the order booking coincides with revenue. For service contracts, a maximum of 24 months of future revenue is included.

In Residential Development and Commercial Property Development, no order bookings are reported.

Order backlog refers to the difference between order bookings for a period and accrued revenue (accrued project expenses plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

The order backlog in the accounts of acquired Group companies on the date of acquisition is not reported as order bookings, but is included in order backlog amounts.

Market appraisal

Commercial Property Development

Note 22 states estimated market values for Skanska's current-asset properties. For completed properties that include commercial space and for development properties, market values have been partly calculated in cooperation with external appraisers.

Residential Development

In appraising properties in Residential Development, estimates of market value have taken into account the value that can be obtained within the customary economic cycle.

Infrastructure Development

Skanska obtains an estimated value for infrastructure projects by discounting estimated future cash flows in the form of dividends and repayments of loans and equity by a discount rate based on country, risk model and project phase for the various projects. The discount rate chosen is applied to all future cash flows starting on the appraisal date. The most recently updated financial model is used as a base. This financial model describes all cash flows in the project and serves as the ultimate basis for financing, which is carried out with full project risk and without guarantees from Skanska. Skanska has not been able to apply the above-described model for the Sjisjka Vind project, a wind farm in Sweden that is not a public-private partnership project and that is under construction. Instead its value has been deemed to amount to recognized cost.

An estimated value is stated only for that have reached financial close. All flows are appraised – investments in the project (equity and subordinated debenture loans), interest on repayments of subordinated loans as well as dividends to and from the project company. Today all investments except New Karolinska Solna and Sjisjka Vind are denominated in currencies other than Swedish kronor. This means there is also an exchange rate risk.

Estimated values have partly been calculated in cooperation with external appraisers and are stated in Note 20.

Note 01 Parent Company accounting and valuation principles

The Parent Company has prepared its annual accounts in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, "Accounting for Legal Entities." RFR 2 implies that in the annual accounts of the legal entity, the Parent Company must apply the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs), issued by the International Accounting Standards Board (IASB), to the extent these have been approved by the EU, as well as the interpretations by the IFRS Interpretations Committee and its predecessor the Standing Interpretations Committee (SIC), as far as this is possible within the framework of the Annual Accounts Act and with respect to the connection between accounting and taxation. A presentation of the various accounting standards can be found in the Group's Note 1. The statements of the Swedish Financial Reporting Board must also be applied.

Important differences compared to consolidated accounting principles

The income statement and balance sheet comply with the presentation formats in the Annual Accounts Act.

Defined-benefit pension plans are reported according to the regulations in the Pension Obligations Vesting Act. Pension obligations secured by assets in pension funds are not recognized in the balance sheet.

Holdings in associated companies and joint ventures, like holdings in Group companies, are carried at cost before any impairment losses.

The Parent Company applies IAS 37 for financial guarantee agreements on behalf of Group companies, associated companies and joint ventures.

The SEOP 1 and SEOP 2 employee ownership programs are recognized as share-based payments that are settled with equity instruments, in compliance with IFRS 2. The portion of the Group's expense for SEOP 2 that is related to employees of Group companies is recognized in the Parent Company as an increase in the carrying amount of holdings in Group companies and an increase in equity. Compensation from Group companies for shares that have been allocated to participants in the employee ownership program is recognized directly in equity.

Note 02 Key estimates and judgments

The Senior Executive Team has discussed with the Board of Directors and the Audit Committee the developments, choices and disclosures related to the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

Certain important accounting-related estimates that have been made when applying the Group's accounting principles are described below.

Goodwill impairment testing

In calculating the recoverable amount of cash-generating units for assessing any goodwill impairment, a number of assumptions about future conditions and estimates of parameters have been made. A presentation of these can be found in Note 18, "Goodwill." As understood from the description in this note, major changes in the prerequisites for these assumptions and estimates might have a substantial effect on the value of goodwill.

Pension assumptions

Skanska recognizes defined-benefit pension obligations according to the alternative method in IAS 19, "Employee Benefits." In this method, actuarial gains and losses are recognized as an item under "Other comprehensive income." The consequence is that future changes in actuarial assumptions, both positive and negative, will have an immediate effect on recognized equity and on interest-bearing pension liability.

Note 28, "Pensions," describes the assumptions and prerequisites that provide the basis for recognition of pension liability, including a sensitivity analysis.

Percentage of completion

Skanska applies the percentage of completion method, i.e. using a forecast of final project results, income is recognized successively during the course of the project based on the degree of completion. This requires that the size of project revenue and project expenses can be reliably determined. The prerequisite for this is that the Group has efficient, coordinated systems for cost estimating, forecasting and revenue/expense reporting. The system also requires a consistent judgment (forecast) of the final outcome of the project, including analysis of divergences compared to earlier assessment dates. This critical judgment is performed at least once per quarter according to the "grandfather principle." However, actual future outcomes may diverge from estimated ones.

Disputes

Management's best judgment has been taken into account in reporting disputed amounts, but the actual future outcome may diverge from this judgment. See Note 33, "Assets pledged, contingent liabilities and contingent assets," and Note 29, "Provisions."

Investments in Infrastructure Development

Estimated values are based on discounting of expected cash flows for each respective investment. Estimated yield requirements on investments of this type have been used as discount rates. Changes in expected cash flows, which in a number of cases extend 20–30 years ahead in time, and/or changes in yield requirements, may materially affect both estimated values and carrying amounts for each investment.

Current-asset properties

The stated total market value is estimated on the basis of prevailing price levels in the respective location of each property. Changes in the supply of similar properties as well as changes in demand due to changes in targeted return may materially affect both estimated fair values and carrying amounts for each property.

In Residential Development operations, the supply of capital and the price of capital for financing home buyers' investments are critical factors.

Prices of goods and services

In the Skanska Group's operations, there are many different types of contractual mechanisms. The degree of risk associated with the prices of goods and services varies greatly, depending on the contract type. Sharp increases in prices of materials may pose a risk, especially in long-term projects with fixed-price obligations. Shortages of human resources as well as certain input goods may also adversely affect operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

Note 03 Effects of changes in accounting principles

The year's change in accounting principles is limited to a change in segment reporting of joint ventures and applies only to joint ventures in the Residential Development segment that have an ongoing project which was started up after 2010 or that sold residential units after 2010. These new joint ventures are now included in segment reporting according to the proportional method of accounting, but the application of the proportional method only encompasses Skanska's share of sales revenue and operating expenses. Comparative figures have not been restated.

Note 04 Operating segments

Skanska's business streams – Construction, Residential Development, Commercial Property Development and Infrastructure Development – are reported as operating segments. These business streams coincide with Skanska's operational organization, used by the Senior Executive Team to monitor operations. The Senior Executive Team is also Skanska's "chief operating decision maker."

Each business stream carries out distinct types of operations with different risks. Construction includes both building construction and civil construction. Residential Development develops residential projects for immediate sale. Homes are adapted to selected customer categories. The units are responsible for planning and selling their projects. The construction assignments are performed by construction units in the Construction business stream in each respective market. Commercial Property Development initiates, develops, leases and divests commercial property projects. Project development focuses on office buildings, shopping malls and logistics properties. In most markets, construction assignments are performed by Skanska's Construction segment. Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and schools. The business stream focuses on creating new potential projects mainly in the markets where the Group has operations. Construction assignments are performed in most markets by Skanska's construction units. Intra-Group pricing between operating segments occurs on market terms. "Central" includes the cost of Group headquarters and earnings of central companies as well as businesses that are being closed down. "Eliminations" mainly consists of profits from Construction related to Skanska's property projects.

See also Note 1, "Consolidated accounting and valuation principles," IFRS 8, "Operating Segments."

Revenue and expenses by operating segment

Each business stream has operating responsibility for its income statement down through "operating income."

Assets and liabilities by operating segment

Each business stream has operating responsibility for its capital employed. The capital employed by each business stream consists of its total assets minus tax assets and intra-Group receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. Acquisition goodwill has been reported in the business stream to which it belongs.

Cash flow by segment is presented as a separate statement: Consolidated operating cash flow statement and change in interest-bearing net receivables.

2011	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central and eliminations	Total segments	Reconciliation with IFRSs	Total IFRSs
External revenue	108,137	8,550	5,556	277	122,520	14	122,534	–3,800	118,734
Intra-Group revenue	6,835	0	77	9	6,921	–6,921	0	0	0
Total revenue	**114,972**	**8,550**	**5,633**	**286**	**129,441**	**–6,907**	**122,534**	**–3,800**	**118,734**
Cost of sales	–105,650	–7,520	–4,030	–343	–117,543	7,005	–110,538	3,128	–107,410
Gross income	**9,322**	**1,030**	**1,603**	**–57**	**11,898**	**98**	**11,996**	**–672**	**11,324**
Selling and administrative expenses	–5,884	–680	–412	–132	–7,108	–745	–7,853	0	–7,853
Income from joint ventures and associated companies	29	–5	5	4,915	4,944		4,944	–2	4,942
Operating income	**3,467**	**345**	**1,196**	**4,726**	**9,734**	**–647**	**9,087**	**–674**	**8,413**
Of which depreciation/amortization	–1,371	–4	–1	–6	–1,382	–11	–1,393		
Of which impairment losses/reversals of impairment losses									
Goodwill	–33				–33		–33		
Other assets	–14	–80	–47		–141	–1	–142		
Of which gains from commercial property divestments			1,266		1,266	136	1,402		
Of which gains from infrastructure project divestments				4,600	4,600		4,600		
Of which operating net from completed properties			284		284		284		
Employees	51,119	586	235	146	52,086	471	52,557		
Gross margin, %	8.1	12.0							
Selling and administrative costs, %	–5.1	–8.0							
Operating margin, %	3.0	4.0							
Assets, of which									
Property, plant and equipment	6,907	44	8	14	6,973	45	7,018		
Intangible assets	4,692	464		0	5,156	14	5,170		
Investments in joint ventures and associated companies	203	678	9	1,640	2,530	–4	2,526		
Current-asset properties	26	12,399	11,286		23,711	–300	23,411		
Capital employed	476	12,737	11,029	1,408	25,650	4,514	30,164		
Investments	–3,689	–7,688	–3,493	–988	–15,858	11	–15,847		
Divestments	333	5,699	3,731	5,808	15,571	–42	15,529		
Net investments	**–3,356**	**–1,989**	**238**	**4,820**	**–287**	**–31**	**–318**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	114,972	8,550	5,633	286	129,441	–6,907	122,534		
Plus properties sold before the period		5,018	93		5,111		5,111		
Less properties not yet occupied by the buyer on closing day		–6,813	–1,387		–8,200		–8,200		
Proportional method for joint ventures		–947			–947	281	–666		
Currency rate differences		–45	0		–45		–45		
Revenue according to IFRIC 15 – handover	**114,972**	**5,763**	**4,339**	**286**	**125,360**	**–6,626**	**118,734**		
Operating income according to segment reporting - binding agreement	3,467	345	1,196	4,726	9,734	–647	9,087		
Plus properties sold before the period		686	20		706		706		
Less properties not yet occupied by the buyer on closing day		–890	–286		–1,176		–1,176		
Adjustment, income from joint ventures and associated companies		–161	0		–161		–161		
New intra-Group profits						–35	–35		
Currency rate differences		–7	0		–7	–1	–8		
Operating income according to IFRIC 15 – handover	**3,467**	**–27**	**930**	**4,726**	**9,096**	**–683**	**8,413**		

2010	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central and eliminations	Total segments	Reconciliation with IFRSs	Total IFRSs
External revenue	108,923	7,462	4,648	319	121,352	311	121,663	561	122,224
Intra-Group revenue	4,290	119	0	0	4,409	–4,409	0	0	0
Total revenue	**113,213**	**7,581**	**4,648**	**319**	**125,761**	**–4,098**	**121,663**	**561**	**122,224**
Cost of sales	–103,076	–6,486	–3,371	–420	–113,353	3,966	–109,387	–387	–109,774
Gross income	**10,137**	**1,095**	**1,277**	**–101**	**12,408**	**–132**	**12,276**	**174**	**12,450**
Selling and administrative expenses	–5,764	–589	–355	–138	–6,846	–687	–7,533	0	–7,533
Income from joint ventures and associated companies	15	53	–2	536	602	–6	596	–55	541
Operating income	**4,388**	**559**	**920**	**297**	**6,164**	**–825**	**5,339**	**119**	**5,458**
Of which depreciation/amortization	–1,282	–4	–2	–6	–1,294	–7	–1,301		
Of which impairment losses/reversals of impairment losses									
Goodwill	–108				–108		–108		
Other assets	–19	–35	18		–36	–106	–142		
Of which gains from commercial property divestments			791		791	80	871		
Of which gains from infrastructure project divestments				192	192		192		
Of which operating net from completed properties			392		392		392		
Employees	50,197	649	199	140	51,185	460	51,645		
Gross margin, %	9.0	14.4							
Selling and administrative costs, %	–5.1	–7.8							
Operating margin, %	3.9	7.4							
Assets, of which									
Property, plant and equipment	5,798	53	9	19	5,879	27	5,906		
Intangible assets	3,604	467		186	4,257	14	4,271		
Investments in joint ventures and associated companies	202	320	3	1,250	1,775		1,775		
Current-asset properties	174	10,125	10,113		20,412	–6	20,406		
Assets held for sale				1,108	1,108		1,108		
Capital employed	–1,602	10,188	9,608	2,681	20,875	4,848	25,723		
Investments	–1,351	–5,562	–3,147	–692	–10,752	3	–10,749		
Divestments	272	5,281	6,571	403	12,527	76	12,603		
Net investments	**–1,079**	**–281**	**3,424**	**–289**	**1,775**	**79**	**1,854**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	113,213	7,581	4,648	319	125,761	–4,098	121,663		
Plus properties sold before the period		3,160	2,781		5,941		5,941		
Less properties not yet occupied by the buyer on closing day		–5,018	–93		–5,111		–5,111		
Currency rate differences		–210	–59		–269		–269		
Revenue according to IFRIC 15 – handover	**113,213**	**5,513**	**7,277**	**319**	**126,322**	**–4,098**	**122,224**		
Operating income according to segment reporting - binding agreement	4,388	559	920	297	6,164	–825	5,339		
Plus properties sold before the period		489	401		890	17	907		
Less properties not yet occupied by the buyer on closing day		–686	–20		–706		–706		
Adjustment, income from joint ventures and associated companies		–55	0		–55		–55		
Currency rate differences		–27	0		–27		–27		
Operating income according to IFRIC 15 – handover	**4,388**	**280**	**1,301**	**297**	**6,266**	**–808**	**5,458**		

Note 04 Continued

External revenue by geographic area

	Sweden		United States		Other areas		Total	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010
Construction	23,936	20,288	29,462	33,825	55,020	54,810	108,418	108,923
Residential Development	2,357	3,011			3,406	2,383	5,763	5,394
Commercial Property Development	4,186	4,784	5		71	2,493	4,262	7,277
Infrastructure Development	22	33	6		249	286	277	319
Central and eliminations	14	136			0	175	14	311
Total operating segments	**30,515**	**28,252**	**29,473**	**33,825**	**58,746**	**60,147**	**118,734**	**122,224**

The Group has no customers that account for ten percent or more of its revenue.

Non-current assets and current-asset properties by geographic area

	Property, plant and equipment		Intangible assets[1]		Investments in joint ventures and associated companies		Current-asset properties	
SEK M	2011	2010	2011	2010	2011	2010	2011	2010
Sweden	1,768	1,517	114	26	741	237	11,155	11,928
Other areas	5,250	4,389	5,056	4,245	1,785	1,538	12,256	8,478
	7,018	**5,906**	**5,170**	**4,271**	**2,526**	**1,775**	**23,411**	**20,406**

1 Of the "Other areas" item for intangible assets, SEK 1,540 M (1,479) was from Norwegian operations, SEK 1,385 M (1,374) from British operations and SEK 945 M (319) from the U.S. market.

Note 05 Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are recognized in compliance with IFRS 5. See "Accounting and valuation principles," Note 1. During 2010 and 2011, no operations were recognized as discontinued.

At the end of 2011 there were no non-current assets that were recognized in compliance with IFRS 5 as current assets and classified as "Assets held for sale."

Late in 2010, Skanska signed an agreement concerning the divestment of its 50 percent stake in the Autopista Central highway concession in Chile. As a consequence, this item under "Investments in joint ventures" was recognized under "Assets held for sale", at a value of SEK 1,108 M. The transaction was completed during the second quarter of 2011 and the divestment gain was SEK 4.5 billion.

Note 06 Financial instruments and financial risk management

Financial instruments are reported in compliance with IAS 39, "Financial Instruments: Recognition and Measurement," IAS 32, "Financial Instruments: Presentation" and IFRS 7, "Financial Instruments: Disclosures."

Skanska's gross amounts due from and to customers for contract work are not recognized as a financial instrument and the risk in these gross amounts due is thus not reported in this note.

Risks in partly-owned joint venture companies in Infrastructure Development are managed in each respective company. Skanska's aim is to ensure that financial risk management in these companies is equivalent to that which applies to the Group's wholly owned companies. Because the contract period in many cases amounts to decades, management of the interest rate risk in financing is essential in each respective company. This risk is managed with the help of long-term interest rate swaps. These holdings are reported according to the equity method of accounting. As a result, financial instruments in each company are included in the items "Income from joint ventures and associated companies," "Effect of cash flow hedges," and "Investments in joint ventures and associated companies." Disclosures on financial instruments in associated companies and joint ventures are not included in the following disclosures.

FINANCIAL RISK MANAGEMENT

Through its operations, aside from business risks Skanska is exposed to various financial risks such as credit risk, liquidity risk and market risk. These risks arise in the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade accounts receivable, accounts payable, borrowings and derivatives.

Objectives and policy

The Group endeavors to achieve a systematic assessment of both financial and business risks. For this purpose, it uses a common risk management model. The risk management model does not imply avoidance of risks, but is instead aimed at identifying and managing these risks.

Through the Group's Financial Policy, each year the Board of Directors states guidelines, objectives and limits for financial management and administration of financial risks in the Group. This policy document regulates the allocation of responsibility among Skanska's Board, the Senior Executive Team, Skanska Financial Services (Skanska's internal financial unit) and the business units.

Within the Group, Skanska Financial Services has operational responsibility for ensuring Group financing and for managing liquidity, financial assets and financial liabilities. A centralized financial unit enables Skanska to take advantage of economies of scale and synergies.

The objectives and policy for each type of risk are described in the respective sections below.

Credit risk

Credit risk describes the Group's risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligation to Skanska. Credit risk is divided into financial credit risk, which refers to risk from interest-bearing assets, and customer credit risk, which refers to the risk from trade accounts receivable.

Financial credit risk – risk in interest-bearing assets

Financial credit risk is the risk that the Group runs in its relations with financial counterparties in the case of deposits of surplus funds, bank account balances and investments in financial assets. Credit risk also arises when using derivative instruments and consists of the risk that a potential gain will not be realized in case the counterparty does not fulfill its part of the contract.

In order to reduce the credit risk in derivatives, Skanska has signed standardized netting (ISDA) agreements with all financial counterparties with which it enters into derivative contracts.

Skanska endeavors to limit the number of financial counterparties, which must possess a rating at least equivalent to BBB+ at Standard & Poor's or the equivalent rating at Moody's. The permitted exposure volume per counterparty is dependent on the counterparty's credit rating and the maturity of the exposure.

Maximum exposure is equivalent to the fair value of the assets and amounted to SEK 13,740 M. The average maturity of interest-bearing assets amounted to 0.4 (0.5) years on December 31, 2011.

Customer credit risk – risk in trade accounts receivable

Customer credit risks are managed within the Skanska Group's common procedures for identifying and managing risks: the Skanska Tender Approval Procedure (STAP) and the Operational Risk Assessment (ORA).

Skanska's credit risk with regard to trade receivables has a high degree of risk diversification, due to the large number of projects of varying sizes and types with numerous different customer categories in a large number of geographic markets.

The portion of Skanska's operations related to construction projects extends only limited credit, since projects are invoiced in advanced as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

Trade accounts receivable	Dec 31, 2011	Dec 31, 2010
Carrying amount	18,044	17,069
Impairment losses	689	513
Cost	**18,733**	**17,582**

Change in impairment losses, trade accounts receivable	2011	2010
January 1	513	542
Impairment loss/reversal of impairment loss for the year	230	18
Impairment losses settled	–21	–9
Exchange rate differences	–33	–38
December 31	**689**	**513**

Risk in other operating receivables including shares

Other financial operating receivables consist of receivables for properties divested, accrued interest income, deposits etc. No operating receivables on the closing day were past due and there were no impairment losses.

Other financial operating receivables are reported by time interval with respect to when the amounts fall due in the future.

	2011	2010
Due within 30 days	34	123
Due in over 30 days but no more than one year	125	31
Due in more than 1 year	0	0
Total	**159**	**154**

Holdings of less than 20 percent of voting power in a company are reported as shares. Their carrying amount is SEK 38 M (41).

Shares are subject to changes in value. Impairment losses on shares total SEK –11M (–6), of which SEK –5 M (0) during 2011.

Liquidity risk

Liquidity risk is defined as the risk that Skanska cannot meet its payment obligations due to lack of liquidity or to difficulties in obtaining or rolling over external loans.

The Group uses liquidity forecasting as a means of managing the fluctuations in short-term liquidity. Surplus liquidity shall, if possible, primarily be used to repay the principal on loan liabilities.

Funding

Skanska has several borrowing programs – both committed bank credit facilities and market funding programs – which provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding.

During 2011, Skanska took out a bilateral loan from the Nordic Investment Bank (NIB) amounting to EUR 100 M, of which EUR 25 M runs until 2017 and EUR 75 M until 2018. The purpose of the loan is to fund Skanska's green property development work.

SEK M	Maturity	Currencies	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0–1 years		SEK/EUR	SEK 6,000 M	6,000	1,890
Medium Term Note (MTN) program, maturities 1–10 years		SEK/EUR	SEK 8,000 M	8,000	0
				14,000	**1,890**
Committed credit facilities					
Syndicated bank loan	2014	SEK/EUR/ USD	EUR 750 M	6,688	0
Bilateral loan agreements	2017/ 2018	EUR	EUR 100 M	892	892
Other credit facilities				464	50
				8,044	**942**

At year-end 2011, the Group's unutilized credit facilities totaled SEK 7,102 M (7,350).

Liquidity reserve and maturity structure

The objective is to have a liquidity reserve of at least SEK 5 billion available within one week in the form of cash equivalents or committed credit facilities. At year-end 2011, cash and cash equivalents and committed credit facilities amounted to about SEK 12 (14) billion, of which about SEK 11 billion is available within one week.

The maturity structure of financial interest-bearing liabilities and derivatives related to borrowing was distributed over the coming years according to the following table.

			Maturity			
Maturity period	Carrying amount	Future payment amount	Within 3 months	Over 3 months within 1 year	Over 1 year within 5 years	More than 5 years
Interest-bearing financial liabilities	6,759	7,024	2,241	2,520	1,245	1,018
Derivatives: Currency forward contracts						
Inflow	105	10,796	10,796			
Outflow	–103	–10,770	–10,770			
Total	**6,761**	**7,050**	**2,267**	**2,520**	**1,245**	**1,018**

The average maturity of interest-bearing liabilities amounted to 1.5 (1.4) years.

Other operating liabilities

Other operating liabilities that consist of financial instruments fall due for payments according to the table below.

Other operating liabilities	2011	2010
Due within 30 days	532	607
Due in over 30 days but no more than one year	113	850
Due in more than one year	14	67
	659	**1,524**

Market risk

Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices. The main market risks in the consolidated accounts are interest rate risk and foreign exchange rate risk.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's future earnings and cash flow. Interest rate risk is defined as the possible negative impact on net financial items in case of a one percentage point increase in interest rates across all maturities. The change in fair value related to interest-bearing assets and liabilities including derivatives may not exceed SEK 100 M. Derivative contracts, mainly interest rate swaps and currency swaps, are used as needed to adapt the interest rate refixing period and currency.

The average interest rate refixing period for all interest-bearing assets was 0.3 (0.5) years. The interest rate for these amounted to 1.22 (0.91) percent at year-end 2011. Of the Group's total interest-bearing financial assets, 53 (37) percent carry fixed interest rates and 47 (63) per cent variable interest rates.

The average interest rate refixing period for all interest-bearing liabilities was 0.5 (0.9) years. The interest rate for these amounted to 3.02 (3.09) percent excluding derivatives at year-end. Of total interest-bearing financial liabilities, 34 (37) percent carry fixed interest rates and 66 (63) percent variable interest rates.

On December 31, 2011 there was one outstanding interest rate swap contract, amounting to SEK 320 M (400). The contract has an amortizing structure and swaps a fixed interest rate asset to a floating rate. There were also interest rate swap contracts in partly owned joint venture companies.

The fair value of interest-bearing financial assets and liabilities, plus derivatives, would change by about SEK 44 M (62) in case of a one percentage point change in market interest rates across the yield curve, given the same volume and interest rate refixing period as on December 31, 2011.

Foreign exchange rate risk

Foreign exchange rate risk is defined as the risk of negative impact on the Group's income statement and statement of financial position due to fluctuations in exchange rates. This risk can be divided into transaction exposure, i.e. net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign subsidiaries.

Transaction exposure

Transaction exposure arises in a local unit when the unit's inflow and outflow of foreign currencies are not matched. Although the Group has a large international presence, its operations are mainly of a local nature in terms of foreign exchange rate risks, because project revenue and costs are mainly denominated in the same currency. If this is not the case, the objective is for each respective business unit to hedge its exposure in contracted cash flows against its functional currency in order to minimize the effect on earnings caused by shifts in exchange rates. The main tool for this purpose is currency forward contracts.

The foreign exchange rate risk for the Group may amount to a total of SEK 50 M, with risk calculated as the effect on earnings of a five percentage point shift in exchange rates. As of December 31, 2011, foreign exchange rate risk accounted for SEK 16 M (45) of transaction exposure.

Contracted net flows in currencies that are foreign to the respective Group company are distributed among currencies and maturities as follows.

The Group's contracted net foreign currency flow[1]	2012	2013	2014 and later
PLN	–1,161		
EUR	–783	88	121
CZK	–266	–10	
HUF	–129	–44	
GBP	–41		
USD	99		18
Other currencies	–15		
Total equivalent value	**–2,296**	**34**	**139**

1 Flows in PLN, CZK and HUF were mainly related to property development project expenses. Flows in EUR were mainly attributable to the NKS project.

Note 06 Continued

Skanska applies hedge accounting mainly in its Polish operations for hedging of contracted flows in EUR and for hedging of expenses in currencies other than the EUR in its European property development operations. The fair value of these hedges totaled SEK –10 M (36) on December 31, 2011.

The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income." The fair value of currency hedges for which hedge accounting is not applied totaled SEK –12 M (–3) on December 31, 2011, including the fair value of embedded derivatives. Changes in fair value are recognized in the income statement.

Information on the changes recognized in the consolidated income statement and in "Other comprehensive income" during the period can be found in the table "Impact of financial instruments on the consolidated income statement, other comprehensive income and equity" below.

Translation exposure

Net investments in Commercial Property and Infrastructure Development operations are currency-hedged, because the intention is to sell these assets over time.

To a certain extent, Skanska also currency hedges equity in those markets/currencies where a relatively large share of the Group's equity is invested. Decisions on currency hedging in these cases are made by Skanska's Board of Directors from time to time. At the end of 2011, about 29 percent of equity was currency hedged.

These hedges consist of forward currency contracts and foreign currency loans. The positive fair value of the forward currency contracts amounted to SEK 125 M (96) and their negative fair value amounted to SEK 34 M (87). The fair value of foreign currency loans amounted to SEK 822 M (627).

An exchange rate shift where the krona falls/rises by 10 percent against other currencies would have an effect of SEK 1.4 billion on "Other comprehensive income" after taking hedges into account.

Hedging of net investments outside Sweden

	2011			2010		
Currency	**Net investment**	**Hedge[1]**	**Hedged portion, %**	**Net investment**	**Hedge[1]**	**Hedged portion, %**
USD	4,945	1,407	28	4,434	1,369	31
EUR	4,102	1,757	43	3,996	1,477	37
CZK	2,884	840	29	3,101	788	25
NOK	3,352	870	26	3,483	1,111	32
PLN	2,170	479	22	2,024	430	21
CLP	193	155	80	1,359	1,067	79
BRL	554	0	0	578	0	0
GBP	175	74	42	628	71	11
Other currencies	890	0	0	984	0	0
Total	**19,265**	**5,582**	**29**	**20,587**	**6,313**	**31**

1 After subtracting tax portion.

Hedge accounting is applied when hedging net investments outside Sweden.

The hedges fulfill efficiency requirements, which means that all changes due to shifts in exchange rates are recognized under "Other comprehensive income" and in the translation reserve in equity.

See also Note 34, "Effect of changes in foreign exchange rates."

Note 06 Continued

The role of financial instruments in the Group's financial position and income

Financial instruments in the statement of financial position

The following table presents the carrying amount of financial instruments allocated by category as well as a reconciliation with total assets and liabilities in the statement of financial position. Derivatives subject to hedge accounting are presented separately both as financial assets and financial liabilities but belong to the category "At fair value through profit and loss." See also Note 21, "Financial assets," Note 24, "Trade and other receivables," Note 27, "Financial liabilities" and Note 30, "Operating liabilities."

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Assets	At fair value through profit or loss	Hedge accounted derivatives	Held-to-maturity investments	Available-for-sale assets	Loans and receivables	Total carrying amount
2011						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	105	125				230
Financial investments at amortized cost			1,534			1,534
Financial interest-bearing receivables					6,667	6,667
	105	**125**	**1,534**	**0**	**6,667**	**8,431**
Cash equivalents at fair value						0
Cash					5,309	5,309
	105	**125**	**1,534**	**0**	**11,976**	**13,740**
Trade accounts receivable[2]					18,044	18,044
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				38		38
Other operating receivables[2, 4]					159	159
	0	**0**	**0**	**38**	**159**	**197**
Total financial instruments	**105**	**125**	**1,534**	**38**	**30,179**	**31,981**
2010						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	115	96				211
Financial investments at amortized cost			1,241			1,241
Financial interest-bearing receivables					6,950	6,950
	115	**96**	**1,241**	**0**	**6,950**	**8,402**
Cash equivalents at fair value						0
Cash					6,654	6,654
	115	**96**	**1,241**	**0**	**13,604**	**15,056**
Trade accounts receivable[2]					17,069	17,069
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				41		41
Other operating receivables[2, 4]					154	154
	0	**0**	**0**	**41**	**154**	**195**
Total financial instruments	**115**	**96**	**1,241**	**41**	**30,827**	**32,320**

The difference between fair value and carrying amount for financial assets is marginal.

1 The carrying amount for financial assets excluding shares, totaling SEK 8,431 M (8,402) can be seen in Note 21, "Financial assets."
2 See Note 24, "Trade and other receivables."
3 The shares are recognized at cost. The shares are reported in the consolidated statement of financial position among financial assets. See also Note 21, "Financial assets."
4 In the consolidated statement of financial position, SEK 22,638 M (21,304) was reported as "Trade and other receivables." See Note 24, "Trade and other receivables." Of this amount, SEK 18,044 M (17,069) was trade accounts receivable. These were reported as financial instruments. The remaining amount was SEK 4,594 M (4,235) and was allocated between SEK 159 M (154) in financial instruments and SEK 4,435 M (4,081) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits etc. Reported as non-financial items were, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2011	Dec 31, 2010
Assets		
Financial instruments	31,981	32,320
Other assets		
Property, plant and equipment and intangible assets	12,188	10,177
Investments in joint ventures and associated companies	2,526	1,775
Tax assets	2,107	1,978
Current-asset properties	23,411	20,406
Inventories	1,014	926
Gross amount due from customers for contract work	5,108	4,941
Trade and other receivables[1]	4,435	4,081
Assets held for sale	0	1,108
Total assets	**82,770**	**77,712**

1 In the consolidated statement of financial position, SEK 22,638 M (21,304) was reported as "Trade and other receivables." See Note 24, "Trade and other receivables." Of this amount, SEK 18,044 M (17,069) was trade accounts receivable. These were reported as financial instruments. The remaining amount was SEK 4,594 M (4,235) and was allocated between SEK 159 M (154) in financial instruments and SEK4,435 M (4,081) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits etc. Reported as non-financial items were, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Liabilities	At fair value through profit or loss	Hedge accounted derivatives	At amortized cost	Total carrying amount
2011				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	105	34		139
Financial liabilities at amortized cost			6,759	6,759
	105	**34**	**6,759**	**6,898**
Operating liabilities				
Trade accounts payable			11,684	11,684
Other operating liabilities[2]			659	659
	0	**0**	**12,343**	**12,343**
Total financial instruments	**105**	**34**	**19,102**	**19,241**
2010				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	140	87		227
Financial liabilities at amortized cost			3,666	3,666
	140	**87**	**3,666**	**3,893**
Operating liabilities				
Trade accounts payable			10,720	10,720
Other operating liabilities[2]			1,524	1,524
	0	**0**	**12,244**	**12,244**
Total financial instruments	**140**	**87**	**15,910**	**16,137**

The difference between fair value and carrying amount for financial liabilities is marginal.

1 The carrying amount for financial liabilities, totaling SEK 6,898 M (3,893) can be seen in Note 27, "Financial liabilities."
2 Other operating liabilities, totaling SEK 16,225 M (14,925), were reported in the statement of financial position together with trade accounts payable of SEK 11,684 M (10,720). The total item in the statement of financial position amounted to SEK 28,568 M (27,169). See Note 30. Accrued interest expenses, checks issued but not cash, liabilities for unpaid properties etc. were reported as other financial operating liabilities. Other non-financial operating liabilities were, for example, items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2011	Dec 31, 2010
Equity and liabilities		
Financial instruments	19,241	16,137
Other liabilities		
Equity	19,583	20,792
Pensions	3,757	1,216
Tax liabilities	1,190	2,640
Provisions	5,947	5,065
Gross amount due to customers for contract work	16,827	16,937
Trade and other payables[1]	16,225	14,925
Total equity and liabilities	**82,770**	**77,712**

1 Other operating liabilities, totaling SEK 16,225 M (14,925), were reported in the statement of financial position together with trade accounts payable of SEK 11,684 M (10,720) and other financial instruments amounting to SEK 659 M (1,524). The total item in the statement of financial position amounted to SEK 28,568 M (27,169). See Note 30. Accrued interest expenses, checks issued but not cash, liabilities for unpaid properties etc. were reported as other financial operating liabilities. Other non-financial operating liabilities were, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss belong to the category that has been identified as such on the first recognition date or consist of derivatives. The amounts for 2011 and 2010 are attributable to derivatives.

Hedge accounted derivatives

Derivatives belong to the category "Financial assets and liabilities at fair value through profit or loss." Skanska separately reports hedge accounted derivatives. The amounts for 2011 and 2010 are related to forward currency contracts for hedging of net investments outside Sweden.

Fair value

There are three different levels for setting fair value.

The first level uses the official price quotation in an active market.

The second level, which is used when a price quotation in an active market does not exist, calculates fair value by discounting future cash flows based on observable market rates for each respective maturity and currency.

The third level uses substantial elements of input data that are not observable in the market.

Fair values for the categories "At fair value through profit or loss" and "Hedged accounted derivatives" have been set according to the second level above. In calculating fair value in the borrowing portfolio, Skanska takes into account current market interest rates, which include the credit risk premium that Skanska is estimated to pay for its borrowing. Fair value of financial instruments with option elements is calculated using the Black-Scholes model. The fair value of assets totaling SEK 230 M and liabilities totaling SEK 139 M have been calculated according to this level.

Skanska has no assets or liabilities whose fair value has been set according to price quotations in an active market or another method.

Note 06 Continued

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in income statement	2011	2010
Recognized in operating income		
Interest income on loan receivables	41	18
Interest expenses on financial liabilities at cost	1	0
Impairment loss/reversal of impairment loss on loan receivables and trade accounts receivable	–293	–11
Cash flow hedge removed from equity and recognized in income statement	93	63
Total income and expenses in operating income	**–158**	**70**
Recognized in financial items		
Interest income on financial assets at fair value through profit or loss[1]	48	113
Interest income on held-to-maturity investments	30	31
Interest income on loan receivables	54	32
Interest income on cash	46	42
Changes in market value of financial assets at fair value through profit or loss	6	9
Changes in market value of financial liabilities at fair value through profit or loss		9
Net financial items from hedging of net investments in foreign subsidiaries[2]	47	
Total income in financial items	**231**	**236**
Interest expenses on financial liabilities at fair value through profit or loss	0	–5
Interest expenses on financial liabilities at amortized cost	–302	–209
Changes in market value of financial assets at fair value through profit or loss	–8	–3
Changes in market value of financial liabilities at fair value through profit or loss	–14	–7
Net financial items from hedging of net investments in foreign subsidiaries[2]		–44
Net exchange rate differences	11	–12
Expenses for borrowing programs	–9	–29
Bank-related expenses	–54	–31
Total expenses in financial items	**–376**	**–340**
Net income and expenses from financial instruments recognized in income statement	**–303**	**–34**
Of which interest income on financial assets not at fair value through profit or loss	171	123
Of which interest expenses on financial liabilities not at fair value through profit or loss	–301	–209

1 The amount refers to SEK 48 M (113) worth of positive interest rate differences in currency swaps for the Group's borrowing.
2 The amount is related to interest income/expenses totaling SEK 47 M (–44) attributable to currency forward contracts.

Reconciliation with financial items	2011	2010
Total income from financial instruments in financial items	231	236
Total expenses from financial instruments in financial items	–376	–340
Interest income on pensions	57	59
Other interest expenses	98	–1
Other financial items	2	11
Total financial items	**12**	**–35**

See also Note 14, "Net financial items."

Income and expenses from financial instruments recognized under other comprehensive income	2011	2010
Cash flow hedges recognized directly in equity	–1,233	190
Cash flow hedges removed from equity and recognized in income statement	–93	–63
Translation differences for the year	–458	–1,809
Minus hedging on foreign exchange rate risk in operations outside Sweden	106	363
Total	**–1,678**	**–1,319**
of which recognized in cash flow hedge reserve	–1,326	127
of which recognized in translation reserve	–352	–1,446
	–1,678	**–1,319**

Note 06 Continued

Collateral

The Group has provided collateral (assets pledged) in the form of financial receivables amounting to SEK 1,073 M (1,000). See also Note 33, "Assets pledged, contingent liabilities and contingent assets." These assets may be utilized by a customer if Skanska does not fulfill its obligations according to the respective construction contract.

To a varying extent, the Group has obtained collateral for trade accounts payable in the form of guarantees issued by banks and insurance companies and, in some cases, in the form of guarantees from the parent companies of customers.

Note 07 Business combinations

Business combinations (acquisitions of businesses) are reported in compliance with IFRS 3, "Business Combinations." See "Accounting and valuation principles," Note1. Skanska acquired a number of companies during 2011. In 2010 Skanska made no acquisitions.

Acquisitions of Group companies/businesses

Acquisition in the United States

Skanska completed the acquisition of Industrial Contractors Inc. in Indiana on December 28, 2011. Industrial Contractors Inc., which is being renamed Industrial Contractors Skanska Inc. (ICS), is a leading market player in commercial, industrial and power-related construction in the Midwestern U.S., where Skanska has previously had a limited presence. Skanska acquired 100 percent of the shares.

The main reasons for the acquisition are to enter the Midwestern market and to expand Skanska's portfolio of construction services, especially in industrial and power-related construction. The purchase price allocation is preliminary, and all intangible assets have initially been classified as goodwill.

If the acquisition had occurred on January 1, 2011, the net sales of the business would have amounted to SEK 3,116 M and its net profit to SEK 60 M.

The final purchase price will be set after an audit is completed. This audit will be finished during the first half of 2012. An additional SEK 20 M in purchase price may be paid as compensation for being able to make a "338 election," which might make the entire goodwill amount tax-deductible for 15 years. This would result in about SEK 200 M in tax savings over 15 years.

Direct acquisition expenditures amounted to SEK 33 M, consisting of attorney and consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement.

Acquisition in Finland

Skanska acquired 100 percent of Soraset Yhtiöt Oy, a civil construction company, on November 2, 2011. The acquisition will strengthen Skanska's market position in Finland and is regarded as complementing its existing operations and enabling Skanska to provide increased service to its customers. Goodwill is attributable to the experience and knowledge that Soraset possesses as well as the synergies that will make it possible for Skanska to bid on more complex projects that it could otherwise do.

The contract contains an agreement on contingent consideration. Contingent consideration is payable provided that specified earnings targets are met and to some extent that former owners remain employees of the company. The estimated contingent consideration is based on earnings reaching their targeted levels. The estimated contingent consideration totals about SEK 70 M, of which about SEK 35 M was recognized as a liability on the acquisition date. The remainder will be recognized as a salary expense during a 4-year period, provided that the conditions are fulfilled.

If earnings exceed the targets and former owners remain employees of the company, former owners will receive 50 percent of the portion of earnings that exceeds the targets. The total contingent consideration may not exceed SEK 140 M. If earnings fall short of targets, the total contingent consideration can be reduced to zero.

Direct acquisition expenditures amounted to SEK 7 M, consisting of consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement.

Skanska's consolidated income statement included net sales of SEK 246 M and net profit of SEK 6 M for Soraset. If the acquisition had occurred on January 1, 2011, the net sales of the business would have amounted to SEK 1,295 M and its net profit SEK 13 M.

Other acquisitions

On February 1, 2011, Skanska acquired 100 percent of the shares in the Slovakian company Skybau s.r.o. Skybau is a leading construction company in Slovakia in the field of cast-in-place concrete structures. The acquisition strengthens Skanska's market position in the construction sector both in the Czech Republic and Slovakia. Synergies between Skybau's market knowledge and experience of cast-in-place concrete structures, combined with Skanska's various strengths, account for the goodwill. Skanska's consolidated income statement included net sales of SEK 8 M and a net profit of SEK 0 M for Skybau, which is essentially the same as if the acquisition had occurred on January 1.

On March 16, 2011, Skanska acquired 100 percent of TKI Invest AB, a Swedish contracting company in the heating, ventilation and air conditioning (HVAC) industry. The acquisition will enable Skanska to deliver more specialties in the installation field, and TKI will provide expertise and knowledge, in light of the ever-stricter energy requirements that the installation field faces. Goodwill is attributable to that expertise and knowledge. Skanska's consolidated income statement included net sales of SEK 168 M and net profit of SEK 2 M for TKI. If the acquisition had occurred on January 1, the net sales of the business would have totaled SEK 224 M and net profit SEK 3 M.

On April 11, 2011, Skanska acquired Marthinsen & Duvholt AS (M&D), a Norwegian company in the civil construction industry. The acquisition consisted of 75 percent of the shares. For the remaining part there is a put/call option. The acquisition provides important additional expertise to Skanska that will lead to new synergies, which account for the goodwill item. Skanska's consolidated income statement included net sales of SEK 266 M and a net profit of SEK 10 M for M&D. If the acquisition had occurred on January 1, the net sales of the business would have totaled SEK 334 M and net profit SEK 12 M.

On July 15, Skanska acquired Eshacold Danmark A/S, a Danish company in the asphalt industry. It is part of the Skanska Sweden business area. The purchase represents a broadening of Skanska's asphalt paving product range. Goodwill is attributable to synergies through knowledge of techniques that, among other things, reduce noise. The goodwill item is tax-deductible during a 7-year period. Skanska's consolidated income statement included net sales of SEK 10 M and net profit of SEK 1 M for Eshacold. If the acquisition had occurred on January 1, the net sales of the business would have been SEK 18 M and net profit SEK 1 M.

On December 14, 2011, Skanska acquired 100 percent of the Polish road construction company PUDiZ Sp. Z o.o. The acquisition enables Skanska to operate in a new geographic market in Poland. PUDiZ is a financially stable company with a broad range of road projects, which will strengthen Skanska's position as a road builder in northeastern Poland. All this accounts for the goodwill item. Skanska's consolidated income statement includes no net sales or net profit for PUDiZ during 2011. If the acquisition had occurred on January 1, the net sales of the business would have totaled SEK 292 M and net profit SEK –14 M.

Note 07 Continued

Preliminary purchase price allocations

The following are disclosures of acquired net assets and goodwill per acquisition.

	United States	Finland	Others	Total
Purchase price	943	270	496	1,709
Fair value of net assets	348	84	165	597
Goodwill	**595**	**186**	**331**	**1,112**

Acquired assets and liabilities on the acquisition date and surplus values per acquisition:

	United States			Finland			Others			
	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Total, all acquisitions
Assets										
Intangible assets					12	**12**		5	5	17
Tangible assets	91	36	**127**	93		**93**	130	22	152	372
Shares and participations				5		**5**			0	5
Interest-bearing assets	46		**46**	39		**39**	1		1	86
Non-interest-bearing assets	504		**504**	204		**204**	255		255	963
Cash equivalents	105		**105**	68		**68**	57		57	230
Total	**746**	**36**	**782**	**409**	**12**	**421**	**443**	**27**	**470**	**1,673**
Liabilities										
Non-controlling interests							10		10	10
Interest-bearing liabilities	8		**8**	115		**115**	47		47	170
Non-interest-bearing liabilities	426		**426**	217	5	**222**	243	5	248	896
Total	**434**	**0**	**434**	**332**	**5**	**337**	**300**	**5**	**305**	**1,076**
Net assets	312	36	**348**	77	7	**84**	143	22	**165**	**597**

Note 08 Revenue

Projects in Skanska's contracting operations are reported in compliance with IAS 11, "Construction Contracts." See Note 9.

Revenue other than project revenue is recognized in compliance with IAS 18, "Revenue." See "Accounting and valuation principles," Note 1.

Revenue by business stream

	2011	2010
Construction	114,972	113,213
Residential Development	5,763	5,513
Commercial Property Development	4,339	7,277
Infrastructure Development	286	319
Other		
Central	356	576
Eliminations, see below	–6,982	–4,674
Total	**118,734**	**122,224**

Reported as eliminations:

	2011	2010
Intra-Group construction for		
Construction	–386	–1,435
Residential Development	–4,356	–2,080
Commercial Property Development	–1,807	–879
Infrastructure Development[1]		
Intra-Group property divestments	–45	–10
Other	–388	–270
	–6,982	**–4,674**

1 Construction included SEK 8,554 M (7,153) in intra-Group construction for Infrastructure Development. Elimination does not occur, since this revenue comprises invoicing to joint ventures, which are not consolidated but are instead recognized according to the equity method of accounting.

Revenue by category

	2011	2010
Construction contracts	98,849	101,195
Services	7,321	6,362
Sales of goods	2,502	1,924
Rental income	544	788
Divestments of properties	9,518	11,955
Total	**118,734**	**122,224**

As for other types of revenue, dividends and interest income are recognized in financial items. See Note 14, "Net financial items."

Other matters

Invoicing to associated companies and joint ventures amounted to SEK 6,360 M (8,034). For other related party transactions, see Note 39, "Related party disclosures."

Note 09 Construction contracts

Construction contracts are recognized as revenue at the pace of project completion. See "Accounting and valuation principles," Note 1.

For risks in ongoing assignments, see Note 2, "Key estimates and judgments," and the Report of the Directors.

Information from the income statement

Revenue recognized during the year amounted to SEK 98,849 M (101,195).

Information from the statement of financial position

Gross amount due from customers for contract work	2011	2010
Accrued revenue	69,994	58,088
Invoiced revenue	–64,886	–53,147
Total, asset	**5,108**	**4,941**

Gross amount due to customers for contract work	2011	2010
Invoiced revenue	213,577	208,973
Accrued revenue	–196,750	–192,036
Total, liability	**16,827**	**16,937**

Accrued revenue in ongoing projects including recognized gains minus recognized loss provisions amounted to SEK 266,744 M (250,124).

Advance payments received totaled SEK 823 M (420).

Amounts retained by customers, which have been partly invoiced according to an established plan and which the customer is retaining in accordance with contractual terms until all the conditions specified in the contract are met, amounted to SEK 2,277 M (2,156).

Note 10 Operating expenses by category of expense

During 2011, revenue decreased by SEK 3,490 M to SEK 118,734 M (122,224). Operating income increased by SEK 2,955 M to SEK 8,413 M (5,458). Personnel expenses for the year amounted to SEK –25,706 M (–25,261).

Other operating expenses adjusted for current-asset properties divested and income in joint ventures and associated companies amounted to SEK -80,506 M (-80,838).

	2011	2010
Revenue	118,734	122,224
Personnel expenses[1]	–25,706	–25,261
Depreciation/amortization	–1,393	–1,301
Impairment losses	–175	–250
Carrying amount of current-asset properties divested	–7,483	–9,657
Income from joint ventures and associated companies	4,942	541
Other operating expenses[2]	–80,506	–80,838
Operating income	**8,413**	**5,458**

1 Recognized as personnel expenses are wages, salaries and other remuneration plus social insurance contributions, recognized according to Note 36, "Personnel," and non-monetary remuneration such as free healthcare and car benefits.
2 Other operating expenses included purchased materials, machinery rentals and subcontractors.

Note 11 Selling and administrative expenses

Selling and administrative expenses are recognized as one item. See "Accounting and valuation principles," Note 1.

Selling and administrative expenses	2011	2010
Construction	–5,884	–5,764
Residential Development	–680	–589
Commercial Property Development	–412	–355
Infrastructure Development	–132	–138
Central and eliminations	–745	–687
Total	**–7,853**	**–7,533**

Note 12 Depreciation/amortization

Depreciation and amortization are carried out in compliance with IAS 16, "Property, Plant and Equipment," and IAS 38, "Intangible Assets."

See Note 1, "Accounting and valuation principles."

Depreciation and amortization are presented below by business stream.

For further information on depreciation and amortization, see Note 17, "Property, plant and equipment," and Note 19, "Intangible assets."

Depreciation/amortization by asset class and business stream

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Central and eliminations	Total
2011						
Intangible assets	–83				–6	–89
Property, plant and equipment						
Property	–81	–1				–82
Plant and equipment	–1,207	–3	–1	–6	–5	–1,222
Total	**–1,371**	**–4**	**–1**	**–6**	**–11**	**–1,393**
2010						
Intangible assets	–76				–3	–79
Property, plant and equipment						
Property	–82	–1				–83
Plant and equipment	–1,124	–3	–2	–6	–4	–1,139
Total	**–1,282**	**–4**	**–2**	**–6**	**–7**	**–1,301**

Note 13 Impairment losses/Reversals of impairment losses

Impairment losses are recognized in compliance with IAS 36, "Impairment of Assets." See "Accounting and valuation principles," Note 1. Impairment losses on current-asset properties are recognized in compliance with IAS 2, "Inventories."

Impairment loss/reversals of impairment losses are presented below by business stream.

For further information on impairment losses/reversals of impairment losses, see Note 17, "Property, plant and equipment," Note 18, "Goodwill," Note 19, "Intangible assets" and Note 22, "Current-asset properties/Project development."

Impairment losses/reversals of impairment losses by asset class and business stream

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Central and eliminations	Total
2011						
Recognized in operating income						
Goodwill	–33					–33
Property, plant and equipment						
Property	–6					–6
Plant and equipment	–8					–8
Investments in joint ventures and associated companies		–4			–1	–5
Current-asset properties						
Commercial Property Development			–47			–47
Residential Development		–76				–76
Total	**–47**	**–80**	**–47**	**0**	**–1**	**–175**
2010						
Recognized in operating income						
Goodwill	–108					–108
Other intangible assets	–4				–2	–6
Property, plant and equipment						
Property	–10					–10
Plant and equipment	–3					–3
Investments in joint ventures and associated companies	–2			5	–5	–2
Current-asset properties						
Commercial Property Development			18			18
Residential Development		–35			–104	–139
Total	**–127**	**–35**	**18**	**5**	**–111**	**–250**

Note 14 Net financial items

	2011	2010
Financial income		
Interest income	178	218
Net interest on pensions	57	59
Gain on divestments of shares	2	47
Change in fair value	53	18
	290	**342**
Financial expenses		
Interest expenses	–338	–261
Capitalized interest expenses	134	46
Change in fair value	–22	–54
Net exchange rate differences	11	–12
Net other financial items	–63	–96
	–278	**–377**
Total	**12**	**–35**

Disclosures on how large a portion of income and expenses in net financial items comes from financial instruments are presented in Note 6, "Financial instruments and financial risk management."

Net interest items

In 2011, net financial items amounted to SEK 12 M (–35) altogether. Net interest items declined to SEK 31 M (62). Interest income declined to SEK 178 M (218), due among other things to a certain downturn in interest-bearing assets. Interest expenses including capitalized interest decreased to SEK –338 M (–261), which was mainly explained by an increase in interest-bearing liabilities and higher interest rates in Argentina. During the year, Skanska capitalized interest expenses of SEK 134 M (46) in ongoing projects for its own account.

Interest income was received at an average interest rate of 1.03 (0.77) percent. Interest expenses, excluding interest on pension liability, were paid at an average interest rate of 3.03 (3.06) percent during the year. Taking derivatives into account, the average interest expense amounted to 2.09 (0.85) percent.

Net interest on pensions, based on 2010 outcome and consisting of the January 1 net amount of interest expenses on defined-benefit pension plans and return on plan assets, decreased to SEK 57 M (59). See also Note 28, "Pensions."

Gain on divestments of shares refers to divestments of Group companies that have held stakes in companies that were engaged in aircraft leasing.

The Group had net interest items of SEK 42 M (18) that were recognized in operating income. See "Accounting and valuation principles," Note 1.

Change in fair value

Change in fair value amounted to SEK 31 M (–36), This was mainly because of a favorable trend in interest rate differences related to currency hedging of investments in Skanska's development operations, mainly in USD, EUR, NOK and CZK.

Net other financial items

These items amounted to SEK –63 M (–96) and mainly consisted of various financial fees.

Note 15 Borrowing costs

Borrowing costs related to investments that require a substantial period for completion are capitalized. See "Accounting and valuation principles," Note 1.

During 2011, borrowing costs were capitalized at an interest rate of about 3.0 percent.

	Interest capitalized during the year		Total accumulated capitalized interest included in cost	
	2011	2010	2011	2010
Current-asset properties	134	46	230	226
Total	**134**	**46**	**230**	**226**

Note 16 Income taxes

Income taxes are reported in compliance with IAS 12, "Income Taxes. "See "Accounting and valuation principles," Note 1.

Tax expenses

	2011	2010
Current taxes	–867	–1,479
Deferred tax expenses/benefits from change in temporary differences	–105	62
Deferred tax benefits from change in loss carry-forwards	196	75
Taxes in joint ventures	–53	–52
Taxes in associated companies	–1	–1
Total	**–830**	**–1,395**

Tax items recognized under other comprehensive income

	2011	2010
Deferred taxes attributable to cash flow hedges	57	–54
Deferred taxes attributable to pensions	811	–239
Total	**868**	**–293**

There was no deferred tax attributable to the category available-for-sale financial assets.

Income taxes paid in 2011 amounted to SEK –1,712 M (–1,636).

Relation between taxes calculated after aggregating nominal tax rates and recognized taxes

The Group's recognized taxes amounted to 10 (26) percent. The difference compared to 2010 is mainly explained by the effect of the tax-free Autopista divestment. Recognized taxes before the effect of the Autopista divestment amounted to 21 percent.

The Group's aggregated nominal tax rate was estimated at 29 (29) percent.

The average nominal tax rate in Skanska's home markets in Europe amounted to about 24 (24) percent, and in the United States more than 40 (40) percent, depending on the allocation of income between the different states.

The relation between taxes calculated after aggregating nominal tax rates and recognized taxes of 10 (26) percent is explained in the table below.

	2011	2010
Income after financial items	8,425	5,423
Tax according to aggregation of nominal tax rates, 29 (29) percent	–2,443	–1,573
Tax effect of:		
Property divestments	293	244
Autopista divestment	1,305	
Other items	15	–66
Recognized tax expenses	**–830**	**–1,395**

Note 16 Continued

Tax assets and tax liabilities

	Dec 31, 2011	Dec 31, 2010
Tax assets	436	506
Tax liabilities	263	1 003
Net tax assets (+), tax liabilities (–)	**173**	**–497**

Tax assets and tax liabilities refer to the difference between estimated income tax for the year and preliminary tax paid as well as income taxes for prior years that have not yet been settled.

Deferred tax assets and deferred tax liabilities

	Dec 31, 2011	Dec 31, 2010
Deferred tax assets according to the statement of financial position	1,671	1,472
Deferred tax liabilities according to the statement of financial position	927	1,637
Net deferred tax assets (+), deferred tax liabilities (–)	**744**	**–165**

	Dec 31, 2011	Dec 31, 2010
Deferred tax assets for loss carry-forwards	371	188
Deferred tax assets for other assets	504	460
Deferred tax assets for provisions for pensions	938	305
Deferred tax assets for ongoing projects	442	530
Other deferred tax assets	1,111	1,205
Total before net accounting	**3,366**	**2,688**
Net accounting of offset table deferred tax assets/liabilities	–1,695	–1,216
Deferred tax assets according to the statement of financial position	**1,671**	**1,472**

	Dec 31, 2011	Dec 31, 2010
Deferred tax liabilities for shares and participations	7	256
Deferred tax liabilities for other non-current assets	331	297
Deferred tax liabilities for other current assets	427	405
Deferred tax liabilities for ongoing projects	1,145	1,104
Other deferred tax liabilities	712	791
Total before net accounting	**2,622**	**2,853**
Net accounting of offset table deferred tax assets/liabilities	–1,695	–1,216
Deferred tax liabilities according to the statement of financial position	**927**	**1,637**

Change in net deferred tax assets (+), liabilities (–)

	2011	2010
Net deferred tax liabilities/assets, January 1	–165	20
Divestments of companies	23	61
Recognized under other comprehensive income	868	–293
Deferred tax benefits	91	137
Exchange rate differences	–73	–90
Net deferred tax liabilities/assets, December 31	**744**	**–165**

The net amount of deferred tax assets and deferred tax liabilities changed by SEK 909 M from a net liability to a net asset.

Deferred tax assets other than for loss carry-forwards refer to temporary differences between carrying amounts for tax purposes and carrying amounts recognized in the statement of financial position. These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a subsidiary. These deferred tax assets are mostly expected to be realized within five years.

Deferred tax assets arise, for example, when a recognized depreciation/amortization/impairment loss on assets becomes deductible for tax purposes only in a later period, when eliminating intra-Group profits, when the provisions for defined-benefit pensions differ between local rules and IAS 19, when the required provisions become tax-deductible in a later period and when advance payments to ongoing projects are taxed on a cash basis.

Deferred tax liabilities on other assets and other deferred tax liabilities refer to temporary differences between carrying amounts for tax purposes and carrying amounts in the statement of financial position. These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a Group company. These deferred tax liabilities are expected to be mostly realized within five years.

For example, deferred tax liabilities arise when depreciation/amortization for tax purposes in the current period is larger than the required economic depreciation/amortization and when accrued profits in ongoing projects are taxed only when the project is completed.

Temporary differences attributable to investments in Group companies, branches, associated companies and joint ventures for which deferred tax liabilities were not recognized totaled SEK 0 M (0).

In Sweden and a number of other countries, divestments of holdings in limited companies are tax-exempt under certain circumstances. Temporary differences thus do not normally exist for shareholdings by the Group's companies in these countries.

Temporary differences and loss carry-forwards that are not recognized as deferred tax assets

	Dec 31, 2011	Dec 31, 2010
Loss carry-forwards that expire within one year	2	0
Loss carry-forwards that expire in more than one year but within three years	188	283
Loss carry-forwards that expire in more than three years	1,136	863
Total	**1,326**	**1,146**

Skanska has loss carry-forwards in a number of different countries. In some of these countries, Skanska currently has no operations or limited ones. In certain countries, current earnings generation is at such a level that the likelihood that a loss carry-forward can be utilized is difficult to assess. There may also be limitations on the right to offset loss carry-forwards against income. In these cases, no deferred tax asset is reported for these loss carry-forwards.

Note 17 Property, plant and equipment

Property, plant and equipment are reported in compliance with IAS 16, "Property, Plant and Equipment." See Note 1, "Accounting and valuation principles."

Office buildings and other buildings used in the Group's business are recognized as property, plant and equipment.

Machinery and equipment are recognized as a single item ("Plant and equipment").

Property, plant and equipment by asset class

	2011	2010
Property	1,871	1,705
Plant and equipment	5,015	4,139
Property, plant and equipment under construction	132	62
Total	**7,018**	**5,906**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2011	2010	2011	2010	2011	2010
Property	–68	–65	–14	–18	–82	–83
Plant and equipment	–1,124	–1,025	–98	–114	–1,222	–1,139
Total	**–1,192**	**–1,090**	**–112**	**–132**	**–1,304**	**–1,222**

Impairment losses/reversals of impairment losses on property, plant and equipment

During 2011, net impairment losses in the amount of SEK -14 M (-13) were recognized. All impairment losses /reversals of impairment losses were recognized under "Cost of sales."

	Property		Plant and equipment		Total	
Impairment losses/reversals of impairment losses	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Impairment losses	–7	–15	–8	–6	–15	–21
Reversals of impairment losses	1	5		3	1	8
Total	**–6**	**–10**	**–8**	**–3**	**–14**	**–13**
Amount of impairment losses/reversals of impairment losses based on	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Net realizable value	–7	–15	–9	–3	–16	–18
Value in use	1	5	1	0	2	5
Total	**–6**	**–10**	**–8**	**–3**	**–14**	**–13**

Information about cost, accumulated depreciation, accumulated revaluation and accumulated impairment losses

	Property		Plant and equipment		Property, plant and equipment under construction	
	2011	2010	2011	2010	2011	2010
Accumulated cost						
January 1	2,765	2,887	15,464	15,860	62	47
Investments	228	116	1,835	1,145	145	90
Acquisitions of companies	83		289			
Divestments	–16	–88	–93	–148	–4	
Reclassifications	–16	37	–71	–570	–71	–75
Exchange rate differences for the year	–48	–187	–164	–823		
	2,996	**2,765**	**17,260**	**15,464**	**132**	**62**
Accumulated depreciation						
January 1	–927	–924	–11,247	–11,357		
Divestments and disposals	3	10	33	42		
Reclassifications	–2	17	169	636		
Depreciation for the year	–82	–83	–1,222	–1,139		
Exchange rate differences for the year	17	53	104	571		
	–991	**–927**	**–12,163**	**–11,247**		
Accumulated impairment losses						
January 1	–133	–131	–78	–79		
Divestments		1	2			
Reclassifications			–1	–2		
Impairment losses/reversals of impairment losses for the year	–6	–10	–8	–3		
Exchange rate differences for the year	5	7	3	6		
	–134	**–133**	**–82**	**–78**		
Carrying amount, December 31	**1,871**	**1,705**	**5,015**	**4,139**	**132**	**62**
Carrying amount, January 1	1,705	1,832	4,139	4,424	62	47

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs."

For information on finance leases, see Note 40, "Leases."

Skanska has obligations to acquire property, plant and equipment in the amount of SEK 0 M (0).

Skanska did not receive any compensation from third parties for property, plant and equipment that was damaged or lost, either in 2011 or 2010.

Note 18 Goodwill

Goodwill is recognized in compliance with IFRS 3, "Business Combinations." See Note 1, "Accounting and valuation principles."

For key judgments, see Note 2.

Goodwill according to the statement of financial position amounted to SEK 5,012 M (3,917). During 2011, goodwill increased by SEK 1,095 M (0), mainly because of acquisitions in the U.S., Poland, Slovakia and the Nordic countries. See also Note 7.

Goodwill value by business unit

	2011	2010	Change during the year	of which acquisitions	of which exchange rate differences	of which impairment loss
Construction						
Sweden	72		72	72		
Norway	1,084	1,021	63	70	–7	
Finland	435	287	148	186	–5	–33
Poland	84	18	66	75	–9	
Czech Republic/Slovakia	572	480	92	114	–22	
United Kingdom	1,368	1,348	20		20	
USA Building	280	276	4		4	
USA Civil	657	24	633	595	38	
Residential Development						
Nordic	460	463	–3		–3	
Total	**5,012**	**3,917**	**1,095**	**1,112**	**16**	**–33**

of which acquisition goodwill at Group level	2011	2010
Construction		
Norway	1,001	1,007
Finland	147	149
Czech Republic	384	396
United Kingdom	1,087	1,071
Residential Development		
Nordic	456	458
Total	**3,075**	**3,081**

In Construction and Residential Development, the goodwill recoverable amount is based exclusively on value in use. Goodwill value together with other non-current asset, current-asset property and net working capital values are tested annually.

Expected cash flows are based on forecasts for each submarket in the countries where the Group has operations. For Construction, these forecasts include such variables as demand, cost of input goods, labor costs and the competitive situation. Residential Development establishes forecasts for the various segments of its operations. Important variables taken into account include demographic and interest rate trends.

The forecasts are based on previous experience, Skanska's own assessments and external sources of information. The forecast period encompasses three years. The growth rate that is used to extrapolate cash flow forecasts beyond the period covered by the three-year forecasts is the normal growth rate for the industry in each respective country. Normally, two percent has been used.

Each unit uses a unique discount factor based on weighted average cost of capital (WACC). Parameters that affect the WACC are interest rates for borrowing, market risks and the ratio between borrowed funds and equity. For Construction units, a WACC is stated on the basis of capital employed consisting 100 percent of equity. In Residential Development, the WACC is based on capital employed consisting of 50 percent equity and 50 percent borrowed funds. The WACC interest rate is stated before taxes.

The following table shows how the carrying amount relates to the recoverable amount for the respective business units for Skanska's largest goodwill items, which are tested at the Group level. The carrying amount is expressed as 100. The tests are based on an assessment of developments during the coming three-year period.

	Construction operations				Residential Development
	Norway	Finland	Czech Republic	United Kingdom	Nordic countries
Recoverable amount, 100	100	100	100	100	100
Carrying amount[1]	12	7	35	n.a	75
Interest rate, percent (WACC)	11.6	11.3	11.0	10.6	6.6
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate					
+1 percentage point	13	8	39	n.a	84
+5 percentage point[2]	19	12	55	n.a	107

1 For Skanska's operations in the United Kingdom, the carrying amount was negative due to a negative working capital that exceeds the value of non-current assets.
2 Value > 100 indicates that the recoverable amount is less than the carrying amount and an impairment loss needs to be recognized.

Note 18 Continued

Goodwill impairment losses

During 2011 the Group recognized goodwill impairment losses of SEK –33 M (–108). The year's impairment loss was related to goodwill that arose in conjunction with acquisitions in Estonia carried out in 2000. Last year's impairment was attributable to acquisitions in Finland.

The impairment loss was based on a calculation of value in use and was recognized as a selling and administrative expense in the income statement.

Information about cost and accumulated impairment loss

	Goodwill	
	2011	2010
Accumulated cost		
January 1	4,324	4,691
Acquisitions of companies	1112	0
Exchange differences for the year	18	–367
	5,454	**4,324**
Accumulated impairment losses		
January 1	–407	–328
Impairment losses for the year	–33	–108
Exchange rate differences for the year	–2	29
	–442	**–407**
Carrying amount, December 31	**5,012**	**3,917**
Carrying amount, January 1	3,917	4,363

Note 19 Intangible assets

Intangible assets are recognized in compliance with IAS 38, "Intangible Assets." See "Accounting and valuation principles," Note 1.

Intangible assets and useful life applied

	Dec 31, 2011	Dec 31, 2010	Useful life applied
Expressway concession		186	20 years
Other intangible assets, externally acquired	158	168	3–10 years
Total	**158**	**354**	

The Group has no remaining carrying amounts for intangible assets that were internally generated.

The intangible asset in the expressway concession that existed in 2010 refers to an expressway project in Antofagasta, Chile. Skanska sold 50 percent of it during 2011, and the remaining stake was reclassified to "Holdings in joint ventures." "Other intangible assets, externally acquired" includes acquired patents in Sweden, acquired service contracts in the United Kingdom, acquired customer contracts in Poland, extraction rights for gravel pits and rock quarries in Sweden and computer software.

Computer software is amortized in 3–5 years. Service contracts are amortized over a period of 3–6 years, customer contracts are amortized at the pace of completion and patents are amortized over 10 years.

Extraction rights for rock quarries and gravel pits are amortized as material is extracted.

Amortization of other intangible assets by function

All intangible assets were amortized, because they have a limited useful life.

Amortization by function	2011	2010
Cost of sales	–35	–51
Selling and administration	–54	–28
Total	**–89**	**–79**

Impairment losses/reversals of impairment losses on other intangible assets

During 2011, impairment losses/reversals of impairment losses on other intangible assets were recognized in the amount of SEK 0 M (–6).

The impairment losses were mainly attributable to the Construction business stream and were based on net realizable value.

Information about cost, accumulated amortization and accumulated impairment losses

	Expressway concession		Other intangible assets, externally acquired		Intangible assets, internally generated[1]	
	2011	2010	2011	2010	2011	2010
Accumulated cost						
January 1	186	0	760	772	64	64
Acquisitions of companies			17			
Other investments	164	186	70	72		
Divestments	–181		–5	–25		
Reclassifications	–169					
Exchange rate differences for the year		0	–7	–59		
	0	**186**	**835**	**760**	**64**	**64**
Accumulated amortization						
January 1	0	0	–563	–541	–64	–64
Divestments			1	13		
Amortization for the year			–89	–79		
Reclassifications				2		
Exchange rate differences for the year				42		
	0	**0**	**–651**	**–563**	**–64**	**–64**
Accumulated impairment losses						
January 1			–29	–23		
Divestments			3			
Amortization for the year				–6		
	0	**0**	**–26**	**–29**	**0**	**0**
Carrying amount, December 31	**0**	**186**	**158**	**168**	**0**	**0**
Carrying amount, January 1	186	0	168	208	0	0

1 Internally generated intangible assets consisted of computer software.

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs." Direct research and development expenses amounted to SEK 42 M (43).

Note 20 Investments in joint ventures and associated companies

Investments in joint ventures and associated companies are reported according to the equity method of accounting. Income from joint ventures and associated companies is reported on a separate line in operating income. This income consists of the Group's share of the income in joint ventures and associated companies after financial items, adjusted for any impairment losses on consolidated goodwill and intra-Group profits.

Income from joint ventures and associated companies is presented in the following table:

	2011	2010
Share of income in joint ventures according to the equity method[1]	380	349
Share of income in associated companies according to the equity method[1]	3	2
Divestments of joint ventures	4,564	192
Impairment losses in joint ventures	–5	–2
Total	**4,942**	**541**

1 When calculating the income of joint ventures and associated companies according to the equity method, the Group's share of taxes is recognized on the "Taxes" line in the income statement. The Group's share of taxes in joint ventures amounted to SEK -53 M (-52) and its share of taxes in associated companies amounted to SEK -1 M (-1). See also Note 16, "Income taxes."

Carrying amount according to the statement of financial position and the change that occurred during 2011 can be seen in the following table:

	2011			2010		
	Joint ventures	Associated companies	Total	Joint ventures	Associated companies	Total
January 1	1,748	27	1,775	2,509	32	2,541
Investments	1,209		1,209	647		647
Divestments	50		50	–209	–5	–214
Reclassifications	402		402	30		30
Exchange rate differences for the year	–40	–1	–41	–103	–2	–105
The year's provision/reversal for intra-Group profit on contracting work	–3		–3	–1		–1
Changes in fair value of derivatives	–1,030		–1,030	–149		–149
Impairment losses for the year	–5		–5	–2		–2
The year's change in share of income in joint ventures and associated companies after subtracting dividends received	167	2	169	134	2	136
Transferred to "Assets held for sale"			0	–1,108		–1,108
Carrying amount, December 31	**2,498**	**28**	**2,526**	**1,748**	**27**	**1,775**

Joint ventures

Joint ventures are reported in compliance with IAS 31, "Interests in Joint Ventures." See "Accounting and valuation principles," Note 1.

The Group has holdings in joint ventures with a carrying amount of SEK 2,498 M (1,748).

Infrastructure Development included a carrying amount in joint ventures totaling SEK 1,640 M (1,250). There were also provisions for negative values in joint ventures in a small amount.

Income from joint ventures

Share of income in joint ventures is reported in operating income, because these holdings are an element of Skanska's business.

Share of income in joint ventures according to the equity method comes mainly from Infrastructure Development operations.

Note 20 Continued

Infrastructure Development

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as roads, hospitals and schools. The business stream focuses on creating new project opportunities primarily in the markets where the Group has operations.

Income from holdings in joint ventures in Infrastructure Development was higher than the previous year, mainly due to the divestment of the Autopista in Chile.

During the year, Skanska signed contracts for two projects: The Sjisjka wind farm in northern Sweden and Croydon and Lewisham Street Lighting in the U.K.

Specification of major holdings of shares and participations in joint ventures

						Consolidated carrying amount	
Company	Operations	Country	Percentage of share capital	Percentage of voting power	Currency	Dec 31, 2011	Dec 31, 2010
Joint ventures in Infrastructure Development							
Antofagasta Inversora S.A.	Highway	Chile	50	50	CLP	142	–
Bristol LEP Ltd	Education	U.K	80	80	GBP	2	2
Bristol PFI Development Ltd	Education	U.K	50	50	GBP	9	7
Capital Hospitals (Holdings) Ltd	Healthcare	U.K	38	38	GBP	308	178
Central Nottinghamshire Hospital (Holdings) Ltd	Healthcare	U.K	50	50	GBP	216	151
Connect Plus Holdings Ltd	Highway	U.K	40	40	GBP	15	88
Croydon and Lewisham Lighting Services (Holdings) Limited shares	Street lighting	U.K	50	50	GBP	0	–
Derby Healthcare Holdings Ltd	Healthcare	U.K	25	25	GBP	99	98
Essex LEP Ltd	Education	U.K	70	70	GBP	5	0
Essex PFI Ltd	Education	U.K	45	25	GBP	1	0
Gdansk Transport Company S.A	Highway	Poland	30	30	PLN	372	315
Sjisjka Vind AB	Wind power	Sweden	50	50	SEK	151	–
Midlothian Schools Holdings Ltd[1]	Education	U.K	–	–	GBP	–	8
Surrey Lighting Service Holding Company Ltd	Street lighting	U.K	50	50	GBP	0	0
The Coventry and Rugby Hospital Comp.Ltd	Healthcare	U.K	25	25	GBP	98	97
Swedish Hospital Partners Holding AB	Healthcare	Sweden	50	50	SEK	0	85
The Walsall Hospital Company Plc	Healthcare	U.K	50	50	GBP	90	51
Tieyhtiö Nelostie Oy	Highway	Finland	50	50	EUR	32	49
Tieyhtiö Ykköstie Oy	Highway	Finland	41	41	EUR	100	121
Total joint ventures in Infrastructure Development						**1,640**	**1,250**
Galoppfältet Exploatering AB	Residential Development	Sweden	50	50	SEK	327	–
AB Sydsten	Construction	Sweden	50	50	SEK	100	102
Other joint ventures						431	396
Total joint ventures, Skanska Group						**2,498**	**1,748**

1 The holding has been divested.

Estimated value of shares and participations in joint ventures in Infrastructure Development

SEK billion	Dec 31, 2011	Dec 31, 2010
Present value of cash flow from projects	5.0	4.6
Present value of remaining investments	–0.8	–1.1
Present value of projects	**4.2**	**3.5**
Carrying amount before cash flow hedging[1]	–3.0	–2.2
Unrealized development gain	**1.2**	**1.3**
Cash flow hedges	1.6	0.5
Effect on unrealized equity[2]	**2.8**	**1.8**

1 After taking into account provisions for negative carrying amounts. See Note 29, "Provisions."
2 Tax effects not included.

Note 20 Continued

Information on the Group's share of the income statements and statements of financial position of joint ventures reported according to the equity method

Income statement	2011	2010	The amounts include Infrastructure Development operations totaling 2011	2010
Revenue	4,518	6,094	3,874	5,696
Operating expenses	–4,339	–5,596	–3,741	–5,218
Operating income	**179**	**498**	**133**	**478**
Financial items	196	–151	218	–134
Income after financial items[1]	**375**	**347**	**351**	**344**
Taxes	–53	–52	–46	–50
Profit for the year	**322**	**295**	**305**	**294**
Statement of financial position				
Non-current assets	20,583	20,432	20,133	19,879
Current assets	4,592	4,448	2,854	3,567
Total assets	**25,175**	**24,880**	**22,987**	**23,446**
Equity attributable to equity holders	2,265	2,812	1,411	2,317
Non-controlling interests	90	8	52	
Non-current liabilities	21,295	20,309	20,540	19,653
Current liabilities	1,525	1,751	984	1,476
Total equity and liabilities	**25,175**	**24,880**	**22,987**	**23,446**

1 The amount includes impairment losses in the consolidated accounts.

Reconciliation with shares in joint ventures	2011	2010
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	2,265	2,812
Recognized as "Assets held for sale"		–1,108
+ Recognized as provisions	4	33
+ Losses in Infrastructure Development that are recognized as provisions	229	11
Carrying amount of shares	**2,498**	**1,748**

Assets pledged
Shares in joint ventures pledged as collateral for loans and other obligations amounted to SEK 429 M (485).

Other matters
Skanska's portion of the total investment obligations of partly owned joint ventures amounted to SEK 3,664 M (4,918), of which Skanska has remaining obligations to invest SEK 938 M (1,561) in Infrastructure Development in the form of equity holdings and loans. The remaining portion is expected to be financed mainly in the form of bank loans or bond loans in the respective joint ventures and in the form of participations and loans from other co-owners.

Contingent obligations for joint ventures amounted to SEK 345 M (371).

Associated companies
Associated companies are reported in compliance with IAS 28, "Investments in Associates." See "Accounting and valuation principles," Note 1.

The carrying amount of associated companies was SEK 28 M (27).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2011	2010
Revenue	17	14
Income	1	2
Assets	28	27
Equity[1]	28	–1,058
Liabilities	0	1,085
	28	**27**

1 Reconciliation between equity and carrying amount of holdings according to the equity method of accounting.

	2011	2010
Equity in associated companies	28	–1,058
Adjustment for losses not recognized	0	1,085
Carrying amount	**28**	**27**

Unrecognized portion of losses in associated companies

	2011	2010
Loss for the year	0	0
Divestment	1,085	
Losses in prior years	0	–1,085

The losses in 2010 occurred in partly owned limited partnerships that previously carried out aircraft leasing. This limited partnership was divested in 2011.

Other matters
The associated companies have no liabilities or contingent liabilities which the Group may become responsible for paying. Nor are there any obligations for further investments.

Note 21 Financial assets

Financial investments, financial receivables and shareholdings where ownership is less than 20 percent and the Group has no significant influence are recognized as financial non-current assets.

Financial investments and financial receivables are recognized as financial current assets.

See also Note 6, "Financial instruments and financing risk management."

Financial non-current assets	Dec 31, 2011	Dec 31, 2010
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	0	9
Financial assets available for sale[1]	38	41
	38	**50**
Financial receivables, interest-bearing		
Receivables from joint ventures	824	960
Restricted cash	926	719
Net assets in funded pension plans	152	64
Other interest-bearing receivables	168	329
	2,070	**2,072**
Total	**2,108**	**2,122**
of which interest-bearing financial non-current assets	2,070	2,072
of which non-interest-bearing financial non-current assets	38	50

Financial current assets	Dec 31, 2011	Dec 31, 2010
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	105	106
Hedge accounted derivatives	125	96
Held-to-maturity investments	1,534	1,241
	1,764	**1,443**
Financial assets, interest-bearing		
Restricted cash	4,046	4,622
Other interest-bearing receivables	551	256
	4,597	**4,878**
Total	**6,361**	**6,321**
of which interest-bearing financial current assets	6,131	6,119
of which non-interest-bearing financial current assets	230	202
Total carrying amount, financial assets	**8,469**	**8,443**
of which financial assets excluding shares	8,431	8,402

1 Included SEK 38 M (41) in shares carried at cost.
During 2011, shareholdings were affected by impairment losses of SEK –5 M (0).

Note 22 Current-asset properties/Project development

Current-asset properties are reported in compliance with IAS 2, "Inventories. " See "Accounting and valuation principles," Note 1.

The allocation of items in the statement of financial position among the various business streams can be seen below.

Business stream	Dec 31, 2011	Dec 31, 2010
Commercial Property Development	11,066	10,000
Residential Development	12,345	10,406
Total	**23,411**	**20,406**

For a further description of the respective business streams, see Note 4, "Operating segments."

Completed properties, properties under construction and development properties are all reported as current-asset properties.

Impairment losses/reversals of impairment losses

Current-asset properties are valued in compliance with IAS 2, "Inventories," and are thus carried at cost or net realizable value, whichever is lower. Adjustments to net realizable value via an impairment loss are recognized, as are reversals of previous impairment losses, in the income statement under "Cost of sales."

Net realizable value is affected by the type and location of the property and by the yield requirement in the market.

The following table shows that during 2011, impairment losses totaling SEK 1 M (22) were reversed. The reason for this was the net realizable value increased during the year.

	Impairment losses		Reversals of impairment losses		Total	
	2011	2010	2011	2010	2011	2010
Commercial Property Development	–47	–4		22	–47	18
Residential Development	–77	–139	1		–76	–139
Total	**–124**	**–143**	**1**	**22**	**–123**	**–121**

Carrying amount

	Completed properties		Properties under construction		Development properties		Total current-asset properties	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Commercial Property Development[1]	2,913	4,843	4,282	2,162	3,871	2,995	11,066	10,000
Residential Development	358	469	5,418	3,554	6,569	6,383	12,345	10,406
Total	**3,271**	**5,312**	**9,700**	**5,716**	**10,440**	**9,378**	**23,411**	**20,406**

1 Of the amount for properties under construction, SEK 4,282 M, SEK 468 M consisted of properties completed during 2011 and SEK 3,814 M of ongoing projects.

	Commercial Property Development		Residential Development		Total current-asset properties	
	2011	2010	2011	2010	2011	2010
Carrying amount						
January 1	10,000	12,842	10,406	10,128	20,406	22,970
Investments	3,485	3,125	7,287	5,367	10,772	8,492
Carrying amount, properties divested	–2,633	–5,289	–4,850	–4,368	–7,483	–9,657
Impairment losses/reversals of impairment losses	–47	18	–76	–139	–123	–121
The year's provision for intra-Group profits in contracting work	–70	–74	–16		–86	–74
Reclassifications	309	–144	–319	22	–10	–122
Exchange rate differences for the year	22	–478	–87	–604	–65	–1,082
December 31	**11,066**	**10,000**	**12,345**	**10,406**	**23,411**	**20,406**

The carrying amount of current-asset properties is allocated between properties carried at cost and properties carried at net realizable value, as shown in the following table:

	Cost		Net realizable value		Total	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Commercial Property Development	10,061	9,881	1,005	119	11,066	10,000
Residential Development	11,969	9,956	376	450	12,345	10,406
Total	**22,030**	**19,837**	**1,381**	**569**	**23,411**	**20,406**

Note 22 Continued

Fair value of current asset properties

SEK billion	Surplus value Dec 31, 2011	Surplus value, Dec 31, 2010
Commercial Property Development		
Completed projects	1.2	1.5
Undeveloped land and development properties	0.6	0.5
Ongoing projects[1]	2.6	0.3
	4.4	**2.3**
Residential Development		
Undeveloped land and development properties	1.0	1.0
Total	**5.4**	**3.3**

1 Accrued market value. Internal appraisal, with valuation on respective completion dates.

Assets pledged

Current-asset properties used as collateral for loans and other obligations totaled SEK 10 M (34). See Note 33, "Assets pledged, contingent liabilities and contingent assets."

Other matters

Information on capitalized interest is reported in Note 15, "Borrowing costs."

Skanska has committed itself to investing SEK 91 M (131) in current-asset properties.

Note 23 Inventories etc.

Inventories are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

	Dec 31, 2011	Dec 31, 2010
Raw materials and supplies	516	577
Products being manufactured	125	130
Finished products and merchandise	373	219
Total	**1,014**	**926**

There were no significant differences between the carrying amount for inventories and their fair value. No portion of inventories was adjusted due to an increase in net realizable value. No merchandise was used as collateral for loans and other obligations.

Note 24 Trade and other receivables

Non-interest-bearing business receivables are reported as "Trade and other receivables." Trade and other receivables are part of the Group's operating cycle and are recognized as current assets.

	Dec 31, 2011	Dec 31, 2010
Trade accounts receivable from joint ventures	521	671
Other trade accounts receivable	17,523	16,398
Other operating receivables from joint ventures	0	56
Other operating receivables	3,410	2,978
Prepaid expenses and accrued income	1,184	1,201
Total	**22,638**	**21,304**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management"		
Trade accounts receivables	18,044	17,069
Other operating receivables including accrued interest income	159	154
	18,203	**17,223**
of which non-financial instruments	4,435	4,081

Note 25 Cash

"Cash" consists of cash and available funds at banks and equivalent financial institutions.

Cash totaled SEK 5,309 M (6,654). Cash equivalents were not included in this amount.

The Group had no cash equivalents on the closing day, or on the year-earlier closing day.

Note 26 Equity/earnings per share

In the consolidated financial statements, equity is allocated between equity attributable to equity holders (shareholders) and non-controlling interests (minority interest).

Non-controlling interests comprised about one percent of total equity.

Equity changed during the year as follows:

	2011	2010
Opening balance	**20,792**	**20,167**
of which non-controlling interests	122	170
Total comprehensive income for the year		
Profit for the year attributable to		
Equity holders	7,589	4,022
Non-controlling interests	6	6
Other comprehensive income		
Translation differences attributable to equity holders[1]	–458	–1,809
Translation differences attributable to non-controlling interests	–1	–15
Hedging of exchange rate risk in foreign operations[1]	106	363
Effect of cash flow hedges[2]	–1,326	127
Effect of actuarial gains and losses on pensions[3]	–3,106	889
Tax attributable to other comprehensive income		
related to cash flow hedges[2]	57	–54
related to actuarial gains and losses[3]	811	–239
	–3,917	**–738**
Total comprehensive income for the year	**3,678**	**3,290**
of which attributable to equity holders	3,673	3,299
of which attributable to non-controlling interests	5	–9
Other changes in equity not included in total comprehensive income for the year		
Dividend to equity holders	–4,945	–2,582
Dividend to non-controlling interests	–2	–39
Change in Group structure	16	
Effect of share-based payments	228	208
Repurchases of shares	–184	–252
Other transfers of assets attributable to non-controlling interests	0	0
	–4,887	**–2,665**
Equity, December 31	**19,583**	**20,792**
of which non-controlling interests	170	122

1 Translation differences attributable to equity holders, SEK –458 M (–1,809) plus hedging of exchange rate risk in foreign operations, SEK 106 M (363), totaling SEK –352 (–1,446 M), comprise the Group's change in translation reserve.

2 Effect of cash flow hedges, SEK –1,326 M (127), together with tax, SEK 57 M (–54), totaling SEK –1,269 M (73) comprise the Group's change in cash flow hedge reserve.

3 Effect of actuarial gains and losses on pensions, SEK –3,106 M (889), together with tax, SEK 811 M (–239), totaling SEK –2,295 M (650) comprise the Group's total effect on equity of pensions recognized in compliance with IAS 19 and are recognized in retained earnings.

Equity attributable to equity holders is allocated as follows:

	Dec 31, 2011	Dec 31, 2010
Share capital	1,260	1,269
Paid-in capital	938	710
Reserves	–1,290	331
Retained earnings	18,505	18,360
Total	**19,413**	**20,670**

Paid-in capital

Paid-in capital in excess of quota (par) value from historical issues of new shares is recognized as "Paid-in capital." The change during 2011 and 2010 was attributable to share-based payments and amounted to SEK 228 M (208).

Reserves	2011	2010
Translation reserve	423	775
Cash flow hedge reserve	–1,713	–444
Total	**–1,290**	**331**

Reconciliation of reserves	2011	2010
Translation reserve		
January 1	775	2,221
Translation differences for the year	–458	–1,809
Less hedging of exchange rate risk in foreign operations	106	363
	423	**775**
Cash flow hedge reserve		
January 1	–444	–517
Cash flow hedges recognized in other comprehensive income:		
Hedges for the year	–1,233	190
Transferred to the income statement	–93	–63
Taxes attributable to hedging for the year	57	–54
	–1,713	**–444**
Total reserves	**–1,290**	**331**

Translation reserve

The translation reserve consists of accumulated translation differences from the translation of financial reports for operations abroad. The translation reserve also includes exchange rate differences that have arisen when hedging net investments in operations abroad. The translation reserve was reset at zero upon the transition to IFRSs on January 1, 2004.

Translation differences for the year amounted to SEK –458 M (–1,809) and consisted of negative translation differences in EUR, PLN, CZK, GBP, NOK, DKK and CLP as well as a positive translation differences in USD (for currency abbreviations, see Note 34, "Effect of changes in foreign exchange rates").

During 2011, the translation reserve was affected by exchange rate differences of SEK 106 M (363) due to currency hedging.

The Group has currency hedges against net investments mainly in USD, EUR, NOK, CZK, PLN and CLP.

The accumulated translation reserve totaled SEK 423 M (775).

Cash flow hedge reserve

Hedge accounting is applied mainly to Infrastructure Development. Recognized in the cash flow hedge reserve are unrealized gains and losses on hedging instruments. The change during 2011 amounted to SEK –1,269 M (73), and the closing balance of the reserve totaled SEK –1,713 M (–444).

Retained earnings

Retained earnings include the profit for the year plus undistributed Group profits earned in prior years. The statutory reserve is part of retained earnings, along with actuarial gains and losses on pensions, which in compliance with IAS 19 was recognized under "Other comprehensive income" in the amount of SEK –2,295 M (650).

Note 26 Continued

Actuarial gains and losses on pensions

During 2011, equity was affected by actuarial gains and losses on defined-benefit plans in the amount of SEK –2,295 M (650) after taking into account social insurance contributions and taxes. The actuarial loss on pension obligations was SEK –2,006 M (367) and was due to the net amount of changed assumptions and experience-based changes. The actuarial gain/loss on plan assets amounted to SEK –587 M (393). The actuarial gain during 2011 occurred because actual return on plan assets fell short of expected return in all three countries where Skanska has defined-benefit plans. See also Note 28, "Pensions."

	2011	2010
Actuarial gains and losses on pension obligations	–2,006	367
Difference between expected and actual return on plan assets	–587	393
Social insurance contributions	–513	129
Taxes	811	–239
	–2,295	**650**

IFRS 2, "Share-based Payment"

The share incentive programs introduced in 2008 and 2011, respectively, are recognized as share-based payment, which is settled with an equity instrument in compliance with IFRS 2. This implies that fair value is calculated on the basis of estimated fulfillment of established financial targets during a measurement period. After the close of the measurement period, fair value is established.

This value is allocated over the three-year vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period, aside from changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

Dividend

After the closing day, the Board of Directors proposed a regular dividend of SEK 6.00 (5.75) per share, and an extra dividend of SEK 0.00 (6.25) per share for the 2011 financial year, totaling SEK 6.00 (12.00) per share. The proposed dividend for 2011 totals an estimated SEK 2,469 M (4,934).

No dividend is paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of Series B shares to participants in Skanska's long-term employee ownership programs. The dividend is subject to the approval of the Annual Shareholders' Meeting on April 13, 2012.

Dividend

SEK M	2011[1]	2010
Regular dividend	2,469	2,364
Conditional extra dividend	0	2,570
Total	**2,469**	**4,934**

1 In 2011, refers to proposed dividend.

Shares

Information on the number of shares as well as earnings and equity per share can be seen in the table below.

	2011	2010
Number of shares, December 31	419,903,072	423,053,072
of which Series A shares	19,975,523	20,032,231
of which Series B shares	399,927,549	399,380,841
of which Series D shares (not entitled to dividends, in Skanska's own custody)	0	3,640,000
Number of Series D shares converted to Series B shares	1,350,000	860,000
Average price, repurchased shares, SEK	104.79	105.40
of which repurchased during the year	1,800,000	2,110,000
Number of Series B shares in Skanska's own custody, December 31	8,323,103	8,253,247
Number of shares outstanding, December 31	411,579,969	411,159,825
Average number of shares outstanding	411,824,469	412,229,351
Average number of shares outstanding after dilution	414,568,384	416,448,523
Average dilution, percent	0.66	1.01
Earnings per share	18.43	9.76
Earnings per share after dilution	18.31	9.66
Equity per share, SEK	47.17	50.27

Change in number of shares	2011	2010
Number on January 1	411,159,825	412,781,882
Number of Series B shares repurchased	–1,800,000	–2,110,000
Number of shares transferred to employees	2,220,144	487,943
Number on December 31	**411,579,969**	**411,159,825**

Dilution effect

In the employee ownership programs introduced in 2008 and 2011, respectively, the number of potential ordinary shares is calculated during the measurement period based on the estimated number of shares that will be issued due to the fulfillment of the established targets. After the end of the measurement period, Skanska establishes the number of shares that may be issued, provided that continued employment requirements are fulfilled. The number of potential ordinary shares thus calculated is then reduced by the difference between the payment Skanska is expected to receive and the average share price during the period.

Excluding social insurance contributions, the cost of both employee ownership programs is estimated at a total of about SEK 898 M, allocated over three years, corresponding to 8,851,668 shares. The maximum dilution at the close of the vesting period is estimated at 1.67 percent.

During 2011, the cost of both programs amounted to SEK 228 M excluding social insurance contributions. Share awards earned but not yet distributed through 2011 totaled 3,862,753 shares. The dilution effect up to and including 2011 totaled 0.93 percent.

Capital management

Capital requirement vary between business streams. Skanska's construction projects are mainly based on customer funding.

As a result, in its Construction business stream, the Company can operate with negative working capital. However, the equity requirement for a construction company is substantial and is related to large business volume and to the risks inherent in the various types of construction assignments carried out. Skanska must also take into account the financing of goodwill and the performance guarantees required in publicly procured projects in the U.S. market.

In the Board's judgment, the Group's equity totals a reasonable amount in view of the requirements posed by Skanska's financial position and market circumstances. The ambition is to use the net cash surplus to expand investments in the Group's development business streams – Residential, Commercial Property and Infrastructure Development.

Note 27 Financial liabilities

Financial liabilities are allocated between non-current and current liabilities. Normally, a maturity date within one year is required if a liability is to be treated as current. This does not apply to discounted operating liabilities, which are part of Skanska's operating cycle and are consequently recognized as current liabilities regardless of their maturity date.

Concerning financial risks and financial policies, see Note 6, "Financial instruments and financial risk management."

Financial non-current liabilities	Dec 31, 2011	Dec 31, 2010
Financial liabilities at fair value through profit or loss		
Derivatives	2	
Other financial liabilities		
Liabilities to credit institutions	986	773
Other liabilities	347	334
Total	**1,335**	**1,107**
of which interest-bearing financial non-current liabilities	1,333	1,107
of which non-interest-bearing non-current financial liabilities	2	

Financial current liabilities	Dec 31, 2011	Dec 31, 2010
Financial liabilities at fair value through profit or loss		
Derivatives	103	140
Hedge accounted derivatives	34	87
Other financial liabilities		
Construction loans to cooperative housing associations	2,980	1,111
Liabilities to credit institutions	173	245
Discounted liabilities[1]	232	382
Commercial paper	1,890	0
Other liabilities	151	821
Total	**5,563**	**2,786**
of which interest-bearing financial current liabilities	5,426	2,559
of which non-interest-bearing financial current liabilities	137	22
Total carrying amount for financial liabilities	**6,898**	**3,893**

1 Of the total amount, SEK 232 M (382), SEK 65 M (167) consisted of discounted advance payments from customers. This amount also included SEK 167 M (215) in discounted liabilities of purchases of current-asset properties.

Note 28 Pensions

Provisions for pensions are reported in compliance with IAS 19, "Employee Benefits." See "Accounting and valuation principles," Note 1.

Pension liability according to the statement of financial position

According to the statement of financial position, interest-bearing pension liabilities amounted to SEK 3,757 M (1,216) and interest-bearing pension receivables amount to SEK 152 M (64). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables was SEK 3,605 M (1,152).

Skanska has defined-benefit pension plans in Sweden, Norway and the U.K. The pension in these plans is mainly based on final salary. The plans include a large number of employees, but Skanska also has defined-contribution plans in these countries. Group companies in other countries mainly have defined-contribution plans.

Defined-benefit plans

The pension plans mainly consist of retirement pensions. Each respective employer usually has an obligation to pay a lifetime pension. Benefits are based on the number of years of employment. The employee must belong to the plan for a certain number of years to earn a full retirement pension entitlement. For each year, the employee earns increased pension entitlements, which are reported as pension earned during the period plus an increase in pension obligation.

Pension plans are funded by securing pension obligations with assets in pension funds and provisions in the accounts.

The plan assets in Sweden and the United Kingdom are smaller than the pension obligations. For this reason, the difference is recognized as a liability in the statement of financial position. The plan assets in Norway exceed the pension obligations. For this reason, the difference is recognized as a receivable. The ceiling rule that, in some cases, limits the value of these assets in the accounts does not apply according to the existing pension foundation statutes.

On the closing day, the pension obligation amounted to SEK 14,689 M (11,961). The obligation for pensions increased mainly because of the effect of a lower discount rate for plans in Sweden and the U.K. and in Sweden the transition to a new life expectancy table.

Plan assets amounted to SEK 11,084 M (10,809). The value of plan assets increased because actual return on plan assets and paid-in funds exceeded benefits paid. Actuarial gains and losses may be recognized under other comprehensive income, according to the alternative rule in IAS 19. Skanska applies this alternative method. Net actuarial gains and losses on pension liabilities during 2011 amounted to SEK –2,006 M (367). Actuarial losses on plan assets during 2011 amounted to SEK –587 M (393), which was largely due to the international downturn in the value of equities and mutual funds. The accumulated net loss amounted to SEK –4,871 M (–2,278), which is included in recognized pension liability.

The return on plan assets recognized in the income statement amounted to SEK 620 M (585), while actual return amounted to SEK 33 M (978). The lower return was attributable to pension plans in all three countries where Skanska has defined-benefit plans. The plan assets consisted mainly of equities, interest-bearing securities and mutual fund units. No assets were used in Skanska's operations. The number of directly owned shares in Skanska AB totaled 650,000 (650,000) Series B shares. There was also an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

Note 28 Continued

Plan assets

	Sweden	Norway	United Kingdom
2011			
Equities	25%	35%	38%
Interest-bearing securities	32%	50%	48%
Alternative investments	43%	15%	14%
Expected return	5.25%	5.75%	6.00%
Actual return	–0.70%	–3.80%	4.30%
2010			
Equities	22%	37%	50%
Interest-bearing securities	35%	47%	48%
Alternative investments	43%	16%	2%
Expected return	5.25%	6.00%	6.00%
Actual return	7.00%	9.40%	11.40%

The ITP 1 occupational pension plan in Sweden is a defined-contribution plan. Skanska pays premiums for employees covered by ITP 1, and each employee selects a manager. The Company offers employees the opportunity to select Skanska as the manager. For employees who have selected Skanska as their manager, there is a guaranteed minimum amount that the employee will receive upon retirement. This guarantee means that the portion of the ITP plan for which Skanska is the manager is recognized as a defined-benefit plan. The net amount of obligations and plan assets for ITP 1 managed by Skanska is recognized in the Company's statement of financial position.

The ITP 2 occupational pension plan in Sweden is a defined-benefit plan. A small portion is secured by insurance from the retirement insurance company Alecta. This is a multi-employer insurance plan, and there is insufficient information to report these obligations as a defined-benefit plan. Pensions secured by insurance from Alecta are therefore reported as a defined-contribution plan. Since the same conditions apply to the new AFP plan in Norway, it is also reported as a defined-contribution plan.

Defined-contribution plans

These plans mainly cover retirement pension, disability pension and family pension. The premiums are paid regularly during the year by the respective Group company to separate legal entities, for example insurance companies. The size of the premium is based on salary. The pension expense for the period is included in the income statement.

Obligations related to employee benefits, defined-benefit plans

	2011	2010	2009	2008	2007
Pension obligations, funded plans, present value on December 31	14,689	11,961	12,381	11,340	11,157
Plan assets, fair value, December 31	–11,084	–10,809	–10,163	–8,240	–10,008
Net liability according to statement of financial position	**3,605**	**1,152**	**2,218**	**3,100**	**1,149**

Pension obligations and plan assets by country

	Sweden	Norway	United Kingdom	Total
2011				
Pension obligations	6,916	2,594	5,179	14,689
Plan assets	–3,545	–2,746	–4,793	–11,084
Net liability according to statement of financial position	**3,371**	**–152**	**386**	**3,605**
2010				
Pension obligations	4,838	2,672	4,451	11,961
Plan assets	–3,622	–2,730	–4,457	–10,809
Net liability according to statement of financial position	**1,216**	**–58**	**–6**	**1,152**

Total pension expenses in the income statement

	2011	2010
Pensions earned during the year	–518	–511
Less: Funds contributed by employees	8	12
Interest on obligations	–563	–526
Expected return on plan assets	620	585
Curtailments and settlements[1]		116
Pension expenses, defined-benefit plans	**–453**	**–324**
Pension expenses, defined-contribution plans	–784	–826
Social insurance contributions, defined-benefit and defined-contribution plans[2]	–89	–90
Total pension expenses	**–1,326**	**–1,240**

1 In 2011: Refers to changed conditions for pension plans in Norway.
2 Refers to special payroll tax in Sweden and employer fee in Norway.

Allocation of pension expenses in the income statement

	2011	2010
Cost of sales	–1,035	–969
Selling and administrative expenses	–348	–330
Financial items	57	59
Total pension expenses	**–1,326**	**–1,240**

Actuarial gains and losses recognized under other comprehensive income

	2011	2010	2009	2008	2007
January 1	–2,278	–3,038	–3,728	–1,295	–1,410
Actuarial gains and losses on pension obligations[1]	–2,006	367	–94	–788	179
Difference between expected and actual return on plan assets	–587	393	784	–1,645	–64
Accumulated	**–4,871**	**–2,278**	**–3,038**	**–3,728**	**–1,295**

1 Allocation of changed assumptions and experience-based changes:

	2011	2010	2009	2008	2007
Changed assumptions	–1,940	274	133	–646	474
Experience-based changes	–66	93	–227	–142	–295
Total actuarial gains and losses on pension obligations	**–2,006**	**367**	**–94**	**–788**	**179**

See also Note 26, which shows the tax portion and social insurance contributions recognized under other comprehensive income.

Pension obligations

	2011	2010
January 1	11,961	12,381
Pensions earned during the year	518	511
Interest on obligations	563	526
Benefits paid by employers	–218	–204
Benefits paid from plan assets	–205	–209
Reclassifications		14
Actuarial gains (–), losses (+) during the year	2,006	–367
Curtailments and settlements		–116
Exchange rate differences	64	–575
Pension obligations, present value	**14,689**	**11,961**

Plan assets

	2011	2010
January 1	10,809	10,163
Expected return on plan assets	620	585
Funds contributed by employers	383	402
Funds contributed by employees	8	12
Benefits paid	–205	–209
Reclassifications		14
Actuarial gains (+), losses (–) during the year	–587	393
Exchange rate differences	56	–551
Plan assets, fair value	**11,084**	**10,809**

Amounts contributed are expected to total about SEK 400 M during 2012 through payments to funds in Norway and the United Kingdom.

Reconciliation of interest-bearing pension liability

	2011	2010
Pension liabilities, January 1	1,152	2,218
Pension expenses	453	440
Benefits paid by employers	–218	–204
Funds contributed by employers	–383	–402
Actuarial gains (–) , losses (+) during the year	2,593	–760
Curtailments and settlements		–116
Exchange rate differences	8	–24
Net liability according to statement of financial position	**3,605**	**1,152**

Actuarial assumptions

	Sweden	Norway	United Kingdom
2011			
Discount rate, January 1	4.75%	4.00%	5.25%
Discount rate, December 31	3.50%	4.25%	4.75%
Expected return on plan assets for the year	5.25%	5.75%	6.00%
- of which equities	6.50%	7.25%	7.25%
- of which interest-bearing securities	3.00%	4.00%	4.75%
Expected pay increase, December 31	3.75%	3.75%	3.75%
Expected inflation, December 31	2.00%	2.25%	3.00%
2010			
Discount rate, January 1	3.75%	4.25%	5.25%
Discount rate, December 31	4.75%	4.00%	5.25%
Expected return on plan assets for the year	5.25%	6.00%	6.00%
- of which equities	6.75%	7.50%	7.25%
- of which interest-bearing securities	3.25%	5.00%	4.75%
Expected pay increase, December 31	3.75%	3.75%	3.75%
Expected inflation, December 31	2.00%	2.25%	3.00%
Life expectancy after age 65, men	23	18 years	22 years
Life expectancy after age 65, women	25	21 years	25 years
Life expectancy table[1]	PRI	K2005	PA92

1 Life expectancy is based on local life expectancy tables in each respective country. If life expectancy increases by one year, pension obligation is expected to increase by about 4 percent

Effective from 2011, defined-benefit plans in Sweden are calculated according to the PRI life expectancy table. In the preceding year, the DUS06 table was used. This means that life expectancy for men in Sweden increased by about 3 years and for women by about 2 years.

All three countries where Skanska has defined-benefit plans have an extensive market for high-grade long-term corporate bonds, including mortgage bonds. The discount rate is established on the basis of the market yield for these bonds on the closing day.

Expected return on interest-bearing securities is established on the basis of market yields on the closing day for long-term government bonds in each respective country. For current holdings of high-grade corporate bonds, a risk premium of about 1.75 percent is added. For the equities market as a whole, a risk premium of 3 percent is added. This premium is adjusted to the risk profile of each respective equities market.

Sensitivity of pension obligation to change in discount rate

	Sweden	Norway	United Kingdom	Total
Pension obligations, December 31, 2011	6,916	2,594	5,179	14,689
Discount rate increase of 0.25%[1]	–300	–125	–250	–675
Discount rate decrease of 0.25%[1]	300	125	250	675

1 Estimated change in pension obligation/liability if the discount rate changes. If pension liability increases, the Group's equity is reduced by about 75 percent of the increase in pension liability, after taking into account deferred tax and social insurance contributions.

Sensitivity of plan assets to changed return

	Sweden	Norway	United Kingdom	Total
Plan assets, December 31, 2011	3,545	2,746	4,793	11,084
Return increase of 5%[1]	175	125	250	550
Return decrease of 5%[1]	–175	–125	–250	–550

1 If actual return increases by 5 percent in relation to expected return, the actuarial gain is estimated at about SEK 550 M. If actual return decreases by 5 percent in relation to expected return, the actuarial loss is estimated at about SEK 550 M.

Note 29 Provisions

Provisions are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." See "Accounting and valuation principles," Note 1.

Provisions are allocated in the statement of financial position between non-current liabilities and current liabilities. Provisions are both interest-bearing and non-interest-bearing. Provisions that are part of Skanska's operating cycle are recognized as current. Interest-bearing provisions that fall due within a year are treated as current.

	Dec 31, 2011	Dec 31, 2010
Non-current provisions		
Interest-bearing	17	28
Current provisions		
Interest-bearing	48	21
Non-interest-bearing	5,882	5,016
Total	**5,947**	**5,065**

The amount for interest-bearing provisions included SEK 0 M (26) in provision to the employee fund in Sweden.

The change in provisions, allocated among the reserve for legal disputes, provision for warranty obligations and other provisions, can be seen in the following table.

	Legal disputes		Warranty provisions		Other provisions		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
January 1	1,263	1,187	2,352	2,054	1,450	1,824	5,065	5,065
Acquisitions	7		3		–93		–83	
Divestments	–86		–33		45		–74	
Provisions for the year	848	750	636	831	1,181	532	2,665	2,113
Provisions utilized	–554	–392	–515	–384	–329	–721	–1,398	–1,497
Unutilized amounts that were reversed, change in value	–164	–123	–239	–105	–11	–197	–414	–425
Exchange rate differences	–24	–80	–47	–125	–17	–76	–88	–281
Reclassifications	–9	–79	6	81	277	88	274	90
December 31	**1,281**	**1,263**	**2,163**	**2,352**	**2,503**	**1,450**	**5,947**	**5,065**

Specification of "Other provisions"

	2011	2010
Provisions for restructuring measures	208	147
Employee fund, Sweden	0	26
Employee-related provisions	434	475
Environmental obligations	142	131
Provision for social insurance contributions on pensions	451	99
Contingent consideration	293	0
Provision for negative values recognized in joint ventures	233	44
Miscellaneous provisions	742	528
Total	**2,503**	**1,450**

Normal cycle time for "Other provisions" is about 1–3 years.

Provisions for warranty obligations refer to expenses that may arise during the warranty period. Such provisions in Construction are based on individual assessments of each project or average experience-based cost, expressed as a percentage of sales during a five-year period. The expenses are charged to each project on a continuous basis. Provisions for warranty obligations in other business streams are based on individual assessments of each project. The change in 2011 was mainly related to Construction.

Provisions for legal disputes refer to provisions in the Construction business stream for projects that have been completed.

The provision to the employee fund in Sweden refers to a refund of surplus funds from the retirement insurance company SPP, now Alecta. The provision is used in consultation with trade union representatives to enable employees with reduced work capacity to remain employed on a part-time basis. The employee is compensated for loss of income and loss of future pension benefits.

Employee-related provisions included such items as the cost of profit-sharing, certain bonus programs and other obligations to employees.

Among provisions for environmental obligations are the costs of restoring gravel pits to their natural state in Swedish operations.

Note 30 Trade and other payables

Non-interest-bearing liabilities in business operations are recognized as "Trade and other payables." Such liabilities are part of the Group's operating cycle and are recognized as current liabilities.

	Dec 31, 2011	Dec 31, 2010
Accounts payable to joint ventures	0	4
Other trade payables	11,684	10,716
Other operating liabilities to joint ventures	5	9
Other operating liabilities[1]	7,825	7,708
Accrued expenses and prepaid income	9,054	8,732
Total	**28,568**	**27,169**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management."		
Accounts payable	11,684	10,720
Other operating liabilities including accrued interest expenses	659	1,524
	12,343	**12,244**
of which non-financial instruments	16,225	14,925

1 "Other operating liabilities" included SEK 529 M (607) for checks issued but not yet cashed in the U.S. and the U.K. See "Accounting and valuation principles," Note 1.

Note 31 Specification of interest-bearing net receivables per asset and liability

The following table allocates financial current and non-current assets as well as liabilities between interest-bearing and non-interest-bearing items

	Dec 31, 2011			Dec 31, 2010		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Non-current assets						
Property, plant and equipment		7,018	7,018		5,906	5,906
Goodwill		5,012	5,012		3,917	3,917
Other intangible assets		158	158		354	354
Investments in joint ventures and associated companies		2,526	2,526		1,775	1,775
Financial non-current assets	2,070	38	2,108	2,072	50	2,122
Deferred tax assets		1,671	1,671		1,472	1,472
Total non-current assets	**2,070**	**16,423**	**18,493**	**2,072**	**13,474**	**15,546**
Current assets						
Current-asset properties		23,411	23,411		20,406	20,406
Inventories		1,014	1,014		926	926
Financial current assets	6,131	230	6,361	6,119	202	6,321
Tax assets		436	436		506	506
Gross amount due from customers for contract work		5,108	5,108		4,941	4,941
Trade and other receivables		22,638	22,638		21,304	21,304
Cash	5,309		5,309	6,654		6,654
Assets held for sale			0		1,108	1,108
Total current assets	**11,440**	**52,837**	**64,277**	**12,773**	**49,393**	**62,166**
TOTAL ASSETS	**13,510**	**69,260**	**82,770**	**14,845**	**62,867**	**77,712**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	1,333	2	1,335	1,107		1,107
Pensions	3,757		3,757	1,216		1,216
Deferred tax liabilities		927	927		1,637	1,637
Non-current provisions	17		17	28		28
Total non-current liabilities	**5,107**	**929**	**6,036**	**2,351**	**1,637**	**3,988**
Current liabilities						
Financial current liabilities	5,426	137	5,563	2,559	227	2,786
Tax liabilities		263	263		1,003	1,003
Current provisions	48	5,882	5,930	21	5,016	5,037
Gross amount due to customers for contract work		16,827	16,827		16,937	16,937
Trade and other payables		28,568	28,568		27,169	27,169
Total current liabilities	**5,474**	**51,677**	**57,151**	**2,580**	**50,352**	**52,932**
TOTAL LIABILITIES	**10,581**	**52,606**	**63,187**	**4,931**	**51,989**	**56,920**
Interest-bearing net receivables	2,929			9,914		

Note 32 Expected recovery periods of assets and liabilities

	Dec 31, 2011			Dec 31, 2010		
Amounts expected to be recovered	**Within 12 months**	**12 months or longer**	**Total**	**Within 12 months**	**12 months or longer**	**Total**
ASSETS						
Non-current assets						
Property, plant and equipment[1]	1,300	5,718	7,018	1,300	4,606	5,906
Goodwill[1]		5,012	5,012		3,917	3,917
Other intangible assets[1]	100	58	158	100	254	354
Investments in joint ventures and associated companies[2]		2,526	2,526		1,775	1,775
Financial non-current assets		2,108	2,108		2,122	2,122
Deferred tax assets[3]		1,671	1,671		1,472	1,472
Total non-current assets	**1,400**	**17,093**	**18,493**	**1,400**	**14,146**	**15,546**
Current assets						
Current-asset properties[4]	9,000	14,411	23,411	7,000	13,406	20,406
Inventories	897	117	1,014	700	226	926
Financial current assets	6,361		6,361	6,321		6,321
Tax assets	436		436	506		506
Gross amount due from customers for contract work[5]	4,645	463	5,108	3,609	1,332	4,941
Trade and other receivables[5]	21,413	1,225	22,638	20,476	828	21,304
Cash	5,309		5,309	6,654		6,654
Assets held for sale	0		0	1,108		1,108
Total current assets	**48,061**	**16,216**	**64,277**	**46,374**	**15,792**	**62,166**
TOTAL ASSETS	**49,461**	**33,309**	**82,770**	**47,774**	**29,938**	**77,712**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	10	1,325	1,335	356	751	1,107
Pensions[6]	230	3,527	3,757	210	1,006	1,216
Deferred tax liabilities		927	927		1,637	1,637
Non-current provisions	5	12	17		28	28
Total non-current liabilities	**245**	**5,791**	**6,036**	**566**	**3,422**	**3,988**
Current liabilities						
Financial current liabilities	2,638	2,925	5,563	2,582	204	2,786
Tax liabilities	263		263	1,003		1,003
Current provisions	2,951	2,979	5,930	3,217	1,820	5,037
Gross amount due to customers for contract work	14,349	2,478	16,827	14,216	2,721	16,937
Trade and other payables	28,205	363	28,568	26,423	746	27,169
Total current liabilities	**48,406**	**8,745**	**57,151**	**47,441**	**5,491**	**52,932**
TOTAL LIABILITIES	**48,651**	**14,536**	**63,187**	**48,007**	**8,913**	**56,920**

1 In case of amounts expected to be recovered within twelve months, expected annual depreciation/amortization has been recognized.
2 Allocation cannot be estimated.
3 Deferred tax assets are expected to be recovered in their entirety in more than twelve months.
4 Recovery within one year on current-asset properties is based on a historical assessment from the past three years.
5 Current receivables that fall due in more than twelve months are part of the operating cycle and are thus recognized as current.
6 "Within 12 months" refers to expected benefit payments

Note 33 Assets pledged, contingent liabilities and contingent assets

Assets pledged

	2011	2010
Mortgages, current-asset properties	10	34
Shares and participations	429	485
Receivables	1,073	1,000
Total	**1,512**	**1,519**

The use of shares and participations as assets pledged refers to shares in joint ventures belonging to Infrastructure Development. These assets are pledged as collateral when obtaining outside lending for these joint ventures.

Assets pledged for liabilities

	Property mortgage		Shares and receivables		Total	
	2011	2010	2011	2010	2011	2010
Own obligations						
Liabilities to credit institutions	10	34			10	34
Other liabilities			1,073	1,000	1,073	1,000
Total own obligations	**10**	**34**	**1,073**	**1,000**	**1,083**	**1,034**
Other obligations			429	485	429	485
Total	**10**	**34**	**1,502**	**1,485**	**1,512**	**1,519**

Assets pledged for other liabilities, just over SEK 1.0 billion, refer predominantly to financial instruments pledged as collateral to customers in conjunction with contracting work in the United States.

Contingent liabilities

Contingent liabilities are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." See "Accounting and valuation principles," Note 1.

	2011	2010
Contingent liabilities related to construction consortia	17,986	14,378
Contingent liabilities related to joint ventures	345	371
Other contingent liabilities	563	411
Total	**18,894**	**15,160**

The Group's contingent liabilities related to construction consortia totaled nearly SEK 18.0 (14.4) billion. This amount referred to the portion of the joint and several liability for the obligations of construction consortia affecting consortium members outside the Group. Such liability is often required by the customer. To the extent it is deemed likely that Skanska will be subject to liability claims, the obligation is reported as a liability in the statement of financial position.

Contingent liabilities related to joint ventures refer mainly to guarantees issued for joint ventures belonging to the Residential Development business stream.

Most of the Group's other contingent liabilities, about SEK 0.6 billion (0.4), were related to obligations attributable to residential projects.

A number of municipalities and the Finnish Road Administration have sued Skanska and others, claiming damages for alleged overpricing. These cases are mainly being handled at the Helsinki District Court. The total claims against Skanska amount to about EUR 24 M. Skanska denies liability for all the claims.

In October 2006, Slovakia's Antitrust Office decided to fine six companies that had participated in tendering for a road project. Skanska was part of a joint venture led by a local Slovakian company. The fine in Skanska's case is the equivalent of SEK 67 M and was charged to 2006 earnings. Skanska denies the Authority's allegations and requested that the decision be reviewed by a court of law. In December 2008 the court decided to annul the decision of the Antitrust Office and remit the case to the Office for a new procedure. After being appealed by the Antitrust Office, the case will be decided by Slovakia's Supreme Court.

From time to time, disputes arise with customers about contractual terms related to both ongoing and completed projects. Their outcomes are often difficult to assess. To the extent it is probable that a dispute will lead to an expense for the Group, this is taken into account in the financial statements.

Contingent assets

The Group has no contingent assets of significant importance in assessing the position of the Group.

See "Accounting and valuation principles," Note 1.

Note 34 Effect of changes in foreign exchange rates

Exchange rates are dealt with in compliance with IAS 21, "The Effect of Changes in Foreign Exchange Rates." See "Accounting and valuation principles," Note 1.

Exchange rates

During 2011 the Swedish krona fluctuated against the other currencies in which the Group does business. The average exchange rate for the krona against the Group's other currencies strengthened compared to 2010, which implied negative currency rate effects in the consolidated income statement. In addition, currency rates had a weakening effect on the statement of financial position, because the closing day exchange rate for the Swedish krona was also stronger against the Group's other currencies than the year-earlier rate.

			Average exchange rate		Change in percent	
Currency	Country/zone	2011	2010	2009	2010–2011	2009–2010
ARS	Argentina[1]	1.573	1.843	2.059	–15	–10
CZK	Czech Republic	0.367	0.377	0.402	–3	–6
DKK	Denmark	1.212	1.282	1.427	–6	–10
EUR	EU euro zone	9.029	9.551	10.62	–5	–10
GBP	United Kingdom	10.41	11.13	11.92	–6	–7
NOK	Norway	1.158	1.192	1.216	–3	–2
PLN	Poland	2.198	2.390	2.457	–8	–3
USD	United States	6.493	7.208	7.653	–10	–6

1 The headquarters of Skanska's Latin American home market is in Argentina. Operations are mainly carried out using two currencies, ARS and BRL (Brazil). During 2011 the average exchange rate of the ARS against the Swedish krona fell by 15 percent and the BRL fell by 5 percent. Also taking into account the other Latin American currencies in which Skanska carries out operations, the overall currency rate effect on the income statement in Latin American operations changed by –10 percent.

			Closing day exchange rate		Change in percent	
Currency	Country/zone	2011	2010	2009	2010–2011	2009–2010
ARS	Argentina	1.602	1.710	1.880	–6	–9
CZK	Czech Republic	0.345	0.357	0.391	–3	–9
DKK	Denmark	1.199	1.209	1.384	–1	–13
EUR	EU euro zone	8.917	9.013	10.30	–1	–12
GBP	United Kingdom	10.65	10.50	11.40	1	–8
NOK	Norway	1.147	1.153	1.237	–1	–7
PLN	Poland	2.001	2.272	2.495	–12	–9
USD	United States	6.892	6.803	7.188	1	–5

Income statement

During 2011, the average exchange rate of the SEK strengthened against most currencies. Because the Group earns more than 30 percent of its revenue in USD, this had an impact of SEK –3.5 billion on revenue. The total currency rate effect on Group revenue was SEK –7,031 M (–5,303), equivalent to –5.8 (–4.3) percent. The total currency rate effect on the Group's operating income was SEK –239 M (–165), equivalent to –2.8 (–3.0) percent. See also the table below.

Currency rate effect by respective currency

	USD	EUR	GBP	NOK	CZK	PLN	Other	Total
2011								
Revenue	–3,472	–520	–883	–409	–194	–908	–645	–7,031
Operating income	–112	20	–24	8	–2	–82	–47	–239
Income after financial items	–115	20	–29	5	–1	–85	–34	–239
Profit for the year	–59	16	–22	4	–1	–67	–28	–157

	USD	EUR	GBP	NOK	CZK	PLN	Other	Total
2010								
Revenue	–2,121	–908	–1,018	–236	–588	–250	–182	–5,303
Operating income	–78	3	–29	–2	–30	–16	–13	–165
Income after financial items	–77	5	–31	–4	–29	–18	4	–150
Profit for the year	–42	6	–28	–3	–25	–14	19	–87

Note 34 Continued

Consolidated statement of financial position by currency, SEK billion

The consolidated total assets and liabilities/equity decreased by SEK 0.6 billion during the year due to changes in exchange rates. The Swedish krona appreciated against essentially all of the Group's currencies.

Dec 31, 2011	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	1.0	0.2	0.6	1.2	1.0	0.4	0.1	0.7		1.8	7.0
Intangible assets	1.4	1.4	0.5	1.5	0.6	0.1		–0.5		0.2	5.2
Shares and participations		0.7	0.6	0.2				0.2		0.9	2.6
Interest-bearing receivables	9.9	4.1	1.1	2.1	1.0	4.2	0.2	–15.8		1.4	8.2
Current-asset properties	1.6	0.4	6.6	2.2	0.7	0.2	0.8	0.0		10.9	23.4
Non-interest-bearing receivables	7.9	2.6	2.8	4.3	2.4	1.8	0.1	3.4		5.8	31.1
Cash and cash equivalents	1.7	0.0	0.2	0.2	0.3	0.1		0.2		2.6	5.3
Total	**23.5**	**9.4**	**12.4**	**11.7**	**6.0**	**6.8**	**1.2**	**–11.8**		**23.6**	**82.8**
Equity and liabilities											
Equity attributable to equity holders[3]	5.0	0.2	4.1	3.4	2.9	2.1	0.4	1.2		0.1	19.4
Non-controlling interests					0.1			0.1		0.0	0.2
Interest-bearing liabilities	3.9	2.3	4.0	2.6	0.0	0.8	0.5	–15.7	2.3	9.9	10.6
Non-interest-bearing liabilities	14.6	6.9	4.3	5.7	3.0	3.9	0.3	2.6		11.3	52.6
Total	**23.5**	**9.4**	**12.4**	**11.7**	**6.0**	**6.8**	**1.2**	**–11.8**	**2.3**	**21.3**	**82.8**

Dec 31, 2010	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	1.2	0.2	0.4	0.8	1.0	0.3	0.1	0.4		1.5	5.9
Intangible assets	0.3	1.4	0.3	1.5	0.5			0.1		0.2	4.3
Shares and participations			0.6	0.2				1.2		–0.2	1.8
Interest-bearing receivables	8.5	4.0	2.2	2.2	0.1	5.0	0.3	–14.8		0.7	8.2
Current-asset properties	0.6		4.6	1.9	0.8	0.1	0.7	0.0		11.7	20.4
Non-interest-bearing receivables	6.9	2.5	3.0	3.0	3.9	1.7	0.1	2.7		5.6	29.4
Cash and cash equivalents	2.7	0.1		0.2	0.4	0.2		0.1		2.9	6.6
Assets held for sale										1.1	1.1
Total	**20.2**	**8.2**	**11.1**	**9.8**	**6.7**	**7.3**	**1.2**	**–10.3**		**23.5**	**77.7**
Equity and liabilities											
Equity attributable to equity holders[3]	4.4	0.6	4.0	3.5	3.1	2.0	0.4	2.6		0.1	20.7
Non-controlling interests					0.1					0.0	0.1
Interest-bearing liabilities	1.3	1.6	3.4	1.3	0.1	0.4	0.4	–14.9	2.1	9.2	4.9
Non-interest-bearing liabilities	14.5	6.0	3.7	5.0	3.4	4.9	0.4	2.0		12.1	52.0
Total	**20.2**	**8.2**	**11.1**	**9.8**	**6.7**	**7.3**	**1.2**	**–10.3**	**2.1**	**21.4**	**77.7**

1 Including elimination of intra-Group receivables and liabilities.
2 Aside from hedge loans in EUR and GBP (EUR and GBP), Skanska hedged equity in foreign currencies via forward contracts amounting to SEK 5.4 (6.6) billion before taxes, allocated among USD 1.9 (1.9), EUR 0.2 (0.0), CZK 1.2 (1.1), PLN 0.7 (0.6), NOK 1.2 (1.5) and CLP 0.2 (1.4) billion.
3 The respective currencies are calculated including Group goodwill and the net amount of Group surpluses after subtracting deferred taxes

Effect on the Group of change in SEK against other currencies and change in USD against SEK

The following sensitivity analysis, based on the 2011 income statement and statement of financial position, shows the sensitivity of the Group to a unilateral 10 percent change in the SEK against all currencies as well as a unilateral 10 percent change in the USD against the SEK.

SEK billion	+/– 10%	of which USD +/– 10%
Revenue	+/– 9.1	+/– 3.2
Operating income	+/– 0.2	+/– 0.1
Equity	+/– 1.4	+/– 0.4

Other matters

For information on the translation reserve in equity, see Note 26, "Equity/Earnings per share."

Note 35 Cash flow statement

Aside from the cash flow statement prepared in compliance with IAS 7, "Cash Flow Statements," Skanska is preparing a cash flow statement based on the operations carried out by the respective business streams. This is called the "Consolidated operating cash flow statement." The connection between the respective cash flow statements is explained below.

Adjustments for items not included in cash flow

	2011	2010
Depreciation/amortization and impairment losses/reversals of impairment losses	1,563	1,551
Income from divestments of non-current assets and current-asset properties	–2,156	–2,348
Income after financial items from joint ventures and associated companies	–383	–351
Dividends from joint ventures and associated companies	161	162
Provision for the year, intra-Group profits on contracting work	90	75
Pensions recognized as expenses but not related to payments	87	–30
Cost of SEOP	228	191
Gain on joint ventures divested	–4,705	–192
Other items that have not affected cash flow from operating activities	10	12
Total	**–5,105**	**–930**

Taxes paid

Taxes paid are divided into operating activities, investing activities and financing activities.

Total taxes paid for the Group during the year amounted to SEK –1,712 M (–1,636).

Information about interest and dividends

	2011	2010
Interest income received during the year	174	222
Interest payments made during the year	–339	–256
Dividends received during the year	161	162

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash plus cash equivalents. The definition of cash in the statement of financial position can be seen in Note 1, "Accounting and valuation principles."

The same rule that has been used in determining cash and cash equivalents in the statement of financial position has been used in determining cash and cash equivalents according to the cash flow statement. Only amounts that can be used without restrictions are recognized as cash.

	2011	2010
Cash	5,309	6,654
Cash equivalents	0	0
Total	**5,309**	**6,654**

Information about assets and liabilities in acquired Group companies/businesses

	2011	2010
Assets		
Intangible assets	1,129	0
Property, plant and equipment	372	
Shares and participations	5	
Interest-bearing assets	86	
Non-interest-bearing assets	963	
Total	**2,555**	**0**
Liabilities		
Non-controlling interests	10	
Interest-bearing liabilities	170	
Non-interest-bearing liabilities	896	
Total	**1,076**	**0**
Purchase price paid	–1,674	0
Cash and cash equivalents in acquired companies	230	0
Effect on cash and cash equivalents, investment	**–1,444**	**0**

Acquired Group companies are described in Note 7, "Business combinations."

Information about assets and liabilities in divested companies/businesses

The divestment during 2010 was attributable to a small central discontinuation.

	2011	2010
Assets		
Interest-bearing receivables	0	–4
Total	**0**	**–4**
Equity and liabilities		
Gain on divestments of Group companies	0	
Total	**0**	**0**
Purchase price paid		4
Cash and cash equivalents in divested companies	0	
Effect on cash and cash equivalents, divestment	**0**	**4**

Other matters

The Group's unutilized credit facilities amounted to SEK 7,102 M (7,350) at year-end.

Note 35 Continued

Relation between consolidated operating cash flow statement and consolidated cash flow statement

The difference between the consolidated operating cash flow statement and the consolidated cash flow statement in compliance with IAS 7, "Cash Flow Statements," is presented below.

The consolidated cash flow statement that was prepared in compliance with IAS 7 recognizes cash flow divided into:
Cash flow from operating activities
Cash flow from investing activities
Cash flow from financing activities

The consolidated operating cash flow statement recognizes cash flow divided into:
Cash flow from business operations
Cash flow from financial operations
Cash flow from strategic investments
Dividend etc.
Change in interest-bearing receivables and liabilities

The consolidated operating cash flow statement refers to operating activities as "business operations." Unlike the cash flow statement in compliance with IAS 7, "business operations" also includes net investments, which are regarded as an element of business operations together with tax payments on these. Such net investments are net investments in property, plant and equipment and intangible non-current assets as well as net investments in Infrastructure Development.

Investments of a strategic nature are recognized under cash flow from strategic investments.

Under cash flow from financing activities, the operating cash flow statement recognizes only interest and other financial items as well as taxes paid on the same. Dividends are recognized separately. Loans provided and repayment of loans are also recognized separately along with changes in interest-bearing receivables at the bottom of the operating cash flow statement, resulting in a subtotal in that statement that shows cash flow before changes in interest-bearing receivables and liabilities.

Cash flow for the year

	2011	2010
Cash flow from business operations according to operating cash flow	2,602	4,630
Less net investments in property, plant and equipment and intangible assets	–2,381	1,594
Less tax payments on property, plant and equipment and intangible assets divested and divestment of assets in Infrastructure Development	24	14
Cash flow from operating activities	**245**	**6,238**
Cash flow from strategic investments according to operating cash flow	–1,444	–15
Net investments in property, plant and equipment and intangible assets	2,381	–1,594
Increase and decrease in interest-bearing receivables	5	–2,227
Taxes paid on property, plant and equipment and intangible assets divested and assets in Infrastructure Development	–24	–14
Cash flow from investing activities	**918**	**–3,850**
Cash flow from financing operations according to operating cash flow statement, including changes in interest-bearing receivables and liabilities	2,663	–4,242
Increase and decrease in interest-bearing liabilities	–5	2,227
Dividend etc[1]	–5,096	–2,873
Cash flow from financing activities	**–2,438**	**–4,888**
Cash flow for the year	**–1,275**	**–2,500**
1 Of which repurchases of shares	–184	–252

Relation between the Group's investments in the cash flow statement and investments in the operating cash flow statement

Total net investments are recognized in the cash flow statement divided into operating activities and investing activities, taking into account the settlement of payments for investments and divestments. Purchases and divestments of current-asset properties are recognized under operating activities, while other net investments are recognized under investing activities.

	2011	2010
Net investments in operating activities	–887	3,303
Net investments in investing activities	937	–1,609
	50	**1,694**
Less cash flow adjustments, investments	–368	160
Total net investments	**–318**	**1,854**

The consolidated operating cash flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/Divestments

	2011	2010
Operations - Investments		
Intangible assets	–70	–72
Property, plant and equipment	–2,206	–1,338
Assets in Infrastructure Development	–988	–692
Shares	–366	–155
Current-asset properties	–10,773	–8,492
of which Residential Development	–7,288	–5,367
of which Commercial Property Development	–3,485	–3,125
	–14,403	**–10,749**
Operations – Divestments		
Intangible assets	1	4
Property, plant and equipment	198	240
Assets in Infrastructure Development	5,808	403
Shares	4	16
Current-asset properties	9,518	11,955
of which Residential Development	5,696	5,366
of which Commercial Property Development	3,822	6,589
	15,529	**12,618**
Net investments in operations	1,126	1,869
Strategic investments		
Acquisitions of businesses	–1,444	0
	–1,444	**0**
Strategic divestments		
Divestments of businesses	0	4
Divestments of shares	0	–19
	0	**–15**
Net strategic investments	–1,444	–15
Total net investments	**–318**	**1,854**

Note 36 Personnel

Wages, salaries, other remuneration and social insurance contributions

	2011	2010
Wages, salaries and other remuneration		
Board members, Presidents, Executive Vice Presidents and other executive team members[1]	497	505
Of which variable remuneration	197	192
Other employees	19,679	19,409
Total wages, salary and other remuneration	**20,176**	**19,914**
Social insurance contributions	4,789	4,578
of which pension expenses	1,383	1,299

1 The amount related to Board members, Presidents, Executive Vice Presidents and other executive team members included remuneration to former Board members, Presidents and Executive Vice Presidents in all Group companies during the financial year.

Of the Group's total pension expenses, SEK 46 M (56) was related to the category "Board members, Presidents, Executive Vice Presidents and other executive team members." The amount included remuneration to former Board members, Presidents and Executive Vice Presidents.

Average number of employee

Personnel is calculated as the average number of employees. See "Accounting and valuation principles," Note 1.

	2011	of whom men	%	of whom women	%	2010	of whom men	%	of whom women	%
Sweden	10,500	9,132	87	1,368	13	9,982	8,550	86	1,432	14
Norway	4,005	3,658	91	347	9	4,243	3,858	91	385	9
Denmark	130	111	85	19	15	127	105	83	22	17
Finland	3,012	2,631	87	381	13	2,779	2,449	88	330	12
United Kingdom	4,311	3,564	83	747	17	4,687	3,886	83	801	17
Poland	6,775	5,757	85	1,018	15	5,722	4,890	85	832	15
Czech Republic	4,167	3,542	85	625	15	4,624	3,915	85	709	15
Slovakia	1,297	1,123	87	174	13	970	817	84	153	16
United States	6,824	5,861	86	963	14	7,415	6,473	87	942	13
Argentina	4,047	3,887	96	160	4	4,187	4,061	97	126	3
Brazil	3,602	3,371	94	231	6	3,730	3,491	94	239	6
Chile	1,032	969	94	63	6	481	446	93	35	7
Peru	1,519	1,441	95	78	5	1,488	1,416	95	72	5
Other countries	1,336	1,236	93	100	7	1,210	1,124	93	86	7
Total	**52,557**	**46,283**	**88**	**6,274**	**12**	**51,645**	**45,481**	**88**	**6,164**	**12**

Men and women on Boards of Directors and on executive teams on closing day

	2011	of whom men	of whom women	2010	of whom men	of whom women
Number of Board members	240	87%	13%	243	86%	14%
Number of Presidents and members of executive teams in business units	221	86%	14%	225	89%	11%

Other matters:

No loans, assets pledged or contingent liabilities have been provided on behalf of any Board member or President in the Group.

Note 37 Remuneration to senior executives and Board members

The Senior Executive Team includes the President and CEO and all eight Executive Vice Presidents. The Team consisted of a total of nine persons at the end of 2011.

The term “senior executives” refers to the members of the Senior Executive Team.

Preparation and decision-making processes

Principles for remuneration to senior executives are established annually by the Annual Shareholders’ Meeting. The salary and other benefits of the President and CEO are established by the Board of Directors of Skanska AB, following recommendations from the Board’s Compensation Committee. The Committee sets salaries, variable remuneration and other benefits of the other members of the Senior Executive Team. The President and CEO regularly informs the Compensation Committee about the salaries, variable remuneration and other benefits of the heads of Group staff units and business units. During 2011, the Compensation Committee consisted of Sverker Martin-Löf, Chairman of the Board; Stuart Graham, Vice Chairman of the Board; and Lars Pettersson, Board member. The Compensation Committee met seven times during the year. The Annual Shareholders’ Meeting approves the total amount of directors’ fees and remuneration for committee work for members of the Board, following a recommendation from the Nomination Committee.

Remuneration to senior executives

Principles for remuneration

The Annual Shareholders’ Meeting in 2011 approved the following guidelines for salary and other remuneration to senior executives:

Remuneration to the senior executives in Skanska AB shall consist of fixed salary, variable remuneration, if any, other customary benefits and pension. The senior executives include the CEO and the other members of the Senior Executive Team. The combined remuneration for each executive must be market-related and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration.

Fixed salary and variable remuneration shall be related to the senior executive’s responsibility and authority. The variable remuneration shall be payable in cash and/or shares and it shall be capped and related to the fixed salary. Distribution of shares shall have a vesting period of three years and be part of a long-term incentive program. The variable remuneration must be based on results in relation to established targets and be designed to increase the community of interest between the executive and the shareholders of the company. The terms for variable remuneration should be structured so that the Board, if exceptional economic conditions prevail, has the possibility to limit or refrain from paying variable remuneration if such a payment is considered unreasonable and incompatible with the company’s responsibility in general to the shareholders, employees and other stakeholders.

To the extent that a Board member performs work for the company, besides the Board membership, consultant fee and other remuneration may be granted for such work.

In the event of employment termination, the normal period of notice is six months, combined with severance pay corresponding to a maximum of 18 months of fixed salary or, alternatively, a period of notice of maximum 24 months.

Pension benefits should be either defined-benefit or defined-contribution schemes, or a combination of these, and should entitle the executive to the right to receive a pension from the age of 65. However, a pension at age of earliest 60 years may be granted in individual cases. For defined benefit plans years of service required for fully earned benefits shall normally correspond to the years of service required for general pension plans in the same jurisdiction. Variable salary shall not be included in pensionable salary except when it follows from rules under a general pension plan (like the Swedish ITP plan).

The Board of Directors may under special circumstances deviate from these principles in individual cases.

Matters related to remuneration to the CEO are prepared by the Compensation Committee and decided by the Board of Directors. Matters related to remuneration to other senior executives are decided by the Compensation Committee.

Note 37 Continued

Targets and performance related to variable remuneration

Variable remuneration may consist of two parts: annual variable salary, which is cash-based, and the share incentive program, which provides compensation in the form of shares.The long-term share programs are described in the sections entitled "Long-term share programs" and "Previous long-term share programs" in this note. The table below specifies, by business stream, the starting point and "Outperform" target that was decided by the Board for 2011 cash-based variable remuneration.

Financial targets for variable salary elements, 2011

	Measure of earnings	Starting point	Outperform	Outcome	Fulfillment level[4]
Group[1]	Income after financial items, SEK billion[2]	3.6	5.1	4.5	62%
	Return on equity, %[3]	14	19	19	100%
Construction[5]	Operating income, SEK billion	2.9	4.2	3.5	67%
	Working capital as a percentage of sales	–12	–18	–18	69%
Residential Development	Operating income, SEK billion	0.5	0.7	0.3	15%
	Return on capital employed, %[6]	5	8	2	0%
	Number of project points[7]	5	20	20	100%
Commercial Property Development	Operating income, SEK billion	0.4	0.6	1.2	99%
	Return on capital employed, %[8]	6	9	13	100%
	Number of project points[9]	28	61	88	58%
	Leases, sq. m	108,000	201,000	197,553	93%
Infrastructure Development[1]	Operating income, SEK billion	0.20	0.35	0.23	18%
	Project development, %[10]	0	100	93	93%

1 Excluding gain on divestment of Autopista Central, Chile.
2 Income excludes eliminations at the Group level. The Outperform target at Group level is 95 percent of the total Outperform targets of the business streams, and the starting point target is 105 percent of the total starting point targets of the business streams.
3 Outcome is translated at 2011 budget exchange rates to be comparable to targets. An adjustment is made for items, mainly connected to interest rate- and exchange rate-related changes, which cannot be influenced.
4 Fulfillment level is based on outcomes in the respective business units, which are weighed together.
5 In addition, financial targets of business units are measured for the respective clusters (groups of business units) they belong to. Operations in Latin America also have the Skanska Value Added target, equivalent to operating income after subtracting the cost of capital employed, which was not achieved in 2011.
6 Refers to the Residential Development Nordic business unit.
7 A point system in which points are received based on the number of land acquisitions and homes that have started construction, according to a defined scale. Refers to the start-up operations of Residential Development in the U.K.
8 Including unrealized development gains and changes in market value. Encompasses the Commercial Property Development Nordic and Europe business units.
9 A point system in which points are received based on the size of the project that has been started as well as land acquisitions and property divestments, according to a defined scale.
10 Contains targets for project development in Europe and the Americas, as well as asset management and divestments.

I In addition to the above-mentioned financial performance targets, each person in the Senior Executive Team has non-financial targets that may reduce the final outcome measured only according to the financial targets. These non-financial targets mainly concern strategic initiatives for profitable growth and management development. The outcome is reduced in cases where the operations for which the person is responsible have not achieved the non-financial targets.

For the Senior Executive Team, excluding the President and CEO, annual variable remuneration is mainly tied to the Group targets and/or to the business units they are directly responsible for. The non-financial targets are connected to the business units and/or operations that individuals in the Senior Executive Team are responsible for. The preliminary outcome for the other members of the Senior Executive Team averaged 69 percent. Non-financial targets preliminarily resulted in deductions averaging about 1 percent. The Board will decide on the final outcome of variable remuneration after a follow-up of operations during the first quarter of 2012.

Targets and performance related to variable remuneration for the President and CEO

For the President and CEO, the financial targets have been the same as the Group targets according to the above table. The Board of Directors has the option of reducing the President and CEO's final outcome for variable remuneration by a maximum of 50 percent, based on the outcome of the Group's non-financial targets. The preliminary outcome for the variable remuneration of the President and CEO (i.e. excluding the Employee Ownership Program) shows an outcome of 52 percent of fixed salary, based on financial targets with a target fulfillment of 70 percent. This calculation is preliminary, insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The Board will decide on the final outcome after a follow-up of operations during the first quarter of 2012.

Pension benefits

The retirement age for members of the Senior Executive Team is 60–65 years, and employees in Sweden are entitled to pension benefits according to the ITP occupational pension plan. The ITP plan encompasses the premium-based ITP1 pension system and the defined-benefit ITP2 pension system. Employees outside Sweden are covered by local pension plans. The ITP1 premium is 4.5 percent of gross cash salary up to 7.5 base amounts of income per year (as defined by Swedish social insurance rules and amounting to SEK 390,750 in 2011) and 30 percent of gross cash salary above that. The defined-benefit ITP2 plan guarantees a lifetime pension from age 65. The pension amount is a certain percentage of final salary, and the service period to qualify for a full pension is 30 years. The pension entitlement is 10 percent for portions of salary up to 7.5 base amounts, 65 percent for portions between 7.5 and 20 base amounts (in 2011: SEK 1,042,000) and 32.5 percent for portions of salary up to 30 base amounts (in 2011: SEK 1,563,000).

In addition, this group is covered by a supplementary pension entitlement, with a premium of 20 percent, for portions of salary exceeding 30 base amounts. Within the framework of the ITP1 pension system, Skanska introduced a Company-specific pension plan with in-house management of the pension assets, which is offered to all employees in Sweden. The premium is 5.5 percent of gross cash salary up to 7.5 base amounts (in 2011: SEK 390,750). The plan is free of charge for employees and guarantees that pension assets will be the highest of a benchmark portfolio consisting of 60 percent equities and 40 percent bonds, the Consumer Price Index or paid-in premiums.

Severance pay

In case of termination by the Company, the notice period is normally six months, with continued fixed salary and benefits, excluding variable remuneration. After the notice period, severance pay is disbursed for 12–18 months. When payments are disbursed after the notice period, other income must normally be subtracted from the amount payable.

A mutual notice period of 24 months applies between Skanska and the President and CEO, with retention of fixed salary and benefits, excluding variable remuneration. No severance pay will be disbursed in case of termination.

Remuneration and benefits recognized as expenses in 2011

Directors' fees

The 2011 Annual Shareholders' Meeting decided that fees would be paid to the Board members elected by the Meeting, except for the President and CEO, totaling SEK 6,950,000, including a special appropriation for committee work. See the table below.

SEK thousand	Director's fee	Audit Committee	Compensation Committee	Project Review Committee	Total
Chairman of the Board					
Sverker Martin-Löf	1,500	100	75	175	1,850
Other Board members					
Stuart Graham	1,000	150	75	175	1,400
Fredrik Lundberg	500			175	675
Sir Adrian Montague	500			175	675
Lars Pettersson	500		75		575
Josephine Rydberg-Dumont	500				500
Charlotte Strömberg	500	100			600
Matti Sundberg	500			175	675
Board of Directors	**5,500**	**350**	**225**	**875**	**6,950**

Chairman of the Board

During 2011 the Chairman of the Board, Sverker Martin-Löf, received a director's fee totaling SEK 1,850,000, of which SEK 350,000 was related to committee work.

Board members

Other members of the Board did not receive any remuneration for their role as Board members beyond their regular directors' fees and remuneration for committee work. Matti Sundberg received SEK 150,000 for serving as a Board member of the Finnish subsidiary Skanska Oy, while Sir Adrian Montague received about SEK 182,000 for his assignment as an advisor to Skanska's U.K. operations. Remuneration to Stuart Graham is explained in the section entitled "The Company's former President and CEO."

For Board members appointed by the employees, no disclosures are made concerning salaries and remuneration as well as pensions, since they do not receive these in their capacity as Board members. For Board members who previously, before the beginning of the financial year, were employees of the Company, disclosures are made concerning pension obligations in their former role as employees.

Senior Executive Team

SEK thousand	Annual salary	Variable remuneration[1]	Allocated value of employee ownership programs[2]	Other remuneration and benefits	Pension expense	Total
President and CEO						
Johan Karlström	9,880	5,176	2,989	203	4,018	22,266
Other SET members (8 persons)	32,989	19,261	7,971	2,095	10,287	72,603
Total	**42,869**	**24,437**	**10,960**	**2,298**	**14,305**	**94,869**

1 Variable remuneration related to the 2011 financial year is preliminary and will be finally fixed and disbursed after a follow-up of the outcome in the first quarter of 2012. The amounts included under the heading "Variable remuneration" in the above table refer to the 2011 financial year. The variable remuneration agreements include a general clause stipulating that the Board of Directors and the Compensation Committee are entitled to wholly or partly reduce variable remuneration in case of violation of the Code of Conduct.

2 The value stated refers to a preliminary allotment of matching shares and performance shares for 2011, at the share price on December 30, 2011 (SEK 114). The Senior Executive Team will receive an estimated 8,360 matching shares and 87,777 performance shares. The Board of Directors will decide the final outcome after a follow-up of operations during the first quarter of 2012. In order to receive matching shares and performance shares, an additional three years of service are required. The cost is allocated over three years in compliance with IFRS 2. See the section entitled "Long-term share programs." In addition to the above amounts, the President and CEO as well as some other members of the Senior Executive Team received remuneration related to the 2007 and 2008 financial years. After a three-year vesting period as part of the previous employee ownership program (SEOP 1) the President and CEO received 2,126 shares equivalent to SEK 220,000 in 2011, related to shares allotted for the financial year 2008. Due to his previous role as a member of the Senior Executive Team, he also received 13,805 shares, equivalent to SEK 1,752,000 attributable to the earlier Skanska Share Award Plan, related to compensation for the financial year 2007. See the section entitled "Previous long-term share programs." During 2011, as part of SEOP 1 – after a three-year vesting period – the other members of the Senior Executive Team received 44,960 shares, equivalent to SEK 4,875,000, related to shares allotted for the financial year 2008. During 2011 the other members of the Senior Executive Team also received 44,376 Skanska Series B shares, equivalent to SEK 5,631,000 attributable to the earlier Skanska Share Award Plan, related to compensation for the performance year 2007.

The President and CEO

During 2011 the President and CEO, Johan Karlström, received a fixed salary of SEK 9,880,000 plus an estimated variable salary element of SEK 5,176,000 based on financial targets with a 70 percent fulfillment level. Variable remuneration may total a maximum of 75 percent of fixed annual salary. The final outcome for the President and CEO's variable remuneration will be established by the Board after a follow-up of operations during the first quarter of 2012. The preliminary outcome was equivalent to 52 percent of fixed annual salary. Disbursement normally occurs during May of the year after the performance year.

The President and CEO is also covered by the Group's ongoing Employee Ownership Programs, SEOP 2, with an allocation of matching shares and performance shares. See the section entitled "Long-term share programs" in this note. Within the framework of SEOP 2, Mr. Karlström purchased 9,119 shares during 2011, which resulted in 2,280 matching shares equivalent to SEK 260,000. An estimated 23,936 performance shares will be allocated, at a value of SEK 2,729,000, since the Outperform targets were 70 percent fulfilled. The stated value refers to the share price on December 30, 2011 (SEK 114). The final allocation of performance shares will be established by the Board after a follow-up of operations during the first quarter of 2012.

The President and CEO will be eligible for a pension from age 60 at the earliest. Annual pension provisions will total 40 percent of fixed annual salary. The cost during 2011 totaled SEK 4,018,000.

The Company's former President and CEO

Stuart Graham stepped down from the position of President and CEO of Skanska on April 3, 2008 and after that continued to be employed at Skanska as an advisor and Chairman of the Board of Skanska Inc. in the United States. His employment ended in February 2011. Since 2009 Mr. Graham has been a member of the Skanska Group's Board of Directors and since 2011 he has been Vice Chairman.

In addition to his director's fee from Skanska AB, Mr. Graham received a salary, fees and other remuneration and benefits from Group companies in the amount of SEK 650,000 during the financial year.

As a former President and CEO, Mr. Graham is entitled to a defined-benefit pension, for which the cost during the financial year amounted to SEK 2,332,000. The pension entitlement was earned on a straight-line basis during his period of employment until February 2011 and will be disbursed during the remainder of his life.

Note 37 Continued

Other members of the Senior Executive Team

During 2011, two new individuals joined the Senior Executive Team while two individuals resigned from their positions. The other members of the Senior Executive Team totaled eight individuals at the end of 2011.

Members of the Senior Executive Team received a fixed salary and variable remuneration based on the Group's earnings and/or the earnings of the business units they are directly responsible for. In addition, senior executives were covered by the Group's ongoing

Employee Ownership Program, SEOP 2, with an allocation of matching shares and performance shares. See the section entitled "Long-term share programs" in this note. A total of 24,320 shares were purchased by the other members of the Senior Executive Team during 2011, which resulted in 6,080 matching shares, equivalent to SEK 693,000. An estimated 63 840 performance shares will be allocated, at a value of SEK 7,278,000, since the Outperform targets were preliminarily 70 percent fulfilled. The stated value refers to the share price on December 30, 2011 (SEK 114). Variable remuneration as well as the outcome of performance shares for 2011 are preliminary and the final outcome will be established by the Board after a follow-up of operations during the first quarter of 2012. Disbursement normally occurs during May of the year after the performance year.

All above-mentioned remuneration and benefits were charged to Skanska AB, except for SEK 18,628,000 to other members of the Senior Executive Team which was charged to other Group companies.

Pension obligations to current and previous senior executives

In 2011, outstanding pension obligations to Presidents and CEOs including former Presidents and CEOs amounted to SEK 111,603,000. Outstanding obligations to other current and former members of the Senior Executive Team amounted to SEK 137,716,000.

Long-term share programs

Share Incentive Program – Skanska Employee Ownership Program, SEOP 2 (2011–2013)

In 2010, the Annual Shareholders' Meeting approved the introduction of the SEOP 2 long-term share ownership program for employees of the Skanska Group, which is essentially an extension of the earlier SEOP 1 share ownership program that ran during 2008–2010. The program was initiated during 2011 and runs during the years 2011–2013. The terms and conditions coincide in all essential respects with those of the earlier SEOP 1 program.

The program is aimed at about 40,000 permanent employees of the Skanska Group, of whom some 2,000 key employees and about 300 executives, including the President and CEO and the rest of the Senior Executive Team.

The program offers employees, key employees and executives the opportunity – provided they have made their own investment in Series B Skanska shares during a given financial year – to receive Series B Skanska shares from Skanska free of charge. For each four Series B "investment" shares purchased, the employee will be entitled, after a three-year vesting period, to receive 1 Series B Skanska share free of charge. In addition, depending on the fulfillment of certain earnings-based performance conditions during the purchase period, after the vesting period the employee will be able to receive additional Series B Skanska shares free of charge.

The purchase period covers the years 2011–2013 and the vesting period runs for three years from the date the employee invests in shares. For each 4 investment shares purchased, employees may – in addition to 1 matching share – receive a maximum of 3 performance shares. For each 4 investment shares, key employees may – in addition to 1 matching share – receive a maximum of 7 performance shares. For each 4 investment shares, executives may – in addition to 1 matching share – receive a maximum of 15 performance shares.

The maximum number of investment shares that each employee participating in the program may acquire, through monthly savings, depends on the employee's salary and whether an employee is participating in the program as an employee, a key employee or an executive.

To be able to receive matching and performance shares, a person must be employed in the Skanska Group throughout the vesting period and must, during this period, have kept his or her investment shares.

The program has two cost ceilings. The first one depends on the extent to which financial "SEOP-specific Outperform targets" are met, which limits Skanska's total cost per year to SEK 200–630 M, related to fulfillment of the financial "SEOP-specific Outperform targets" at the Group level. The first cost ceiling is adjusted in accordance with the Consumer Price Index, with 2010 as the base year for SEOP 2. The other cost ceiling is that Skanska's total cost per year may not exceed 15 percent of earnings before interest and taxes (EBIT). The actual cost ceiling is the lower of these two cost ceilings. In addition to the cost ceilings, the number of shares that may be repurchased as part of the program is also limited to 13,500,000 shares.

The table below shows SEOP target fulfillment in 2011 for each business stream.

Financial targets for the Employee Ownership Program, SEOP 2, in 2011[1]

	Measure of earnings	Starting point	Outperform	Outcome	Fulfillment level[2]
Group	Income after financial items, SEK billion	3.6	5.1	4.5	62%
	Return on equity, %	14	19	19	100%
Construction[3]	Operating income, SEK billion	2.9	4.2	3.5	67%
Residential Development	Operating income, SEK billion	0.5	0.7	0.3	15%
Commercial Property Development	Operating income, SEK billion	0.4	0.6	1.2	99%
	Number of project points	28	61	88	58%
	Leases, sq. m	108,000	201,000	197,553	93%
Infrastructure Development	Operating income, SEK billion	0.20	0.35	0.23	18%
	Project development, %	0	100	93	93%

1 For further information, see the table entitled "Financial targets for variable salary elements, 2011" in Note 37, page 159.
2 Fulfillment level is based on outcomes in the respective business units, which are weighed together.
3 Operations in Latin America also have the Skanska Value Added target, equivalent to operating income after subtracting the cost of capital employed.

In the Skanska Group, a total of 16 percent of permanent employees participated in SEOP 2 during 2011.

The cost of SEOP 2 for 2011, excluding social insurance contributions, is estimated at about SEK 229 M, of which SEK 47 M was recognized as an expense during 2011. The remaining cost of the 2011 program through 2016 is estimated at about SEK 182 M.

The dilution effect through 2011 related to the SEOP 2 program for 2011 is estimated at 283,090 shares or 0.07 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the 2011 program is projected at 2,115,507 shares or 0.51 percent.

Previous long-term share programs

Share program – Skanska Employee Ownership Program, SEOP 1 (2008–2010)

For the initial Skanska Employee Ownership Program, which ran during 2008–2010, distribution of shares began to occur in 2011. This was related to shares that were earned during 2008 and that, after a three-year vesting period, were distributed to those who had been employed by the Group throughout the vesting period and who had kept their investment shares during this vesting period.

The total cost of SEOP 1, excluding social insurance contributions, is estimated at about SEK 669 M, of which SEK 343 M was recognized as an expense in 2008, 2009 and 2010, while the cost in 2011 totaled about SEK 181 M. The remaining cost of SEOP 1 through 2013 is estimated at about SEK 145 M.

Note 37 Continued

The dilution effect through 2011 for SEOP 1 is estimated at 3,579,663 shares or 0.86 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the program at the end of the vesting period in 2013 is projected at 6,736,161 shares or 1.16 percent.

Share incentive program – Skanska Share Award Plan (2005–2007)
The Skanska Share Award Plan was applicable during the years 2005–2007 and covered about 300 senior executives.

The Plan meant that employees were offered the opportunity to be granted "share awards" entitling the holder to receive Series B shares in the Company free of charge, provided that certain targets were met. The maximum yearly allocation for each participant per year was equivalent to 30 percent of the value of the participant's annual salary in Series B shares. Each participant's allocation of share awards was dependent upon the fulfillment of a number of established earnings- and performance-related conditions, which were based on the Outperform targets approved by the Board of Directors. In order to receive the shares, three years of employment are required after the end of the measurement period.

Early in 2011, share awards related to 2007 – transformed into Series B shares in Skanska – were distributed to those individuals in the Plan who had remained employees in the Group, a total of 488,583 Series B shares in Skanska. This distribution marked the end of the Plan. No costs were recognized during 2011 and no costs remain for the Plan.

Local incentive programs
Salaries and other remuneration are established with reference to prevailing conditions in the rest of the construction industry and customary practices in each local market. The Skanska Group applies a remuneration model for the affected executives and managers that consists of a fixed annual salary plus variable remuneration which is based on financial targets achieved.

Note 38 Fees and other remuneration to auditors

	2011	2010
KPMG		
Audit assignments	55	55
Tax advisory services	10	12
Other services	11	11
Total	**76**	**78**

"Audit assignments" refers to the statutory audit of the annual accounts and accounting documents as well as the administration by the Board of Directors and the President and CEO, along with audit and other review work conducted according to agreement or contract. This includes other tasks that are incumbent upon the Company's auditors to perform as well as advisory services or other assistance as a result of observations during such review work or the completion of such other tasks.

"Other services" refers to advisory services related to accounting issues, advisory services concerning the divestment and acquisition of businesses and advisory services concerning processes and internal controls.

Note 39 Related party disclosures

Through its ownership and percentage of voting power, AB Industrivärden has a significant influence, as defined in compliance with IAS 24, "Related Party Disclosures." During 2011, Skanska sold to the Industrivärden Group two companies that have ceased operations, at a market price totaling SEK 192 M.

Skanska sells administrative services to pension funds that manage assets intended to cover the Group's pension obligations.

Associated companies and joint ventures are companies related to Skanska. Information on transactions with these is presented in the following tables.

Information on remuneration and transactions with senior executives is found in Note 36, "Personnel," and Note 37, "Remuneration to senior executives and Board members."

Transactions with joint ventures	2011	2010
Sales to joint ventures	6,360	8,034
Purchases from joint ventures	86	115
Dividends from joint ventures	161	162
Receivables from joint ventures	1,345	1,688
Liabilities to joint ventures	14	65
Contingent liabilities for joint ventures	345	371

Transactions with associated companies	2011	2010
Purchases from associated companies	15	11

Skanska's pension fund directly owns 650,000 (650,000) Series B shares in Skanska. There is also an insignificant holding of indirectly owned shares via investments in various mutual funds.

During 2010 Skanska sold its 50 percent shareholding in the Orkdalsvegen E39 highway in Norway, which was operated by Infrastructure Development, for a sale price of about SEK 170 M. The purchasers were Skanska Norway's pension trust and the pension foundation Skanska Trean Allmän Pensionsstiftelse in Sweden, which each provided half of the investment.

Note 40 Leases

Skanska is a lessee in both finance and operating leases.

When Skanska is a lessee, finance lease assets are recognized as a non-current asset in the statement of financial position, while the future obligation to the lessor is recognized as a liability in the statement of financial position.

Skanska is not a financial lessor.

As an operating lessor, Skanska leases properties to tenants mainly via its Commercial Property Development operations.

A. Skanska as a lessee

Finance leases
Leased property, plant and equipment including buildings and land ("Property") as well as machinery and equipment ("Plant and equipment") are recognized in the consolidated financial statements as finance leases.

Of the amount in the statement of financial position for finance leases, most is related to car leases in Sweden. Agreements with lease companies in other countries are operating leases.

Financial leases, carrying amount	2011	2010
Property, plant and equipment		
Property	57	59
Plant and equipment	219	195
Total	**276**	**254**
Cost	874	795
Depreciation for the year	–66	–61
Accumulated depreciation, January 1	–532	–480
Carrying amount	**276**	**254**

Note 40 Continued

Variable fees for finance leases included in 2011 income amounted to SEK 0 M (0). No property leased to Skanska has been subleased to others.

Future minimum lease payments and their present value can be seen in the following table.

	Future minimum lease payments		Present value of future minimum lease payments	
Expenses, due date	**2011**	**2010**	**2011**	**2010**
Within one year	–62	–52	–53	–46
Later than one year but within five years	–84	–69	–69	–56
Later than five years	–23	–31	–20	–26
Total	**–169**	**–152**	**–142**	**–128**

Reconciliation, future minimum lease payments and their present value			**2011**	**2010**
Future minimum lease payments			–169	–152
Less interest charges			27	24
Present value of future minimum lease payments			–142	–128

Operating leases

Most of the amounts for future minimum lease payments are related to leased cars and office space for operations in the United Kingdom and Poland. Also included are site leasehold agreements, especially in Stockholm.

The Group's leasing expenses related to operating leases in 2011 totaled SEK –539 M (–559), of which SEK –473 M (–485) was related to minimum lease payments and SEK –66 M (–74) was related to variable payments. The Group had SEK 0 M (0) in leasing income related to subleasing on operating leases.

The due dates of future minimum lease payments for non-cancelable operating leases were distributed as follows:

Expenses, due date	2011	2010
Within one year	–373	–439
Later than one year but within five years	–793	–720
Later than five years	–753	–510
Total	**–1,919**	**–1,669**

Of this amount, SEK 0 M (0) was related to properties that were subleased.

B. Skanska as lessor

Finance leases

Skanska is not a financial lessor.

Operating leases

Operating lease business in the form of property leasing is mainly carried out by the Commercial Property Development business stream. These properties are recognized as current assets in the statement of financial position. See Note 4, "Operating segments."

In 2011, Commercial Property Development's lease income amounted to SEK 594 M (697).

The Group's variable lease income related to operating leases amounted to SEK 10M (10) during the year.

The due dates of future minimum lease payments for non-cancelable operating leases were distributed as follows:

Expenses, due date	2011	2010
Within one year	430	566
Later than one year but within five years	1,444	1,787
Later than five years	1,037	1,114
Total	**2,911**	**3,467**

The carrying amount of current-asset properties in Commercial Property Development totaled SEK 11,066 M (10,000).

Note 41 Events after the reporting period

The financial statements were signed on February 7, 2012 and will be submitted for adoption by the Annual Shareholders' Meeting of Skanska AB on April 13, 2012.

Note 42 Consolidated quarterly results

	2011				2010			
SEK M	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order bookings	**41,000**	**34,143**	**26,845**	**21,599**	**28,989**	**28,831**	**46,835**	**25,638**
Income								
Revenue	36,058	30,592	29,243	22,841	34,541	32,158	30,071	25,454
Cost of sales	–32,512	–27,660	–26,277	–20,961	–30,830	–28,787	–27,075	–23,082
Gross income	**3,546**	**2,932**	**2,966**	**1,880**	**3,711**	**3,371**	**2,996**	**2,372**
Selling and administrative expenses	–2,274	–1,841	–1,940	–1,798	–2,144	–1,790	–1,875	–1,724
Income from joint ventures and associated companies	126	110	4,610	96	85	82	164	210
Operating income	**1,398**	**1,201**	**5,636**	**178**	**1,652**	**1,663**	**1,285**	**858**
Interest income	71	61	48	55	71	75	60	71
Interest expenses	–63	–51	–48	–42	–90	–63	–34	–28
Change in fair value	10	4	14	3	3	–13	–13	–13
Other financial items	–22	–8	–4	–16	–3	–39	–5	–14
Net financial items	**–4**	**6**	**10**	**0**	**–19**	**–40**	**8**	**16**
Income after financial items	**1,394**	**1,207**	**5,646**	**178**	**1,633**	**1,623**	**1,293**	**874**
Taxes	–298	–254	–232	–46	–372	–417	–361	–245
Profit for the period	**1,096**	**953**	**5,414**	**132**	**1,261**	**1,206**	**932**	**629**
Profit for the period attributable to								
Equity holders	1,093	952	5,412	132	1,259	1,204	930	629
Non-controlling interests	3	1	2	0	2	2	2	0
Other comprehensive income								
Translation differences attributable to equity holders	–585	199	590	–662	–108	–1270	100	–531
Translation differences attributable to non-controlling interests	–7	–1	5	2	–5	0	–5	–5
Hedging of exchange rate risk in foreign operations	161	–57	–222	224	–12	286	–25	114
Effects of actuarial gains and losses on pensions	–440	–1934	–511	–221	1673	–99	–930	245
Effects of cash flow hedges	–144	–920	–245	–17	433	–167	–379	240
Tax attributable to other comprehensive income	101	556	148	63	–466	12	308	–147
Other comprehensive income for the period	**–914**	**–2157**	**–235**	**–611**	**1515**	**–1238**	**–931**	**–84**
Total comprehensive income for the period	**182**	**–1,204**	**5,179**	**–479**	**2,776**	**–32**	**1**	**545**
Total comprehensive income for the period attributable to								
Equity holders	186	–1,204	5172	–481	2,779	–34	4	550
Non-controlling interests	–4	0	7	2	–3	2	–3	–5
Order backlog	155,698	147,545	139,429	139,426	145,937	147,900	160,392	137,749
Capital employed	30,164	29,099	28,879	26,861	25,723	26,084	25,364	27,041
Interest-bearing net receivables	2,929	2,065	4,507	5,708	9,914	4,384	6,109	8,832
Debt-equity ratio	–0.1	–0.1	–0.2	–0.3	–0.5	–0.2	–0.3	–0.4
Return on capital employed, %	30.6	23.8	25.8	27.3	21.6	20.1	20.2	23.3
Cash flow								
Cash flow from operating activities	3,319	–346	–214	–2,514	4,848	461	526	403
Cash flow from investing activities	–1,686	–603	4,099	–892	–486	–1,806	–371	–1,187
Cash flow from financing activities	421	–487	–3,698	1,326	–1,987	697	–2,694	–904
Cash flow for the period	**2,054**	**–1,436**	**187**	**–2,080**	**2,375**	**–648**	**–2,539**	**–1,688**

Note 42 Continued

Business streams

SEK M	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Order bookings								
Construction	41,000	34,143	26,845	21,599	28,989	28,831	46,835	25,638
Total	**41,000**	**34,143**	**26,845**	**21,599**	**28,989**	**28,831**	**46,835**	**25,638**
Revenue								
Construction	33,299	30,226	28,764	22,683	30,944	30,458	28,561	23,250
Residential Development	2,033	1,254	1,482	994	1,794	1,202	1,311	1,206
Commercial Property Development	3,018	403	757	161	2,970	1,211	1,319	1,777
Infrastructure Development	29	24	145	88	84	131	76	28
Central and eliminations	–2,321	–1,315	–1,905	–1,085	–1,251	–844	–1,196	–807
Total	**36,058**	**30,592**	**29,243**	**22,841**	**34,541**	**32,158**	**30,071**	**25,454**
Operating income								
Construction	787	1,260	1,095	325	1,288	1,407	1,135	558
Residential Development	20	–68	45	–24	80	87	79	34
Commercial Property Development	747	53	126	4	485	305	235	276
Infrastructure Development	43	122	4,536	25	16	18	121	142
Central	–233	–160	–167	–138	–253	–163	–227	–149
Eliminations	34	–6	1	–14	36	9	–58	–3
Total	**1,398**	**1,201**	**5,636**	**178**	**1,652**	**1,663**	**1,285**	**858**

Note 43 Five-year Group financial summary

Income statements

SEK M	2011	2010	2009	2008	2007
Revenue	118,734	122,224	139,124	143,674	138,781
Cost of sales	–107,410	–109,774	–125,417	–131,532	–125,807
Gross income	**11,324**	**12,450**	**13,707**	**12,142**	**12,974**
Selling and administrative expenses	–7,853	–7,533	–8,078	–8,932	–7,970
Income from joint ventures and associated companies	4,942	541	404	876	402
Operating income	**8,413**	**5,458**	**6,033**	**4,086**	**5,406**
Net financial items	12	–35	–233	324	261
Income after financial items	**8,425**	**5,423**	**5,800**	**4,410**	**5,667**
Taxes	–830	–1,395	–1,579	–1,253	–1,546
Profit for the year	**7,595**	**4,028**	**4,221**	**3,157**	**4,121**
Profit for the year attributable to					
Equity holders	7,589	4,022	4,216	3,102	4,096
Non-controlling interests	6	6	5	55	25
Other comprehensive income					
Translation differences attributable to equity holders	–458	–1,809	–324	1,711	
Translation differences attributable to non-controlling interests	–1	–15	–5	23	
Hedging of exchange rate risk in foreign operations	106	363	8	–378	
Effects of actuarial gains and losses on pensions	–3,106	889	764	–2,743	
Effects of cash flow hedges	–1,326	127	–399	–221	
Tax attributable to other comprehensive income	868	–293	–233	749	
Other comprehensive income for the year	**–3,917**	**–738**	**–189**	**–859**	
Total comprehensive income for the year	**3,678**	**3,290**	**4,032**	**2,298**	
Total comprehensive income for the year attributable to					
Equity holders	3,673	3,299	4,032	2,220	
Non-controlling interests	5	–9	0	78	
Cash flow					
Cash flow from operating activities	245	6,238	7,585	554	9,099
Cash flow from investing activities	918	–3,850	–3,131	–1,918	–2,446
Cash flow from financing activities	–2,438	–4,888	–2,756	–5,576	–3,694
Cash flow for the year	**–1,275**	**–2,500**	**1,698**	**–6,940**	**2,959**

Not 43 Continued

Statements of financial position

	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2008	Dec 31, 2007
ASSETS						
Non-current assets						
Property, plant and equipment	7,018	5,906	6,303	6,919	6,919	5,973
Goodwill	5,012	3,917	4,363	4,442	4,442	4,584
Intangible assets	158	354	208	232	804	658
Investments in joint ventures and associated companies	2,526	1,775	2,541	2,390	1,512	1,945
Financial non-current assets[1,3]	2,108	2,122	1,042	309	309	728
Deferred tax assets	1,671	1,472	1,555	1,988	1,970	956
Total non-current assets	**18,493**	**15,546**	**16,012**	**16,280**	**15,956**	**14,844**
Current assets						
Current-asset properties[2]	23,411	20,406	22,970	23,931	18,568	13,198
Inventories	1,014	926	835	901	901	769
Financial current assets[3]	6,361	6,321	5,594	5,604	7,285	4,686
Tax assets	436	506	533	812	812	411
Gross amount due from customers for contract work	5,108	4,941	4,617	5,180	6,087	5,656
Trade and other receivables	22,638	21,304	23,795	26,280	25,988	25,168
Cash equivalents						521
Cash	5,309	6,654	9,409	7,881	7,881	13,688
Assets held for sale	0	1,108				
Total current assets	**64,277**	**62,166**	**67,753**	**70,589**	**67,522**	**64,097**
TOTAL ASSETS	**82,770**	**77,712**	**83,765**	**86,869**	**83,478**	**78,941**
of which interest-bearing	13,510	14,845	15,770	13,454	15,135	19,415
EQUITY						
Equity attributable to equity holders	19,413	20,670	19,997	18,375	19,071	20,514
Non-controlling interests	170	122	170	178	178	210
Total equity	**19,583**	**20,792**	**20,167**	**18,553**	**19,249**	**20,724**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities[3]	1,335	1,107	1,913	1,077	1,077	955
Pensions	3,757	1,216	2,218	3,100	3,100	1,149
Deferred tax liabilities	927	1,637	1,535	1,628	1,760	2,069
Non-current provisions	17	28	53	86	86	96
Total non-current liabilities	**6,036**	**3,988**	**5,719**	**5,891**	**6,023**	**4,269**
Current liabilities						
Financial current liabilities[3]	5,563	2,786	3,706	5,124	2,081	2,703
Tax liabilities	263	1,003	1,064	864	864	891
Current provisions	5,930	5,037	5,012	4,908	4,908	3,646
Gross amount due to customers for contract work	16,827	16,937	16,899	16,545	17,050	15,748
Trade and other payables	28,568	27,169	31,198	34,984	33,303	30,960
Total current liabilities	**57,151**	**52,932**	**57,879**	**62,425**	**58,206**	**53,948**
TOTAL EQUITY AND LIABILITIES	**82,770**	**77,712**	**83,765**	**86,869**	**83,478**	**78,941**
of which interest-bearing	10,581	4,931	7,679	8,948	5,905	4,834
1 of which shares	38	41	55	64	64	92
2 Current-asset properties						
Commercial Property Development	11,066	10,000	12,842	11,992	10,835	7,008
Residential Development	12,345	10,406	10,128	11,939	7,733	6,190
	23,411	**20,406**	**22,970**	**23,931**	**18,568**	**13,198**
3 Items related to non-interest-bearing unrealized changes in value of derivatives/securities are included in the following amounts:						
Financial non-current assets		9				2
Financial current assets	230	202	220	276	276	114
Financial non-current liabilities	2					
Financial current liabilities	137	227	232	459	459	89

Note 43 Continued

Financial ratios etc.[4, 5]

	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2008	Dec 31, 2007
Order bookings[6]	123,587	130,293[7)]	128,783		126,523	143,379
Order backlog[6]	155,698	145,937[7)]	136,528		142,402	145,968
Average number of employees	52,557	51,645	52,931		57,815	60,435
Regular dividend per share, SEK[8]	6.00	5.75	5.25		5.25	5.25
Extra dividend per share, SEK[8]	0.00	6.25	1.00		0.00	3.00
Earnings per share, SEK	18.43	9.76	10.16		7.44	9.78
Earnings per share after dilution, SEK	18.31	9.66	10.12		7.42	9.77
Capital employed	30,164	25,723	27,846	27,501	25,154	25,558
Interest-bearing net receivables (+)/net debt (–)	2,929	9,914	8,091	4,506	9,230	14,581
Equity per share, SEK	47.17	50.27	48.44	44.20	45.87	49.01
Equity/assets ratio, %	23.7	26.8	24.1	21.4	23.1	26.3
Debt/equity ratio	–0.1	–0.5	–0.4	–0.2	–0.5	–0.7
Interest cover	–325.7	–114.2	597.8		–13.9	–15.9
Return on equity, %	38.0	21.0	22.6		15.9	21.1
Return on capital employed, %	30.6	21.6	22.3		18.3	25.0
Operating margin, %	7.1	4.5	4.3		2.8	3.9
Cash flow per share, SEK	–9.83	4.12	7.99		–9.10	10.80
Number of shares at year-end	419,903,072	423,053,072	423,053,072		423,053,072	423,053,072
of which Series A shares	19,975,523	20,032,231	20,100,265		22,463,663	22,464,731
of which Series B shares	399,927,549	399,380,841	399,012,807		396,089,409	396,088,341
of which Series D shares (not entitled to dividend, in Skanska's own custody)	0	3,640,000	3,940,000		4,500,000	4,500,000
Number of Series D shares converted to Series B shares	1,350,000	860,000	560,000			
Average price, repurchased shares	104.79	105.40	100.69		96.97	
Number of repurchased Series B shares	10,124,000	8,324,000	6,214,000		2,795,000	
of which repurchased during the year	1,800,000	2,110,000	3,419,000			
Number of Series B shares in own custody at year-end	8,323,103	8,253,247	6,331,190		2,793,162	
Number of shares outstanding at year-end	411,579,969	411,159,825	412,781,882		415,759,910	418,553,072
Average number of shares outstanding	411,824,469	412,229,351	415,059,131		416,985,073	418,553,072
Average number of shares outstanding after dilution	414,568,384	416,448,523	416,743,454		417,851,397	418,992,099
Average dilution, percent	0.66	1.01	0.40		0.21	0.10

4 For definitions, see Note 44.
5 Comparative figures for 2007-2008 have not been adjusted for the effects of IFRIC 12 and IFRIC 15.
6 Refers to Construction.
7 In 2010, correction of SEK -1,140 M.
8 Proposed by the Board of Directors: Regular dividend of SEK 6.00 per share.

Note 44 Definitions

Average capital employed	Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.
Average visible equity	Calculated on the basis of five measuring points: half of equity attributable to equity holders on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.
Cash flow per share	Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.
Capital employed in business streams, markets and business/reporting units	Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities minus provisions for taxes and tax liabilities.
Comprehensive income	Change in equity not attributable to transactions with owners.
Consolidated capital employed	Total assets minus non-interest-bearing liabilities.
Consolidated operating cash flow	In the consolidated operating cash flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.
Consolidated return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Debt/equity ratio	Interest-bearing net debt divided by visible equity including non-controlling interests.
Earnings per share	Profit for the year attributable to equity holders divided by the average number of shares outstanding.
Earnings per share after dilution	Profit for the year attributable to equity holders divided by the average number of shares outstanding after dilution.
Equity/assets ratio	Visible equity including non-controlling interests as a percentage of total assets.
Equity per share	Visible equity attributable to equity holders divided by the number of shares outstanding at year-end.
Interest-bearing net receivables	Interest-bearing assets minus interest-bearing liabilities.
Interest cover	Operating income and financial income plus depreciation/amortization divided by net interest items.
Operating cash flow	Cash flow from operations before taxes and before financial activities. See also Note 35.
Operating net on properties	Rental income and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.
Order backlog	Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period. Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.
Order bookings	Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is cancelled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Development, which assumes that a building permit has been obtained and construction is expected to begin within three months. Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included. No order bookings are reported in Residential Development and Commercial Property Development.
Other comprehensive income	Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange rate risk in foreign operations, effects of actuarial gains and losses on pensions, effects of cash flow hedges and tax attributable to other comprehensive income.
Return on capital employed in business streams, markets and business/reporting units	Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed.
Return on equity	Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.
Yield on properties	Operating net divided by year-end carrying amount.

Parent Company notes

Note 45 Financial instruments, Parent Company

Financial instruments are presented in compliance with IFRS 7, "Financial Instruments: Disclosures." This note contains figures about the Parent Company's financial instruments. See also Note 1 to the consolidated financial statements, "Accounting and valuation principles," and Note 6, "Financial instruments and financial risk management."

Financial instruments in the balance sheet

	2011	2010
Assets		
Non-current receivables from Group companies	368	1,287
Trade accounts receivable	198	27
Total financial instruments, assets	**566**	**1,314**
Liabilities		
Non-current liabilities to Group companies	5,286	3,316
Trade accounts payable	49	43
Total financial instruments, liabilities	**5,335**	**3,359**

The fair value of the Parent Company's financial instruments did not diverge significantly in any case from the carrying amount. All assets belonged to the category "Loans and receivables." No assets were carried at fair value through profit or loss. All financial liabilities belonged to the category "Carried at amortized cost."

Reconciliation with balance sheet	2011	2010
Assets		
Financial instruments	566	1,314
Other assets		
Property, plant and equipment and intangible assets	9	12
Holdings in Group companies, joint ventures and other securities	10,609	10,566
Other non-current receivables	94	95
Tax assets	70	60
Other current receivables and accrued receivables	93	107
Total assets	**11,441**	**12,154**
Equity and liabilities		
Financial instruments	5,335	3,359
Other liabilities		
Equity	5,742	8,216
Tax liability	0	238
Provisions	276	268
Other current liabilities and accrued liabilities	88	73
Total equities and liabilities	**11,441**	**12,154**

Impact of financial instruments on the Parent Company income statement

Financial income and expenses recognized in net financial items	2011	2010
Interest income on receivables	9	18
Interest expense on financial liabilities carried at amortized cost	–111	–71
Total	**–102**	**–53**

The Parent Company had no income or expenses from financial instruments that were recognized directly in equity.

Risks attributable to financial instruments

The Parent Company almost exclusively holds financial instruments in the form of intra-Group receivables and liabilities. All external management of lending, borrowing, interest and currencies is handled by the Group's treasury unit ("internal bank"), the subsidiary Skanska Financial Services AB. See also Note 6 to the consolidated financial statements, "Financial instruments and financial risk management."

Credit risk

The carrying amount of financial instruments, assets, corresponded to the maximum credit exposure on the balance sheet date. There were no impairment losses on financial instruments on the balance sheet date.

Note 46 Net sales, Parent Company

The Parent Company's net sales consisted of intra-Group consulting services.

The amount included SEK 333 M (284) in sales to subsidiaries. For other related party transactions, see Note 63, "Related party disclosures."

Note 47 Financial items, Parent Company

	Income from holdings in Group companies	Income from other financial non-current assets	Interest expenses and similar items	Total
2011				
Dividends	2,882			2,882
Interest income		9		9
Interest expenses			–111	–111
Total	**2,882**	**9**	**–111**	**2,780**
2010				
Dividends	4,286			4,286
Interest income		18		18
Interest expenses			–71	–71
Total	**4,286**	**18**	**–71**	**4,233**

Dividends

The amount for dividends consisted of dividends in compliance with a decision by the Annual Shareholders' Meeting, SEK 2,500 M (3,000) and Group contributions received, SEK 382 M (1,286).

Net interest items

Of interest income, SEK 8 M (18) was related to Group companies. Of interest expenses, SEK –108 M (–71) was related to Group companies.

Note 48 Income taxes, Parent Company

	2011	2010
Current taxes	0	–229
Deferred tax expenses/income from change in temporary differences	0	–1
Total	**0**	**–230**

The relation between the Swedish tax rate of 26.3 percent and taxes recognized is explained in the table below.

	2011	2010
Income after financial items	2,461	3,933
Tax at tax rate of 26.3 (26.3) percent	–647	–1 035
Tax effect of:		
Dividends from subsidiaries	658	789
Employee-related expenses	–1	–1
Other non-deductible expenses	–10	–4
Change in tax assessment	0	21
Recognized tax expense	**0**	**–230**

Deferred tax assets	2011	2010
Deferred tax assets for employee-related provisions	62	62
Minus deferred tax liabilities for holdings	–2	–2
Total	**60**	**60**

Change in deferred taxes in balance sheet

	2011	2010
Deferred tax assets, January	60	61
Deferred tax expense/income	0	–1
Deferred tax assets, December 31	**60**	**60**

The Parent Company expects to be able to utilize deferred tax assets to offset Group contributions from Swedish operating subsidiaries.

Note 49 Intangible assets, Parent Company

Intangible assets are reported in compliance with IAS 38, "Intangible assets. " See Note 1, "Accounting and valuation principles."

Amortization of intangible assets amounted to SEK –2 M (–2) during the year and was included in selling and administrative expenses.

In determining the amortization amount, the Parent Company paid particular attention to estimated residual value at the end of useful life.

	Intangible assets	
	2011	2010
Accumulated cost		
January 1	10	26
Acquisitions	0	5
Disposals	0	–21
	10	**10**
Accumulated amortization		
January 1	–1	–9
Amortization for the year	–2	–2
Disposals for the year	0	10
	–3	**–1**
Accumulated impairment losses		
January 1	0	0
	0	**0**
Carrying amount, December 31	**7**	**9**
Carrying amount, January 1	9	17

Note 50 Property, plant and equipment, Parent Company

Property, plant and equipment are reported in compliance with IAS 16, "Property, Plant and Equipment." See Note 1, "Accounting and valuation principles."

Machinery and equipment owned by the Parent Company are recognized as property, plant and equipment.

The year's depreciation on property, plant and equipment amounted to SEK –1 M (–1) and was included in selling and administrative expenses.

	Machinery and equipment	
	2011	2010
Accumulated cost		
January 1	5	3
Additions	0	2
Disposals		
	5	**5**
Accumulated depreciation		
January 1	–2	–1
Depreciation for the year	–1	–1
Disposals for the year		
	–3	**–2**
Carrying amount, December 31	2	3
Carrying amount, January 1	3	2

Note 51 Financial non-current assets, Parent Company

Holdings and receivables are reported as financial non-current assets.

Holdings are allocated between holdings in Group companies and joint ventures.

See Note 52, "Holdings in Group companies," and Note 53, "Holdings in joint ventures."

Receivables are allocated between receivables from Group companies, deferred tax assets and other non-current receivables.

Tax assets are described in Note 48, "Income taxes." All receivables except deferred tax assets are interest-bearing.

	Holdings in Group companies		Holdings in joint ventures		Other non-current holdings of securities	
Holdings	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Accumulated cost						
January 1	12,325	12,325	1	0	0	0
Share-based payments to employees of subsidiaries[1]	43					
Share of income	0		0	1		
	12,368	**12,325**	**1**	**1**	**0**	**0**
Accumulated impairment losses						
January 1	–1,760	–1,760				
	–1,760	**–1,760**	**0**	**0**	**0**	**0**
Carrying amount, December 31	**10,608**	**10,565**	**1**	**1**	**0**	**0**
Carrying amount, January 1	10,565	10,565	1	0	0	0

1 Equivalent to the portion of the Group's cost for SEOP 2 related to employees of subsidiaries and recognized in the Parent Company accounts as an increase in the carrying amount of holdings in Group companies and in increase in equity.

	Receivables from Group companies		Other non-current receivables and deferred tax assets	
Receivables	**2011**	**2010**	**2011**	**2010**
Accumulated cost				
January 1	1,287	6,925	155	146
Receivables added/settled	–919	–5,638	–1	9
Carrying amount, December 31	**368**	**1,287**	**154**	**155**
Carrying amount, January 1	1,287	6,925	155	146

Note 52 Holdings in Group companies, Parent Company

Skanska AB owns shares in two subsidiaries.

The subsidiary Skanska Kraft AB is a holding company that owns the Group's shareholdings in Skanska Group operating companies. Skanska Financial Services AB is the Group's treasury unit (internal bank).

				Carrying amount	
Company	**Corporate identity number**	**Registered office**	**Number of participations**	**2011**	**2010**
Swedish subsidiaries					
Skanska Financial Services AB	556106–3834	Solna	500,000	65	65
Skanska Kraft AB	556118–0943	Solna	4,000,000	10,543	10,500
Total				**10,608**	**10,565**

Both subsidiaries are 100 percent owned by the Parent Company.

Note 53 Holdings in joint ventures, Parent Company

Joint ventures are reported in compliance with IAS 31, "Interests in Joint Ventures."
See Note 1, "Accounting and valuation principles."

Company	Corporate ID number	Registered office	Percentage of share capital and votes	Carrying amount 2011	Carrying amount 2010
Swedish joint ventures					
Sundlink Contractors HB	969620-7134	Malmö	37	1	1
Total				**1**	**1**

Note 54 Prepaid expenses and accrued income, Parent Company

The Parent Company had prepaid expenses and accrued income of SEK 20 M (10). This amount consisted of SEK 3 M (3) in prepaid insurance premiums and SEK 17 M (7) in miscellaneous accrued receivables.

Note 55 Equity, Parent Company

Restricted and unrestricted equity

According to Swedish law, equity must be allocated between restricted and unrestricted equity. Share capital and the statutory reserve comprise restricted equity.

Unrestricted equity consists of retained earnings and profit for the year.

The equity of the Parent Company was allocated among SEK 1,260 M (1,269) in share capital, SEK 598 M (598) in the statutory reserve, SEK 1,423 M (2,646) in retained earnings and SEK 2,461 M (3,703) in profit for the year.

The Board of Directors proposes a dividend of SEK 6.00 (5.75) per share, plus an extra dividend of SEK 0 (6.25) per share for the financial year 2011, totaling SEK 6.00 (12.00) per share. The year's dividend totals an estimated SEK 2,469 M (4,945).

No dividend is paid for the Parent Company's holding of Series B shares. The total amount of the dividend may change by the record date, depending on repurchases of shares and transfers of Series B shares to the participants in the Skanska Employee Ownership Program.

Number of shares

	2011	2010
Average number of shares outstanding		
after repurchases and conversion	411,824,469	412,229,351
after repurchases, conversion and dilution	414,568,384	416,448,523
Total number of shares	**419,903,072**	**423,053,072**

The number of shares amounted to 419,903,072 (423,053,072), divided into 19,975,523 (20,032,231) Series A shares and 399,927,549 (399,380,841) Series B shares plus 0 (3,640,000) Series D shares in Skanska's own custody. During 2011, 56,708 (68,034) Series A shares were converted to a corresponding number of Series B shares. Skanska repurchased 1,800,000 (2,110,000) Series B shares and converted 490,000 (300,000) Series D shares to Series B shares. After distribution of 2,220,144 (487,943) Series B shares, 8,323,103 (8,253,247) Series B shares were in the Company's own custody.

The quota value per share amounts to SEK 3.00 (3.00). All shares are fully paid-up. Each Series A share carries 10 votes and each Series B share carries one vote. Skanska has withdrawn all 3,150,000 of its own Series D shares. Series B shares are listed on the NASDAQ OMX Stockholm.

According to the Articles of Association, Skanska's share capital may amount to a minimum of SEK 1,200 M and a maximum of SEK 4,800 M.

Note 56 Provisions, Parent Company

Provisions are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets."

See Note 1, "Accounting and valuation principles."

	Provision for pensions and similar obligations		Other provisions	
	2011	2010	2011	2010
January 1	195	162	73	50
Provisions for the year	15	41	54	54
Provisions utilized	–6	–8	–55	–31
December 31	**204**	**195**	**72**	**73**

"Other provisions" consisted of employee-related provisions.

Normal cycle time for "Other provisions" is about one to three years.

Employee-related provisions included such items as social insurance contributions for share investment programs, bonus programs and other obligations to employees.

Note 57 Provisions for pensions and similar obligations, Parent Company

Provisions for pensions are reported in compliance with the Pension Obligations Vesting Act.

Pension liabilities according to the balance sheet

	2011	2010
Interest-bearing pension liabilities[1]	158	148
Other pension obligations	46	47
Total	**204**	**195**

1 Liabilities in compliance with the Pension Obligations Vesting Act.

Reconciliation, provisions for pensions

	2011	2010
January 1	148	119
Pension expenses	68	44
Benefits paid	–58	–15
Provisions for pensions according to the balance sheet	**158**	**148**

Note 58 Liabilities, Parent Company

Liabilities are allocated between non-current and current in compliance with IAS 1, "Presentation of Financial Statements."

See Note 1, "Accounting and valuation principles."

Accrued expenses and prepaid income

The Parent Company had accrued expenses and prepaid income of SEK 72 M (67). This was related to accrued vacation pay of SEK 26 M (22), accrued special payroll tax on pensions of SEK 23 M (20), accrued social insurance contributions of SEK 8 M (7) and other accrued expenses of SEK 15 M (18).

Note 59 Expected recovery periods of assets, provisions and liabilities, Parent Company

	2011				2010			
Amount expected to be recovered	**Within 12 months**	**12 months or longer**	**More than five years (liabilities)**	**Total**	**Within 12 months**	**12 months or longer**	**More than five years (liabilities)**	**Total**
Intangible non-current assets[1]	**2**	**5**		**7**	**2**	**7**		**9**
Property, plant and equipment[1]		**2**		**2**		**3**		**3**
Financial non-current assets								
Holdings in Group companies and joint ventures[2]		10,609		10,609		10,566		10,566
Receivables from Group companies[3]		368		368		1,287		1,287
Other non-current receivables		94		94		95		95
Deferred tax assets		60		60		60		60
		11,131		**11,131**		**12,008**		**12,008**
Current receivables								
Current receivables from Group companies	197			197	29			29
Tax assets	10			10	0			0
Other current receivables	74			74	95			95
Prepaid expenses and accrued income	20			20	10			10
	301	**0**		**301**	**134**	**0**		**134**
Total assets	**303**	**11,138**		**11,441**	**136**	**12,018**		**12,154**

	2011				2010			
Amounts expected to be paid	**Within 12 months**	**12 months or longer**	**More than five years (liabilities)**	**Total**	**Within 12 months**	**12 months or longer**	**More than five years (liabilities)**	**Total**
Provisions								
Provisions for pensions	10	194		204	10	185		195
Other provisions	72			72	73			73
	82	**194**		**276**	**83**	**185**		**268**
Liabilities								
Non-current liabilities								
Liabilities to Group companies[4]			5,286	5,286			3,316	3,316
	0	**0**	**5,286**	**5,286**	**0**	**0**	**3,316**	**3,316**
Current liabilities								
Trade accounts payable	29			29	15			15
Liabilities to Group companies	21			21	29			29
Tax liabilities	0			0	238			238
Other liabilities	15			15	5			5
Accrued expenses and prepaid income	72			72	67			67
	137	**0**	**0**	**137**	**354**	**0**	**0**	**354**
Total liabilities and provisions	**219**	**194**	**5,286**	**5,699**	**437**	**185**	**3,316**	**3,938**

1 In case of amounts expected to be recovered within twelve months, expected annual depreciation/amortization has been recognized.
2 No portion of this amount is expected to be recovered within twelve months.
3 No portion of this amount is expected to be recovered within twelve months, since this lending is treated as non-current.
4 Intra-Group non-current non-interest-bearing liabilities are treated as if they fall due more than five years from the balance sheet date.

Note 60 Assets pledged and contingent liabilities, Parent Company

Assets pledged

Assets pledged by the Parent Company totaled SEK 93 M (95), which was related to assets in the form of non-current receivables. These assets were pledged as collateral for some of the Parent Company's pension obligations.

Contingent liabilities

Contingent liabilities are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." Note 1, "Accounting and valuation principles," IAS 37 section, describes the accounting principles.

	2011	2010
Contingent liabilities on behalf of Group companies	92,406	103,074
Other contingent liabilities	6,914	6,211
	99,320	**109,285**

Of the Parent Company's contingent liabilities on behalf of Group companies, more than SEK 84 (94) billion was related to contracting obligations incurred by Group companies. The remaining contingent liabilities on behalf of Group companies were related, among other things, to borrowing by Group companies from credit institutions, the obligations of Group companies to supply capital to joint ventures and guarantees provided when Group companies divested properties.

Of other contingent liabilities, SEK 4.1 (4.9) billion was related to liability for the portion of construction consortia held by external entities. Of the remaining SEK 2.8 (1.3) billion, more than SEK 0.1 (0.1) billion was attributable to guarantees provided for financing of joint ventures in which Group companies are co-owners and SEK 2.7 (1.2) billion to guarantees for financing of residential projects in Sweden.

Skanska has an obligation to certain U.S. guarantee issuers to maintain a certain level of equity in its North American operations.

The amounts in the above table include SEK 5 M (5) worth of Parent Company contingent liabilities related to construction consortia.

Note 61 Cash flow statement, Parent Company

Adjustment for items not included in cash flow

	2011	2010
Depreciation/amortization	3	3
Capital loss	0	6
Total	**3**	**9**

Taxes paid

Total taxes paid in the Parent Company during 2011 amounted to SEK -248 M (21 M).

Information on interest and dividends

	2011	2010
Interest received during the year	9	18
Interest paid during the year	–111	–71

Note 62 Personnel, Parent Company

Salaries, other remuneration and social insurance contributions

	2011		2010	
SEK M	Salaries and other remuneration	Pension expenses	Salaries and other remuneration	Pension expenses
Total salaries and other remuneration, Board members, President and other senior executives	65.1	16.5	49.8	17.5
of which variable remuneration	19.4		19.3	
Other employees	98.8	50.5	95.3	26.5
Total	**163.9**	**67.0**	**145.1**	**44.0**
Social insurance contributions		132.5		106.6
of which pension expenses		67.0		44.0

For disclosures of individual remuneration to each Board member and the President and CEO, see Note 37, "Remuneration to senior executives and Board members."

For Board members appointed by the employees, no disclosures are made concerning salaries and remuneration as well as pensions, since they do not receive these in their capacity as Board members. For Board members who previously, before the beginning of the financial year, were employees of the Company, disclosures are made concerning pension obligations in their former role as employees.

During 2011 allocation of shares occurred according to the Employee Ownership Program, SEOP 1. The value of shares allocated amounted to SEK 4.4 M, of which SEK 1.8 M was related to Board members, the President and CEO and other senior executives.

The Parent Company's pension expenses are calculated in compliance with the Pension Obligations Vesting Act.

In 2011 Skanska's Swedish pension funds reimbursed Skanska AB in the amount of about SEK 34 M (61).

The Company's outstanding pension obligations to Presidents and CEOs, including former Presidents and CEOs, amounted to SEK 111.6 M (115.6). The Company's outstanding pension obligations to Executive Vice Presidents and former Executive Vice Presidents amounted to SEK 111.2 M (95.6).

Average number of employees

Personnel figures are calculated as the average number of employees. See Note 1, "Accounting and valuation principles."

	2011	of whom men	of whom women	2010	of whom men	of whom women
Sweden	91	42	49	84	40	44

Men and women on the Board of Directors and Senior Executive Team on the balance sheet date

	2011	of whom men	of whom women	2010	of whom men	of whom women
Number of Board members and deputy members	15	80%	20%	15	73%	27%
President and other members of the Senior Executive Team	9	78%	22%	9	78%	22%

Note 63 Related party disclosures, Parent Company

Through its ownership and percentage of voting power, AB Industrivärden has a significant influence, as defined in compliance with IAS 24, "Related Party Disclosures." All transactions have occurred on market terms.

Information on personnel expenses is found in Note 62, "Personnel, Parent Company." For transactions with senior executives, see Note 37, "Remuneration to senior executives and Board members."

	2011	2010
Sales to Group companies	333	284
Purchases from Group companies	–145	–133
Interest income from Group companies	8	18
Interest expenses to Group companies	–108	–71
Dividends from Group companies	2,882	4,286
Non-current receivables from Group companies	368	1,287
Current receivables from Group companies	197	29
Non-current liabilities to Group companies	5,286	3,316
Current liabilities to Group companies	21	29
Contingent liabilities on behalf of Group companies	92,406	103,074

Note 65 Supplementary information, Parent Company

Skanska AB, Swedish corporate identity number 556000–4615, is the Parent Company of the Skanska Group. The Company has its registered office in Solna, Stockholm County, and is a limited company in compliance with Swedish legislation. The Company's headquarters are located in Solna, Stockholm County.

Address:
Skanska AB
SE–169 83 Solna, Sweden
Tel: +46 10 448 00 00
Fax: +46 8 755 12 56
www.skanska.se

For questions concerning financial information, please contact
Skanska AB, Investor Relations
SE–169 83 Solna, Sweden
Tel: +46 10 448 00 00
Fax: +46 8 755 12 56
E-mail: investor.relations@skanska.se

Note 64 Disclosures in compliance with Annual Accounts Act, Chapter 6, Section 2 a, Parent Company

Due to the requirements in the Swedish Annual Accounts Act, Chapter 6, Section 2 a, concerning disclosures of certain circumstances that may affect the possibility of taking over the Company through a public buyout offer related to the shares in the Company, the following disclosures are hereby provided.

1. The total number of shares in the Company on December 31, 2011 was 419,903,072, of which 19,975,523 were Series A shares with 10 votes each and 399,927,549 Series B shares with one vote each. During 2011 Skanska withdrew all 3,150,000 of its own Series D shares.
2. There are no restrictions on the transferability of shares due to provisions in the law or the Articles of Association.
3. Of the Company's shareholders, only AB Industrivärden and Lundbergs directly or indirectly have a shareholding that represents at least one tenth of the voting power of all shares in the Company. On December 31, 2011, AB Industrivärden's holding amounted to 23.6 percent of total voting power in the Company and Lundbergs' holding 11.2 per cent of total voting power in the Group.
4. Skanska's pension fund directly owns 650,000 Series B shares in Skanska. There is also an insignificant proportion of indirectly owned shares via its investments in various mutual funds.
5. There are no restrictions regarding how many votes each shareholder may cast at a Shareholders' Meeting.
6. The Company is not aware of agreements between shareholders that may result in restrictions on the right to transfer shares.
7. The Articles of Association prescribe that the selection of Board members shall occur at the Annual Shareholders' Meeting of the Company. The Articles of Association contain no regulations on dismissal of Board members or on amendment of the Articles of Association.
8. The Annual Shareholders' Meeting in 2011 authorized the Company's Board to decide on acquisitions of Skanska's own Series B shares via a regulated market on the following conditions:
   A. Acquisitions of Series B shares in Skanska may only be effected on the NASDAQ OMX Stockholm.
   B. The authorization may be exercised on one or several occasions, but at the latest until the Annual Shareholders' Meeting in 2012.
   C. No more than 4,500,000 Series B shares may be acquired in order to secure delivery of shares to participants in the employee ownership program.
   D. Acquisitions of Series B shares in Skanska on the NASDAQ OMX Stockholm may only be made within the interval prevailing at any given time on the NASDAQ OMX Stockholm, meaning the interval between the highest purchase price and the lowest selling price.
9. Skanska AB or its Group companies are not parties to any significant agreement that goes into effect or is amended or ceases to apply if control over the Company changes as a consequence of a public buyout offer.
10. There are agreements between Skanska AB or its Group companies and employees that prescribe remuneration if an employee is terminated without objective cause. Such remuneration may be equivalent to a maximum of 18 months of fixed salary after the end of the notice period or, in the case of the President and CEO, a maximum of 24 months of severance pay. There are no agreements prescribing that employment will cease as a consequence of a public buyout offer related to shares in the Company.

Proposed allocation of earnings

The Board of Directors and the President and CEO of Skanska AB propose that the profit for 2011, SEK 2,461,445,247, plus the retained earnings of SEK 1,422,557,371 brought forward from the previous year, totaling SEK 3,884,002,618, be allocated as follows:

A dividend to the shareholders of[1]	SEK 6.00 per share	2,469,479,814
To be carried forward		1,414,522,804
Total		**3,884,002,618**

The consolidated annual accounts and the annual accounts, respectively, have been prepared in compliance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted accounting principles, respectively. These accounts provide a true and fair view of the operations, financial position and results of the Group and the Parent Company, respectively, and describe the principal risks and uncertainties facing the Parent Company and the companies included in the Group.

Solna, February 7, 2012

Sverker Martin-Löf
Chairman

Stuart Graham
Vice Chairman,
Board member

Lars Pettersson
Board member

Charlotte Strömberg
Board member

Fredrik Lundberg
Board member

Sir Adrian Montague
Board member

Josephine Rydberg-Dumont
Board member

Matti Sundberg
Board member

Inge Johansson
Board member

Roger Karlström
Board member

Anders Fogelberg
Board member

Johan Karlström
President and
Chief Executive Officer, Board member

1 Based on the total number of shares outstanding on December 31, 2011. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in Skanska's long-term employee ownership programs.

Our Auditors' Report was submitted on February 28, 2012
KPMG AB

George Pettersson
Authorized Public Accountant

Auditors' Report

To the Annual Shareholders' Meeting of Skanska AB (publ), Swedish corporate identity number 556000–4615

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Skanska AB (publ) for the year 2011. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 81 –177.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A Corporate Governance

Report has been prepared. The Report of the Directors and the Corporate Governance Report are consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual Shareholders' Meeting adopt the income statement and balance sheet for the Parent Company and the income statement and statement of financial position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the President of Skanska AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

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

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

Opinions

We recommend to the Annual Shareholders' Meeting that the profit be appropriated in accordance with the proposal in the Report of the Directors and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 28, 2012

KPMG AB

George Pettersson
Authorized Public Accountant

Triple play around the Bay with California's BART commuter rail system. Skanska is currently helping extend the Bay Area Rapid Transit (BART) rail network around San Francisco Bay. Near Warm Springs, Fremont, 2 km (over 1 mi.) of double track is under construction in a cut-and-cover tunnel. Meanwhile Skanska has received a new assignment to construct two stations and a further 16 km (10 mi.) extension south to San Jose. Skanska's first BART project, consisting of 9 km (about 6 mi.) and two stations, was completed in 2001. Skanska will also extend the Los Angeles light rail system for the Los Angeles Metropolitan Transportation Authority (METRO) in southern California.

Senior Executive Team





	Johan Karlström	**Richard Hultin**	**Claes Larsson**	**Karin Lepasoon**	**Mike McNally**
Position	President and Chief Executive Officer Responsible for business units: – Responsible for Group staff units/support unit: – Legal Affairs – Risk Management	Executive Vice President Responsible for business units: – Skanska Residential Development Nordic – Skanska Residential Development Czech Republic – Skanska Residential Development UK – Skanska Residential Development Poland – BoKlok Housing – Skanska Commercial Property Development Europe Responsible for Group staff units/support unit: – Xchange	Executive Vice President Responsible for business units: – Skanska Sweden – Skanska Norway – Skanska Finland – Skanska Commercial Property Development Nordic Responsible for Group staff units/support unit: –	Executive Vice President Responsible for business units: – Responsible for Group staff units/support unit: – Strategy – Communications – Investor Relations – Information Technology – Sustainable Development and Green Construction – Green Business Officer – Knowledge Management	Executive Vice President Responsible for business units: – Skanska USA Building – Skanska USA Civil – Skanska Commercial Property Development USA – Skanska Latin America Responsible for Group staff units/support unit: –
Born	1957	1956	1965	1968	1955
Joined Skanska in	1983–95, 2001	1981	1990	2006	1998
Shareholding in Skanska	157,305 B shares of which 37,295 as part of SEOP*	17,991 B shares of which 9,823 as part of SEOP*	38,083 B shares of which 14,998 as part of SEOP*	14,424 B shares of which 8,584 as part of SEOP*	34,561 B shares of which 32,144 as part of SEOP*
Board assignments	– Sandvik AB, Board member	–	– Handelsbanken's regional bank board of directors, western Sweden, Board member	–	– New York Building Congress, Vice Chairman – ACE Mentoring, National Board of Directors – Construction Industry Roundtable, member
Education	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Lund Institute of Technology	– M.Sc. Engineering, Chalmers University of Technology – MBA, Chalmers University of Technology and Göteborg University	– Master of Swedish and International Law, University of Lund, Sweden – Master of European Community Laws, University of Leiden, The Netherlands	– B.S. Civil Engineering, University of Notre Dame – M.B.A., University of Rhode Island
Work experience	– Regional Manager, Skanska Norrland – President and CEO, BPA (now Bravida) – Executive Vice President, Skanska AB responsible for Nordic construction operations – Executive Vice President, Skanska AB responsible for U.S. construction operations	– President, Skanska Öresund – President, Skanska Commercial Property Development Europe	– President, Skanska Fastigheter Göteborg – President, Skanska Commercial Property Development Nordic	– Corporate Communications Manager, UBI AB – Corporate Communications Vice President, Gambro AB – Senior Vice President, Communications, Skanska AB	– Director of Operations, Marshall Contractors, Providence, RI – Vice President, Fluor Daniel – Industrial Group, Greenville, SC – President, Beacon-Skanska, Boston, MA – Co-Chief Operating Officer, Skanska USA Building – President, Skanska USA Building




Veronica Rörsgård	**Peter Wallin**	**Roman Wieczorek**	**Mats Williamson**
Executive Vice President, Human Resources Responsible for business units: – Responsible for Group staff units/support unit: – Human Resources	Executive Vice President, Chief Financial Officer Responsible for business units: – Skanska Rental Properties Responsible for Group staff units/support unit: – Skanska Financial Services – Controlling – Corporate Finance – Reporting – Internal Audit and Compliance	Executive Vice President Responsible for business units: – Skanska Czech Republic – Skanska Poland Responsible for Group staff units/support unit: –	Executive Vice President Responsible for business units: – Skanska UK – Skanska Infrastructure Development Responsible for Group staff units/support unit: – Safety and Ethics
1974	1967	1957	1958
2009	2000	1998	1984–87, 1989
3,286 B shares of which 3,115 as part of SEOP*	23,254 B shares of which 3,485 as part of SEOP*	45,348 B shares of which 31,787 as part of SEOP*	82,426 B shares of which 24,399 as part of SEOP*
–	–	–	–
– Master of Science in Business and Economics, Mälardalen University – Université Jean Moulin Lyon III	– Master of Science in Business and Economics, Uppsala University	– Master of Laws Legal Counsel Adam Mickiewicz University in Poznań - Law Department	– M.Sc. Engineering, Lund Institute of Technology – Advanced Management Program, Harvard, Boston, MA, U.S.A
– International Account Manager, IBM – Managing Director, Propell – Managing Director, Alumni Sweden	– Controller and Finance Manager, Stadshypotek Fastigheter AB – Equities Manager/Analyst, Trygg Hansa/SEB – Equities Analyst, Hagströmer & Qviberg – Senior Vice President, Investor Relations, Skanska AB – CFO, Skanska Infrastructure Development – CFO, Skanska Sweden	– Division Manager, Skanska Poland – President, Skanska Poland	– Project Director, Skanska – Öresund Bridge – President, Skanska International Projects – President, Skanska Sweden – President, Skanska UK

* See Note 37 "Remuneration to senior executives and Board members"

Presidents of Business Units

Magnus Andersson	Skanska Residential Development UK
Krzysztof Andrulewicz	Skanska Poland
Richard Cavallaro	Skanska USA Civil
Anders Danielsson	Skanska Sweden
Petter Eiken	Skanska Norway
William Flemming	Skanska USA Building
Anette Frumerie	Skanska Residential Development Nordic
Mats Johansson	Skanska Commercial Property Development USA
Nicklas Lindberg	Skanska Commercial Property Development Europe Skanska Residential Development Poland
Mikael Matts	Skanska Residential Development Czech Republic
Hernán Morano	Skanska Latin America
Kenneth Nilsson	Skanska Finland
Jan Odelstam	Skanska Commercial Property Development Nordic
Mike Putnam	Skanska UK
Steve Sams	Skanska Infrastructure Development
Dan Ťok	Skanska Czech Republic
Jonas Spangenberg	BoKlok Housing

President of Support Unit

Magnus Paulsson	Skanska Financial Services

Senior Vice Presidents, Group staff units

Anders Blomqvist	Internal Audit & Compliance
Katarina Bylund	Reporting
Katarina Grönwall	Communications
Louise Hallqvist	Controlling
Einar Lundgren[1]	Legal Affairs
Neil Moore	Safety
Noel Morrin	Sustainability and Green Construction
Magnus Norrström[2]	Information Technology (IT)
Magnus Persson	Corporate Finance
Veronica Rörsgård	Human Resources
Staffan Schéle	
Pontus Winqvist	Investor Relations
Christel Åkerman	Risk Management

Information is as of December 31, 2011.
1 Succeeded effective June 1, 2012 by Ann-Marie Hedbeck.
2 Succeeded effective April 1, 2012 by Kevin Hutchinson.

Board of Directors

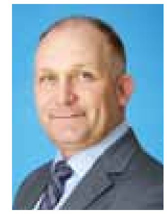




	Sverker Martin-Löf	**Stuart E. Graham**	**Fredrik Lundberg**	**Johan Karlström**	**Sir Adrian Montague**
Position	Chairman of the Board	Vice Chairman	Board member	Board member	Board member
Born	Sweden, 1943	United States, 1946	Sweden, 1951	Sweden, 1957	United Kingdom, 1948
Elected	2001	2009	2011	2008	2007
Shareholding in Skanska	8,000 B shares	95,679 B shares of which 18,529 as part of SEOP[1]	5,550,000 B shares in L E Lundbergföretagen AB (publ) 6,032,000 A shares in L E Lundbergföretagen AB (publ) 1,000,000 B shares 5,376 A shares	157,305 B-shares of which 37,295 as part of SEOP[1]	0 shares
Other Board assignments	– Svenska Cellulosa Aktiebolaget SCA, Chairman – AB Industrivärden, Chairman – SSAB Svenskt Stål AB, Chairman – Telefonaktiebolaget LM Ericsson, Vice Chairman – Svenska Handelsbanken AB, Board member	– Industrivärden AB, Board member – PPL Corporation, Board member – Harsco Corporation, Board member	– Holmen AB, Chairman – Hufvudstaden, Chairman – Svenska Handelsbanken, Vice Chairman – AB Industrivärden, Board member – L E Lundbergföretagen AB, Board member – Sandvik AB, Board member	– Sandvik AB, Board member	– 3i Group plc, Chairman – Anglian Water Group Limited, Chairman – CellMark Holdings AB, Chairman – London First, Chairman – Hurricane Exploration Plc, Chairman – Green Investment Bank, Chairman,Advisory Board
Education	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Doctor of Technology, Royal Institute of Technology, Stockholm – Ph.D. h.c., Mid-Sweden University, Sundsvall	– Bachelor of Science in Economics, USA – Honorary Doctorate, Czech Technical University	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – MBA, Stockholm School of Economics – Dr. (Econ.) h.c., Stockholm School of Economics – Dr. (Eng.) h.c., Linköping University	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– Law Society Qualifying Exam Part II – MA Law, Trinity Hall, Cambridge
Work experience	– Swedish Pulp and Paper Research Institute – President, MoDo Chemetics – Technical Director, Mo och Domsjö AB – President, Sunds Defibrator AB – President, Svenska Cellulosa Aktiebolaget SCA	– President, Sordoni Construction Company, USA – President, Sordoni Skanska, USA – President, Skanska USA Civil – President, Skanska (USA) Inc., USA – Executive Vice President, Skanska AB – President, Skanska AB (2002–2008)	– President and CEO, L E Lundbergföretagen	– Regional Manager, Skanska Norrland – President and CEO, BPA (now Bravida) – Executive Vice President, Skanska AB responsible for Nordic construction operations – Executive Vice President, Skanska AB responsible for U.S. construction operations – President and CEO, Skanska AB	– Chairman, British Energy Group plc – Chairman, Friends Provident plc – Deputy Chairman, Network Rail – Senior International Adviser, Société Générale – Chief Executive, HM Treasury Taskforce – Co-head, Global Project Finance, Dresdner Kleinwort Benson – Head of Projects Group, Linklaters & Paines, Solicitors
Dependency relationship in accordance with Code of Corporate Governance	– Independent in relation to company and company management – Dependent in relation to major shareholders	– Dependent in relation to company and company management – Dependent in relation to major shareholders	– Independent in relation to company and company management – Dependent in relation to major shareholders	– Dependent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders

Lars Pettersson	**Josephine Rydberg-Dumont**	**Charlotte Strömberg**	**Matti Sundberg**
Board member	Board member	Board member	Board member
Sweden, 1954	Sweden, 1955	Sweden, 1959	Sweden, 1942
2006	2010	2010	2007
2,000 B shares	3,000 B shares (own and via related parties)	3,900 B shares	10,000 B shares
– PMC Group, Board member – Uppsala University, Board member	–	– Fourth Swedish National Pension Fund, Board member – Intrum Justitia AB, Board member – Boomerang AB, Board member – Castellum AB, nominated as Chairman – Swedbank AB, nominated as Board member	– Boliden AB, Board member – SSAB Svenskt Stål AB, Board Board member – Grängesberg Iron AB, Board member – Chempolis Oy, Chairman – Finnish Fair Foundation, Vice Chairman – Finnish Ski Association, Chairman – FIS, Board member
– CM.Sc. Engineering Physics, Uppsala University – Ph.D. h.c., Uppsala University	– MBA, Gothenburg School of Economics – MBA, University of San Francisco	– MBA, Stockholm School of Economics	– Mining Counselor – EM.Sc. (Econ.), Åbo Akademi University, Finland – D.Sc. (Econ.) h.c., University of Vaasa, Finland – Ph.D. h.c., University of Jyväskylä, Finland
– President, AB Sandvik Coromant – President, Sandvik Tooling – President, Sandvik Materials Technology – President, Sandvik AB	– Sales Manager, IKEA US West – President, IKEA Catalogue Services – President, IKEA of Sweden AB	– Senior Project and Account Manager, Alfred Berg, ABN AMRO, Stockholm – Head of Investment Banking, Carnegie Investment Bank – President, Jones Lang LaSalle Norden	– Regional Director, Scania – CEO, Metso (Valmet-Rauma Corporation)
– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders

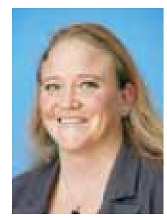


Richard Hörstedt
Helsingborg, born 1963
Swedish Building Workers' Union, appointed 2007, Deputy Board member

Shareholding in Skanska
0 shares

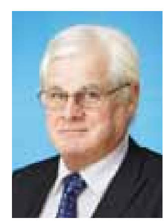
Inge Johansson
Huddinge, born 1951
Swedish Building Workers' Union, appointed 1999

Shareholding in Skanska
436 B shares of which 334 as part of SEOP[1].



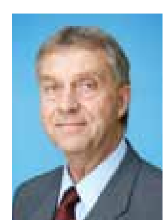
Jessica Karlsson
Göteborg, born 1975
Industrial Workers' and Metal Workers' Union (IF Metall), appointed 2005
Deputy Board member.

Shareholding in Skanska
0 shares



Roger Karlström
Härnösand, born 1949
SEKO, appointed 2008

Shareholding in Skanska
857 B shares of which 766 as part of SEOP[1].



Anders Fogelberg
Tjörn, born 1951
Kungsbacka, Släp, appointed 2011

Shareholding in Skanska
512 B shares

Thomas Larsson
Täby, born 1969
Unionen, appointed 2011
Deputy Board member.

Shareholding in Skanska
0 shares

Auditor
KPMG AB
Auditor in charge since 2009:
George Pettersson, Stockholm, born 1964, Authorized Public Accountant.

1 See Note 37 "Remuneration to senior executives and Board members"

Major events during 2011

This page spread shows the order bookings that were announced via press releases and were included in 2011 order bookings. Beyond these, a number of smaller assignments have been included.

Order bookings included in 2011

2/4/2011	Skanska secures school project in London for GBP 30 M, approximately SEK 310 M
2/10/2011	Skanska starts LEED-certified housing project in Stockholm, invests approximately SEK 90 M
3/14/2011	Skanska to expand Oslo Gardermoen Airport for NOK 690 M, or SEK 780 M
3/21/2011	Skanska to modernize and construct lubricant plants in Rio de Janeiro, Brazil, for about USD 93 M, approximately SEK 590 M
3/21/2011	Skanska to build "Oculus" at World Trade Center Transportation Hub in New York for USD 204 M, about SEK 1.3 billion
4/4/2011	Skanska wins contract to extend light rail in Los Angeles worth USD 383 M, about SEK 2.4 billion
4/12/2011	Skanska to construct hospital for a repeat client in North Carolina, for USD 141 M, about SEK 890 M
4/20/2011	Skanska reaches financial close for Croydon and Lewisham Street Lighting PPP Project. The construction contract is worth GBP 74 M, about SEK 760 M
4/28/2011	Skanska to construct office in Oslo for NOK 406 M, or SEK 460 M
5/17/2011	Skanska launches green hotel project in Gothenburg. Skanska's investment totals about SEK 400 M and the construction assignment amounts to SEK 310 M
6/1/2011	Skanska to construct road in Poland for PLN 184 M, or about SEK 410 M
6/9/2011	Skanska awarded contract for Prague subway amounting to CZK 3.7 billion, or about SEK 1.3 billion
6/16/2011	Skanska to design and build sewer tunnel in Washington, D.C for USD 83 M, approximately SEK 530 M
6/20/2011	Skanska invests in new wind farm, one of the largest in Sweden, for a total cost of around SEK 1.1 billion
6/30/2011	Skanska to construct hospital expansion in Delaware for USD 215 M, SEK 1.3 billion
7/7/2011	Skanska to construct office building in Stavanger, Norway, for about NOK 330 M, about SEK 380 M
7/8/2011	Skanska to build Statoil's new office in Bergen, Norway, for about NOK 1.3 billion, about SEK 1.5 billion
7/8/2011	Skanska awarded US biotech project worth USD 70 M, about SEK 445 M
7/26/2011	Skanska and Costain to build Crossrail station in London. Skanska's share is 50 percent amounting to GBP 75 M, about SEK 770 M
8/24/2011	Skanska awarded construction contract for shopping center in Helsinki, Finland, for EUR 55 M, about SEK 500 M
8/29/2011	Skanska awarded road assignment in Finland for EUR 41 M, about SEK 370 M
8/29/2011	Skanska awarded road contract in Oslo for NOK 585 M, about SEK 680 M
9/1/2011	Skanska to renovate Sveavägen 44 in Stockholm for SEK 750 M
9/12/2011	Skanska awarded road assignment in Norway for about NOK 764 M, about SEK 880 M

9/14/2011	Skanska awarded subway contract in New York for USD 386 M, about SEK 2.4 billion
9/15/2011	Skanska awarded contract for the future 86th Street Station in New York for USD 210 M, about SEK 1.3 billion
9/21/2011	Skanska to build data center in Quebec for USD 55 M, about SEK 350 M
10/4/2011	Skanska awarded City University of New York contract for USD 373 M, about SEK 2.4 billion
10/5/2011	Skanska to construct road in Poland for PLN 198 M, about SEK 440 M
10/7/2011	Skanska to construct bridges and access roads in Poland for PLN 138 M, about SEK 310 M
10/10/2011	Skanska awarded office refurbishment project in London worth GBP 30 M, about SEK 310 M
10/14/2011	Skanska awarded R&D lab renovation contract for USD 80 M, about SEK 512 M
10/17/2011	Skanska secures railway contract in Norway worth NOK 1.36 billion, about SEK 1.57 billion
10/24/2011	Skanska awarded surgical center contract in San Antonio for USD 80 M, about SEK 516 M
10/25/2011	Skanska awarded green construction project in London worth GBP 50 M, about SEK 517 M
10/27/2011	Skanska to build shopping mall and apartments in Sandnes, Norway, for NOK 553 M, about SEK 640 M
11/7/2011	Skanska awarded railway contract in Czech Republic worth CZK 942 M, about SEK 350 M
11/7/2011	Skanska to build power plant in Rio de Janeiro, Brazil, for USD 490 M, about SEK 3.2 billion
11/10/2011	Skanska to construct road and bridges in Hedmark, Norway, for NOK 337 M, about SEK 390 M
11/14/2011	Skanska constructs prison in Aberdeen, UK, for GBP 57 M, about SEK 590 M
11/28/2011	Skanska to construct hospital in Louisiana for USD 470 M, about SEK 3 billion
12/9/2011	Skanska to construct delivery center for Boeing in Washington for USD 50 M, about SEK 323 M
12/9/2011	Skanska to expand and renovate hospital in Georgia for USD 115 M, about SEK 665 M
12/21/2011	Skanska awarded contract for new data and operations center in Pennsylvania for USD 63 M, about SEK 410 M
12/22/2011	Skanska invests about EUR 51 M, about SEK 460 M, in green office project, Atrium 1, in the centre of Warsaw
12/28/2011	Skanska wins contract for renovations in Montgomery County, USA, for USD 60 M about SEK 390 M
1/3/2012	Skanska to build railway extension in Argentina for ARS 190 M, about SEK 300 M
1/3/2012	Skanska secures contract for rapid transit line expansion in Northern California for USD 347 M, about SEK 2.2 billion
1/10/2012	Skanska awarded building contract for USD 570 M, about SEK 1.1 billion
1/13/2012	Skanska awarded a contract in Latin America for USD 74 M, about SEK 480 M

Below are the investments, divestments and acquisitions that were announced via press releases and were related to 2011 operations.

Investments

1/4/2011	Skanska to launch green office project Tennet in Gothenburg, invests SEK 300 M
2/10/2011	Skanska starts LEED-certified housing project in Stockholm, invests approximately SEK 90 M
4/4/2011	Skanska invests EUR 29 M, about SEK 260 M, in new green office project in Lódz in Poland
4/20/2011	Skanska reaches financial close for Croydon and Lewisham Street Lighting PPP Project. The construction contract is worth GBP 74 M, about SEK 760 M, and investment GBP 4.5 M, SEK 46 M
5/17/2011	Skanska launches green hotel project in Gothenburg. Skanska's investment totals circa SEK 400 M and the construction assignment amounts to SEK 310 M
6/20/2011	Skanska invests in new wind farm, one of the largest in Sweden for a total cost of around SEK 1.1 billion. Skanska's holding amounts to 50 percent
9/27/2011	Skanska invests USD 70 M, about SEK 445 M, in laboratory and office building in Cambridge, USA
10/12/2011	Skanska invests EUR 24 M, about SEK 216 M, in second phase of Green Towers office project in Poland
11/7/2011	Skanska starts new green office project in Houston, USA – invests USD 86 M, about SEK 550 M
12/22/2011	Skanska invests about EUR 51 M, about SEK 460 M, in green office project, Atrium 1, in the centre of Warsaw
12/22/2011	Skanska starts the second phase of Green Corner office project in Warsaw, Poland. Investment value of the second phase of Green Corner totals EUR 30 M, about SEK 270 M
1/2/2012	Skanska launches new green office project in Poznan, Poland – invests EUR 29 M, about SEK 262 M

Divestments

6/23/2011	Skanska divest logistics property in Gothenburg for SEK 305 M
9/9/2011	Skanska divests 50 percent of Chile toll road Antofagasta for about SEK 275 M
9/14/2011	Skanska to sell Stockholm office property Hagaporten 3 to Norrporten for about SEK 1.1 billion
9/22/2011	Skanska sells properties in Malmö and Gothenburg for SEK 216 M
10/25/2011	Skanska sells office properties in Stockholm for a total of about SEK 1 billion
11/2/2011	Skanska sells district court building in Sollentuna, Sweden for about SEK 320 M
11/30/2011	Skanska sells green office building in Lund, Sweden, for SEK 310 M
12/21/2011	Skanska sells the headquarters of Skandia in Stockholm for a total of about SEK 1.3 billion
1/2/2012	Skanska divests Midlothian Schools in Edinburgh, Scotland for GBP 3 M, about SEK 30 M

Acquisitions

10/11/2011	Skanska acquires construction company in Finland
12/14/2011	Skanska acquires road construction company in Poland
12/29/2011	Skanska acquires construction company in Indiana, USA, with a revenue of about USD 500 M, about SEK 3.2 billion

Skanska acquires construction company in Indiana, U.S.A.

Definitions and explanations

Average capital employed – Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.

Average visible equity – Calculated on the basis of five measuring points: half of equity attributable to equity holders (shareholders) on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.

Bundled Construction – project development that may occur within Construction operations for a specific user or tenant.

Capital employed in business streams, markets and business/reporting units – Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities minus provisions for taxes and tax liabilities.

Cash flow per share – Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.

Comprehensive income – Change in equity not attributable to transactions with owners.

Consolidated capital employed – Total assets minus non-interest-bearing liabilities.

Consolidated operating cash flow – In the consolidated operating cash flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.

Consolidated return on capital employed – Operating income plus financial income as a percentage of average capital employed.

Debt/equity ratio – Interest-bearing net debt divided by visible equity including non-controlling interests.

Earnings per share – Profit for the year attributable to equity holders divided by the average number of shares outstanding.

Earnings per share after dilution – Profit for the year attributable to equity holders divided by the average number of shares outstanding after dilution.

Equity/assets ratio – Visible equity including non-controlling interests as a percentage of total assets.

Equity per share – Visible equity attributable to equity holders divided by the number of shares outstanding at year-end.

EU GreenBuilding – A European Union system for environmental certification of buildings. To meet the requirement for EU GreenBuilding classification, a building's energy use must be at least 25 percent lower than the national standard for newly constructed buildings (in Sweden, set by the National Board of Housing, Building and Planning).

GDP – Gross domestic product.

IFRIC (International Financial Reporting Interpretations Committee) – a series of interpretations related to international accounting standards.

Interest-bearing net receivable – Interest-bearing assets minus interest-bearing liabilities.

Interest cover – Operating income and financial income plus depreciation/amortization divided by net interest items.

LEED – Leadership in Energy and Environmental Development is an international system for environmental certification of buildings. Resource use, the location, design and indoor climate of the building as well as minimization of energy consumption and waste provide the basis for LEED classification.

Operating cash flow – Cash flow from operations before taxes and before financial activities. See also Note 35.

Operating net on properties – Rental income and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.

ORA – Operational Risk Assessment (Skanska's risk management model)

Order backlog – Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.

Order bookings – Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is cancelled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Development, which assumes that a building permit has been obtained and construction is expected to begin within three months.

Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included.

No order bookings are reported in Residential Development and Commercial Property Development.

Other comprehensive income – Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange risk in foreign operations, effects of actuarial gains and losses on pensions, effects of cash flow hedges and tax attributable to other comprehensive income.

PFI – Private Finance Initiative (privately financed infrastructure projects, used in the U.K.)

PPP – Public-Private Partnership (privately financed infrastructure projects).

Return on capital employed in business streams, markets and business/reporting units – Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed.

Return on equity – Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.

SEOP – Skanska Employee Ownership Program

SET – Senior Executive Team (Skanska's corporate management team)

SFS – Skanska Financial Services

SRT – SET Risk Team

STAP – Skanska Tender Approval Procedure

STEP – Skanska Top Executive Program

Yield on properties – Operating net divided by year-end carrying amount.

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The Skanska Group publishes the magazine **Worldwide**, containing features and news items from the Group's operations around the world. The magazine appears in English three times per year. A subscription is free of charge and can be ordered at the following address:

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Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB (publ) will be held at 11:00 a.m. on Friday, April 13, 2012 at
Berwaldhallen, Dag Hammarskjölds väg 3, Stockholm, Sweden.

Notification and registration

Shareholders who wish to participate in the Annual Shareholders' Meeting must be listed in the print-out of the register of shareholders maintained by Euroclear Sweden AB, the Swedish central securities depository and clearing organization, produced on Thursday, April 5, 2012 and must notify Skanska by April 5, 2012, preferably before 12 noon, of their intention to participate in the Meeting.

Shareholders whose shares have been registered in the name of a trustee must have requested temporary re-registration in their own name in the register of shareholders maintained by Euroclear Sweden AB to be entitled to participate in the Meeting. Such re-registration should be requested well in advance of Thursday, April 5, 2012 from the bank or brokerage house holding the shares in trust. Notification may be sent in writing to:

Skanska AB, Legal Affairs, SE-169 83 Solna, Sweden;
by telephone to +46 10 448 89 00 (10 a.m. – 4 p.m. CET);
or on the website www.skanska.com

The notification must always state the shareholder's name, national registration or corporate ID number, address and telephone number. If participation is authorized by proxy, this should be sent to the Company before the Meeting. Shareholders who have duly notified the Company of their participation will receive an admittance card, which should be brought and shown at the entrance to the Meeting venue.

Dividend

The Board of Directors proposes a regular dividend of SEK 6.00 (5.75) per share. The regular dividend is equivalent to a total dividend of SEK 2,469 M (2,364). The Board proposes April 18 as the record date for the dividend. Provided that the Meeting approves this proposal, the regular dividend is expected to be distributed by Euroclear AB on April 23, 2012.

The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in the company's long-term share incentive programs.

The gain on the divestment of the Autopista Central enabled us to pay an extra dividend of SEK 6.25 per share, totaling SEK 2,570 M, in May 2011.

Investors

Calendar

The Skanska Group's interim reports will be published on the following dates:

Three Month Report
May 10, 2012

Six Month Report
July 19, 2012

Nine Month Report
November 8, 2012

Year-end Report
February 7, 2013

Distribution and other information

The interim reports and the Annual Report, as well as further information about Skanska's Residential Development, Commercial Property Development and Infrastructure Development business streams can be read or downloaded from Skanska's website,

www.skanska.com/en/finansiellt.

The website also contains an archive of interim reports and Annual Reports.

Effective from 2010, Skanska decided to reduce the print run of the Annual Report and will thus not automatically mail it out. This will save resources and transport services, leading to reduced environmental impact.

Those wishing to order the printed Annual Report can easily use the order form found on the Skanska website www.skanska.com/en/investors or contact Skanska AB, Investor Relations.

If you have questions, please contact:
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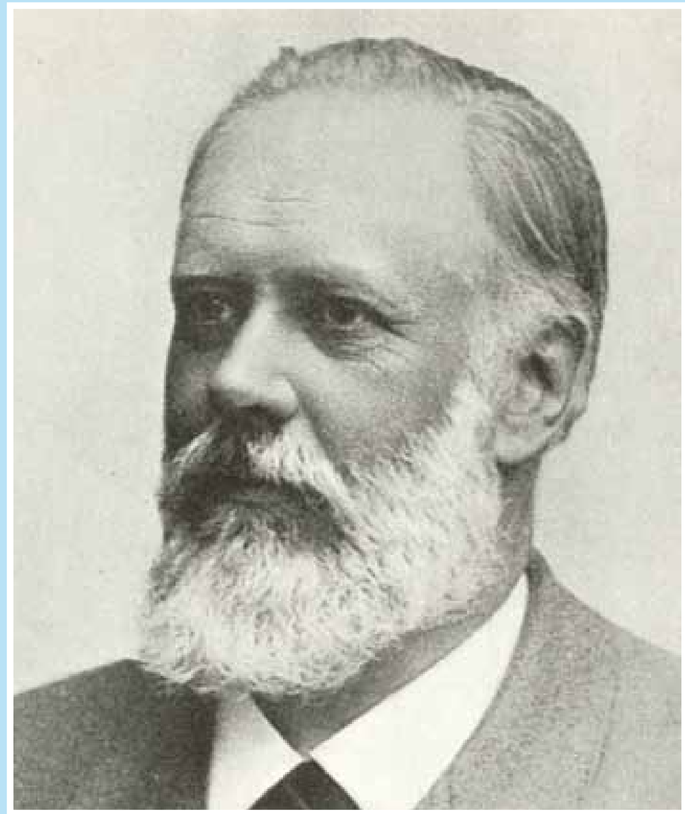
R.F. Berg founded Skanska in 1887

The history of Skanska coincided with the industrialization of Sweden. Skanska built power stations, factories and infrastructure. The first Swedish cement factory was started in 1871. Chemical engineer Rudolf Fredrik Berg (1846–1907) saw the potential of concrete as a building material and thus founded Aktiebolaget Skånska Cementgjuteriet. Right from the start, he had international ambitions.



"The Company must run its business not as a local factory for a small country in a corner of the world, but as one that is compelled to participate in world competition.

Skanska today

Celebrating our first 125 years

Biggest Nordic-based construction company

Among the top eight in the United States

Biggest in New York and Florida

Among the top ten in the world

Revenue SEK 123 billion

Operating income SEK 9 billion

Biggest residential developer in the Nordic countries

Greenest company in the United Kingdom

Developing New Karolinska Solna – world's largest public-private partnership hospital

Invested more than SEK 12 billion in project development during 2011

Skanska Safety Week: world's biggest one-company workplace health and safety event

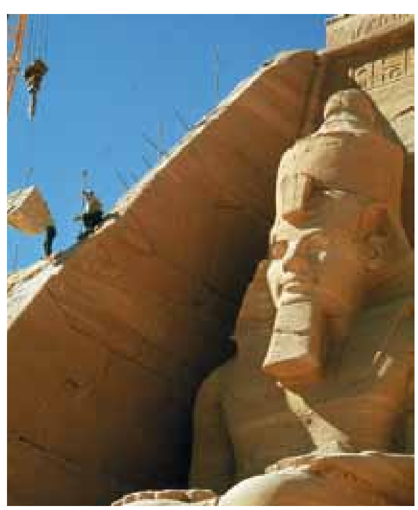
600 eco-design specialists

On Fortune's list of the World's most admired companies

1899 Even today, the Royal Opera House in Stockholm stands on Skanska's solid concrete foundation.

> "I had the best hopes of eventually gaining a market for these products. Since we had the only concrete factory in the country, I felt we should show what can be made out of concrete," **said R.F. Berg.**

1954 Large grain silo projects in Iraq marked the beginning of international expansion. Skanska built power generating plants, harbors, airports, bridges and hotels on all continents except Australia.



1963 Abu Simbel was saved from being submerged behind a new dam on the Nile in Egypt. The 3,000-year-old temple was sawn into cubes and lifted 60 meters (200 ft.) higher.

1887 Aktiebolaget Skånska Cementgjuteriet (Scanian Pre-Cast Concrete Inc.) was founded. It made concrete products and constructed foundations for buildings. In Skåne, southern Sweden, it built Sweden's first concrete bridge at Jordberga. The first assignment in Stockholm was restoration of Johannes (St. John's) Church.

1897 Concrete cable blocks were exported to the United Kingdom, Russia and Denmark.

1897–1900 Kvarnsveden hydroelectric power station was one of Skanska's earliest power generation projects.

1899 Even today, the Royal Opera House in Stockholm stands on Skanska's solid concrete foundation.

1902 Production of concrete pipes began in St. Petersburg, Russia but the factory closed after the Russian Revolution. There was also a factory in Finland for a time.

1923 Stockholm City Hall was inaugurated after 12 years of construction. Skanska, which built the concrete structure, is the only participating company still in business.

1936 Skanska's first proposal for an Öresund Bridge.

1937 During its first 50 years, Skanska built some 100 hydroelectric power stations in Sweden.

1938–1943 Sandö Bridge, northern Sweden, was Skanska's first major bridge. Until the 1960s, its 264 meter (866 ft.) concrete arched span was the world's longest.

1952 Home construction in Sweden took off in earnest, made more efficient by the Allbeton site-casting method.

1954 Sweden's first four-lane freeway was built between Malmö and Lund, using concrete.

1954 Spinneriet (The Spinning Mill) in Malmö, Sweden with a hotel, offices and stores, was Skanska's first real estate investment for its own account.

1964 Skanska gained a listing on the Stockholm Stock Exchange. Sales surpassed SEK 1 billion for the first time. The share rose in value by 373 percent from 1987 to 2011.

1964–1974 Skanska contributed to the Swedish government's housing initiative, the "million home program," by building about 10,000 homes yearly.

1968–1972 The 6 kilometer (3.8 mi.) long Öland Bridge was built over Kalmar Sound in southern Sweden.

1971 Subway projects at 59th Street and 63rd Street in New York City were Skanska's first U.S. projects.

1976–1981 Construction of a harbor and an artificial island in Jeddah, Saudi Arabia, worth billions of Swedish kronor, was Skanska's largest assignment to date.

1979–1985 The Kotmale hydroelectric power project was built in Sri Lanka.

1981 Skanska acquired U.S.-based steel construction company Karl Koch Erecting Co. Together with Slattery, acquired in 1984, it became the core of Skanska USA Civil.

1984 Skanska, a marketing name used outside Sweden for decades, became the Company's official name.

1989 East West Business Center in Budapest, Hungary was Skanska's first property investment in Central Europe.

1990 Skanska acquired the construction management company Sordoni, which became the core of Skanska USA Building and the starting point of its rapid expansion in the U.S. building construction market.

1994 Skanska's first property investment in Warsaw, Poland began a long series of projects on Jana Pawla II Avenue, sometimes called the "Skanska street."

1995–2000 The Öresund Bridge,finished below budget and ahead of schedule, makes up 7.8 km of the 16 km (10 mi.) long Öresund Link between Sweden and Denmark.

1994–1999 Uri power station built in Kashmir, India.

1997 The 1.8 km (1.1 mi.) High Coast Bridge across the Ångermanälven River, northern Sweden, was completed.

1997 After an environmental accident at Hallandsås, Sweden, Skanska intensified its environmental work. After renewed bidding in 2003, Skanska and Vinci were jointly assigned to build rail tunnels through the ridge, using boring machines, linings and freezing techniques.

1997–2000 The 1,700 m (1 mi.) Uddevalla Bridge in western Sweden was built.

1998 Drott, a subsidiary with real estate at a book value of SEK 10 billion, was distributed to Skanska shareholders.

1998–2000 Acquisitions of major construction companies in Latin America, Poland, the Czech Republic, Norway and the United Kingdom made Skanska a leading long-term player in these markets.

2000 Skanska became the first global construction and project development company to be certified according to the ISO 14001 environmental management system.

2001–2005 Skanska was awarded the task of designing and building the 4 km (2.5 mi.) long Arthur J. Ravenel Jr. Bridge across the Cooper River in South Carolina, U.S.A.

2002–2010

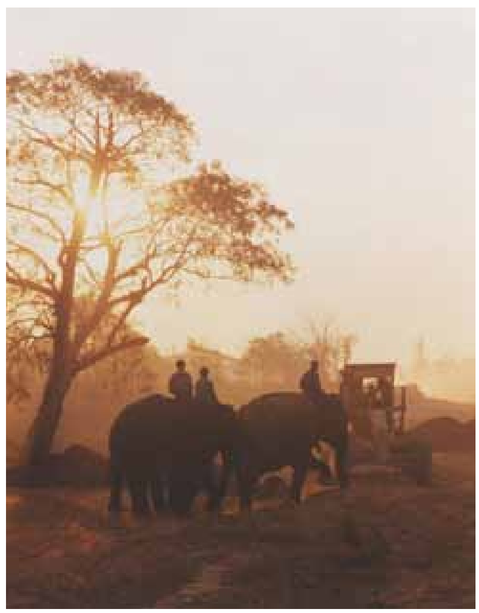
Consolidation and focus on profitability. Skanska focused on its selected home markets in the Nordic countries, Central Europe, the U.K.,Latin America and the U.S. and on its core operations: construction and project development of homes, commercial property space and public-private partnerships. The Company specified "outperform" profit targets for each business stream. Skanska also aimed at leadership in green construction, business ethics and safe work sites. Skanska expressed its qualitative targets as the five zeros vision: Zero loss-making projects, work site accidents, environmental incidents, ethical breaches and defects.

Through its Green Initiative, Skanska became a leader in developing and constructing green projects certified according to the Leadership in Energy and Environmental Design (LEED) and EU GreenBuilding systems. In 2008, Skanska was named the greenest construction company in the U.S., and its Empire State Building offices showed that even older buildings can become green. Skanska was also named the U.K.'s greenest construction company. Skanska's Green Tower Office Center in Gårda, Gothenburg, Sweden was environmentally certified at the highest level, LEED Platinum.

2011–2015

Profitable growth. Skanska's new business plan for profitable growth in 2011-2015 is based on previously implemented restructuring and the Company's financial strength. Positive cash flow is used for investments in residential, commercial property and public-private partnership project development. In 2011 such investments totaled SEK 12 billion, an all-time high in Company history. Skanska begins 2012 with SEK 9.5 billion in investment capacity. It is starting up more U.S. commercial property projects, launching residential development in the U.K. and Poland and also strengthening Construction operations through acquisitions in Finland, Poland and the U.S.

2000 The Öresund Bridge connects Sweden and Denmark.



1994 Construction of a main highway in Laos.

1923 Stockholm City Hall, Sweden.

2010 MetLife Stadium, U.S.A..

1997 Skanska and IKEA launched a joint housing concept, BoKlok (LiveSmart).

SKANSKA

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